

Press Release

Kaiseraugst (Switzerland), Maastricht (Netherlands), May 2, 2024

dsm-firmenich Q1 2024 trading update

Management Report¹

Q1 2024 highlights

- Strong performance in Perfumery & Beauty on good demand development
- Good performance in Taste, Texture & Health underpinned by market recovery
- Health, Nutrition & Care was soft, with improving momentum by end of quarter
- Animal Nutrition & Health weak in anticipation of higher vitamin prices as from Q2
- Good progress on improvement of operational performance, synergies and strategic actions
- Carve out process of Animal Nutrition & Health initiated
- FY 2024 outlook unchanged: Adjusted EBITDA of at least €1.9 billion

Key figures

in € millions	Actual Q1 2024	Pro forma Q1 2023 ²	% Change
Sales	3,071	3,122	(2)
Organic sales growth (%)	0		
Adj. EBITDA	463	521	(11)
Adj. EBITDA margin (%)	15.1	16.7	

² Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Dimitri de Vreeze, CEO, commented: “We are pleased to see a more positive market environment and the return of volume growth in our business, together with a further sequential step up in margin. This is most evident for Perfumery & Beauty and Taste, Texture & Health, while we also expect a better momentum developing for Health, Nutrition & Care. Animal Nutrition & Health saw early signs of improving demand and vitamin prices. Overall, we remain cautious as to the robustness of the market recovery trends and maintain our current full year guidance.

We are making good progress on our synergies and improvement actions, including the vitamin transformation program. We have begun the process of carving out our Animal Nutrition & Health business and we are finalizing the review of all our business segments. We look forward to our Capital Markets Day in Paris on June 3, which will be focused on our innovation driven growth strategy.”

Outlook 2024

The company estimates for FY 2024 an Adjusted EBITDA of at least €1.9 billion, which includes a €200 million step-up in Adjusted EBITDA from a combination of synergy delivery and the vitamin transformation program.

¹ All comparative figures for 2023 in this document are on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).



Key figures

in € millions	Actual Q1 2024	Pro forma Q1 2023 ¹	% Change
Sales	3,071	3,122	(2)
P&B	986	972	1
TTH	798	772	3
HNC	526	582	(10)
ANH	746	785	(5)
Corporate	15	11	
Adj. EBITDA	463	521	(11)
P&B	234	210	11
TTH	150	152	(1)
HNC	79	120	(34)
ANH	24	68	(65)
Corporate	(24)	(29)	
Adj. EBITDA margin (%)	15.1	16.7	
P&B	23.7	21.6	
TTH	18.8	19.7	
HNC	15.0	20.6	
ANH	3.2	8.7	

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

In the first quarter, volumes increased 3%, offset by lower prices which reflect lower input costs, with good organic sales growth in Perfumery & Beauty and Taste, Texture & Health, offset by weaker Health, Nutrition & Care and Animal Nutrition & Health. Without the negative vitamin effects, Group organic sales would have been up 2%.

Adjusted EBITDA was down 11% to €463 million. Without the vitamin effect (estimated at around €80 million) and the negative FX effect (estimated at €15 million), Adjusted EBITDA would have been up 7%. The improvement programs contributed an estimated €45 million positive effect in the quarter.



Business Unit Review

Perfumery & Beauty

Perfumery & Beauty (P&B) is the leading creation and innovation partner for the most iconic global and local brands in consumer goods, lifestyle, and luxury beauty. The business unit is home to the best talent in the industry, boasts an unmatched palette of captive ingredients, and is supported by a vertically integrated supply chain. Powered by our science-based innovations in Fragrance and Personal Care, we make our customers' products more desirable, essential, and sustainable, driving consumers' preference.

Business unit results

in € millions	Actual Q1 2024	Pro forma Q1 2023 ¹	% Change
Sales	986	972	1
Organic sales growth (%)	2		
Adj. EBITDA	234	210	11
Adj. EBITDA margin (%)	23.7	21.6	

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Q1 2024

Perfumery & Beauty delivered organic sales growth of 2%, with 4% higher volumes (including a 2% negative effect from the Pinova plant closure), offset by 2% lower price, reflecting lower input costs.

Fragrances saw a strong performance with high-single digit organic sales growth, supported by strong demand in consumer fragrances, and despite fine fragrances reporting against a strong comparable period. Personal Care recorded a strong performance with high-single digit organic growth, driven by good end-user demand.

This strong organic growth was largely offset by Ingredients, due to the focus on a value over volume strategy and the Pinova plant closure.

Adjusted EBITDA was up 11%, driven by higher sales, a favorable mix and the contribution of the improvement programs, leading to a step up in margin to 23.7%.



Taste, Texture & Health

Taste, Texture & Health (TTH) brings progress to life by tackling some of society's biggest challenges: providing nutritious, healthy and sustainable food and beverages, and accelerating the diet transformation with appealing taste and texture, and nourishing a growing global population whilst minimizing food loss and waste. TTH consists of Taste, which includes flavors, natural extracts, sugar reduction solutions, and Ingredients Solutions, which includes food enzymes, hydrocolloids, cultures, natural colorants, nutritional ingredients, yeast extracts and plant-based proteins.

Business unit results

in € millions	Actual Q1 2024	Pro forma Q1 2023 ¹	% Change
Sales	798	772	3
Organic sales growth (%)	6		
Adj. EBITDA	150	152	(1)
Adj. EBITDA margin (%)	18.8	19.7	

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Q1 2024

Taste, Texture & Health delivered strong organic growth on improved end-market momentum with the destocking effects fading. Volumes were up by 6% driven by good demand for Taste and Ingredients solutions (especially in Enzymes, Cultures and Texturants), while vitamins remained weak. Overall, prices were stable.

Adjusted EBITDA was broadly in-line with prior year – and well above the levels of the previous three quarters – with the positive effects of good organic growth and merger synergies offset by higher costs, especially in some naturals, and negative vitamin and foreign exchange effects. This is reflected in an Adjusted EBITDA margin of 18.8%.



Health, Nutrition & Care

Health, Nutrition & Care (HNC) enables people to improve their health by supplementing their diet with critical nutrients and driving medical innovation forward, so helping to optimize immunity, speed up recovery and enhancing quality of life.

Business unit results

in € millions	Actual Q1 2024	Pro forma Q1 2023 ¹	% Change
Sales	526	582	(10)
Organic sales growth (%)	(9)		
Adj. EBITDA	79	120	(34)
Adj. EBITDA margin (%)	15.0	20.6	

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Q1 2024

Health, Nutrition & Care organic sales were down 9% (-6% volumes, -3% price) driven by the vitamin effect. The business saw ongoing customer destocking in some of its larger end markets, especially visible in Early Life Nutrition and Dietary Supplements. Volumes in marine lipids for Dietary Supplements suffered from an industry-wide shortage of fish oil. The business saw an improving momentum in demand going into Q2.

Adjusted EBITDA was down 34%, driven by an estimated almost €30 million vitamin effect and an around negative €10 million foreign exchange effect. The positive impact of synergy contributions and the vitamin transformation program were offset by higher costs, especially in feedstock for marine lipids.



Animal Nutrition & Health

Animal Nutrition & Health (ANH) helps delivering healthy animal proteins efficiently and sustainably, whilst harnessing the power of data to make animal farming practices more sustainable, productive, and transparent.

Business unit results

in € millions	Actual Q1 2024	Pro forma Q1 2023 ¹	% Change
Sales	746	785	(5)
Organic sales growth (%)	(3)		
Adj. EBITDA	24	68	(65)
Adj. EBITDA margin (%)	3.2	8.7	

¹ Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

Q1 2024

Animal Nutrition & Health continued to be impacted by very low vitamin prices and weak demand for straight vitamins. Together with delivering on the vitamin transformation program, the business continues to prioritize cash, with the focus of the business remaining on inventory reduction at profitable price levels. Performance solutions continued to perform well, as farmers prioritize efficiency yield management. Volume growth of 3% for the unit was offset by 6% lower prices.

Adjusted EBITDA was down 65% driven by low vitamin prices and high idle costs from production shutdowns (an estimated total vitamin effect of almost €50 million), a negative foreign exchange effect (around €5 million), partly mitigated by cost initiatives.



Definitions

The trading update includes information that is presented on a pro forma basis ('pro forma figures') as well as other alternative performance measures (APMs), and information that is presented in accordance with IFRS as issued by the International Accounting Standard Board ('figures on an IFRS basis'). Please refer to the section below for the definitions as applied.

Pro forma basis

In preparing the pro forma figures, the financial results of the former Firmenich Group and the former DSM Group have been combined as if the merger had occurred on January 1, 2022, and with purchase price allocation adjustments included as of May 8, 2023. To arrive at these pro forma figures for the current and comparative reporting period, we applied perimeter changes and adjustments related to changes in the Business Unit structure (i.e., the combination of the former units Taste & Beyond and Food & Beverage into the new business unit Taste, Texture & Health; the transfer of Personal Care & Aroma from the business unit Health, Nutrition & Care to Perfumery & Beauty; and other minor adjustments pertaining to the transfer of the Consumer Healthcare business from Taste & Beyond to Health, Nutrition & Care) and the elimination of intercompany profits. The pro forma figures represent the results from continuing operations.

The pro forma information is not intended to revise past performance, but instead intends to provide a comparative basis for the assessment of current performance. This information represents a hypothetical situation and does not purport to represent what the actual result of dsm-firmenich would have been, should the merger with Firmenich actually have occurred at the beginning of DSM's 2022 financial year, nor are they necessarily indicative of future results of dsm-firmenich. The Group does not claim or represent that the pro forma information is indicative of what the results would have been, had the merger taken place as of the date indicated, or of the results that may be achieved in the future.

The pro forma financials are unaudited and include estimates, including for example approximations due to the different reporting currencies.

Alternative Performance Measures (APMs)

To arrive at the Alternative Performance Measures (APMs), adjustments are made for material items of income and expense arising from circumstances such as acquisitions and divestments, restructuring, impairments and other events (i.e., APM adjustments). Other APM adjusting events include site closure costs, environmental cleaning, litigation settlements or other non-operational (contractual) arrangements. Other than items related to acquisition and integration costs incurred in the first year from the acquisition date (including non-recurring inventory value adjustments) as well as adjustments due to previously recognized APM adjusting events, the threshold is €10 million.

The APMs used throughout this press release are:

Organic sales growth (OSG)

Organic sales growth is the sales growth excluding the impact of acquisitions, divestments, and currency impacts.

Adjusted earnings before interest, tax, depreciation and amortization (Adj. EBITDA)

Adjusted EBITDA is the IFRS metric operating profit plus depreciation, amortization, and impairments, adjusted for material items of profit or loss, as defined under 'Alternative Performance Measures (APMs)'.

Adjusted EBITDA margin (Adj. EBITDA margin)

Adjusted EBITDA margin is adjusted EBITDA expressed as a percentage of net sales.

Notes to this trading update

The reported financial data in this trading update have not been audited.



Financial calendar

May 2, 2024:	Q1 2024 trading update
May 7, 2024:	Annual General Meeting
June 3, 2024:	Capital Markets Day in Paris
July 30, 2024:	H1 2024 financial results
October 31, 2024:	Q3 2024 trading update

Additional information

Today dsm-firmenich will hold a webcast for **investors and analysts** at 9:00 am CEST. Details on how to access this call can be found on www.dsm-firmenich.com.

For more information

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About dsm-firmenich

As innovators in nutrition, health, and beauty, dsm-firmenich reinvents, manufactures, and combines vital nutrients, flavors, and fragrances for the world's growing population to thrive. With our comprehensive range of solutions, with natural and renewable ingredients and renowned science and technology capabilities, we work to create what is essential for life, desirable for consumers, and more sustainable for the planet. dsm-firmenich is a Swiss-Dutch company, listed on the Euronext Amsterdam, with operations in almost 60 countries and revenues of more than €12 billion. With a diverse, worldwide team of nearly 30,000 employees, we bring progress to life™ every day, everywhere, for billions of people.

www.dsm-firmenich.com

Forward-looking statements

This press release may contain forward-looking statements with respect to dsm-firmenich's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of dsm-firmenich and information currently available to the company. dsm-firmenich 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-firmenich has no obligation to update the statements contained in this press release, unless required by law. The English language version of this press release prevails over other language versions.