

The acquisition of Tortuga

Strengthening our animal nutrition business

Investor Relations
8 August, 2012

Overview

- [Tortuga at a glance](#)
- Acquisition rationale

DSM to acquire Tortuga in an all-cash transaction

Acquisition

- Total enterprise value ~ € 465m^(*) in cash
- 2012 expectations: net sales ~ € 385m and EBITDA ~ € 60m
- Value creating acquisition; immediately EPS accretive

Strategic fit

- Execution of Nutrition cluster strategy "*continued value growth*"
- Strengthens DSM in the highly attractive animal nutrition market in Latin America
- Extends DSM's nutritional ingredients range with organic trace minerals portfolio
- Allows DSM to become a full animal nutrition solution provider
- Acquisition consistent with DSM's strategic focus on High Growth Economies

Growth

- Introducing DSM ingredients into Tortuga's product range and distribution channels
- Leveraging Tortuga's know-how and strong position in ruminant supplements globally
- Introduction of Tortuga's trace mineral products to other market segments worldwide (e.g. swine, poultry)

*: Depending on the actual 2012 EBITDA, an adjustment in the purchase price up to a maximum enterprise value of ~ €490 million can be made, based on the same EBITDA-multiple

Tortuga, leader in supplements for ruminants

Financials

- 2012 expectations:
Net sales ~ €385m and EBITDA ~ €60m

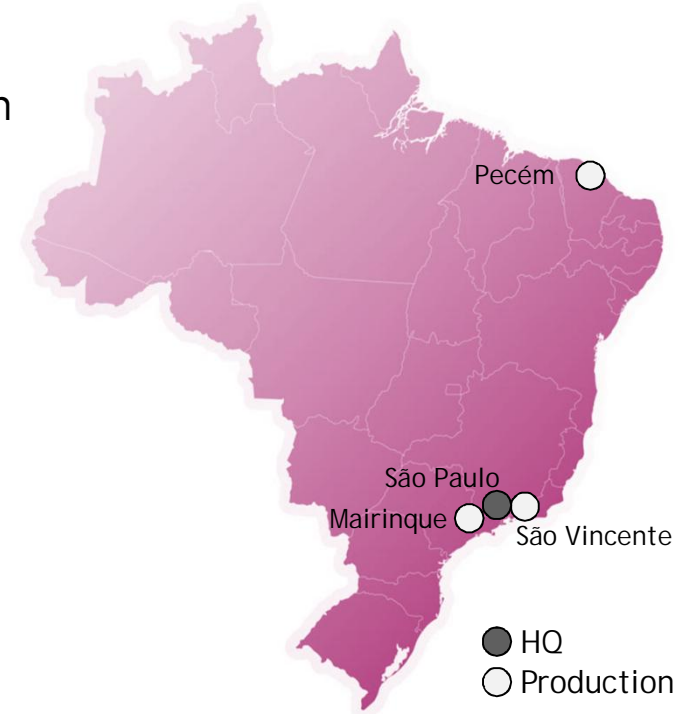
Privately held Brazilian company

- Leading company in nutritional supplements with focus on pasture raised beef and dairy cattle
- HQ in Sao Paulo, 1200 employees
- 3 production locations
- Vast and exclusive agent network (>1000)

Market positions

- Global market leader in *nutritional supplements* to ruminant/beef cattle with ~12% market share globally (~30% in Latin America)
- Integrated production of key active ingredients:
 - #2 globally in *organic trace minerals* (minerals bound to chelating agent)
 - *Di-Calcium Phosphates (DCP's)* for captive use
- Strong technology, application and performance knowhow

Tortuga locations in Brazil



Supplements for pasture based ruminants

Ruminant in feedlot vs pasture based

- DSM's current feed activities for ruminants are focusing on ruminants in feedlot
- Pasture based ruminants, where Tortuga is focusing on, is a relatively new market to DSM

Free Choice Nutritional Supplements

- Ruminants in pastures often lack:
 - Minerals (Ca, Mg, Na, Zn and organic trace minerals)
 - Phosphorous, sulfur and nitrogen sources
 - specialty micronutrients
- Supplementation improves the productivity and decreases mortality
- Supplements are provided, mostly as powders, freely available to the cattle: 'free choice nutritional supplements' formulations

Free Choice Nutritional Supplements



Freely available to the cattle

Tortuga is recognized for its premium brand



Fosbovi, “at the top of the farmer’s mind” in Latin America

- Specific supplements for regions (e.g. low mineral content areas) or season (e.g. rain or dry season).
- Products for various life stages (e.g. beef calves lactating, growing phase)
- Increasing reproductive performance of breeders
- Covering a wide range of animal markets (ruminants, poultry, swine)

Supplying highly attractive markets

Global supplements market for ruminants

- Total size estimated well in excess of € 4bn globally
- Brazil is #2 market
- Global market growth ~3% (Brazil: ~4-5%)

Organic trace minerals

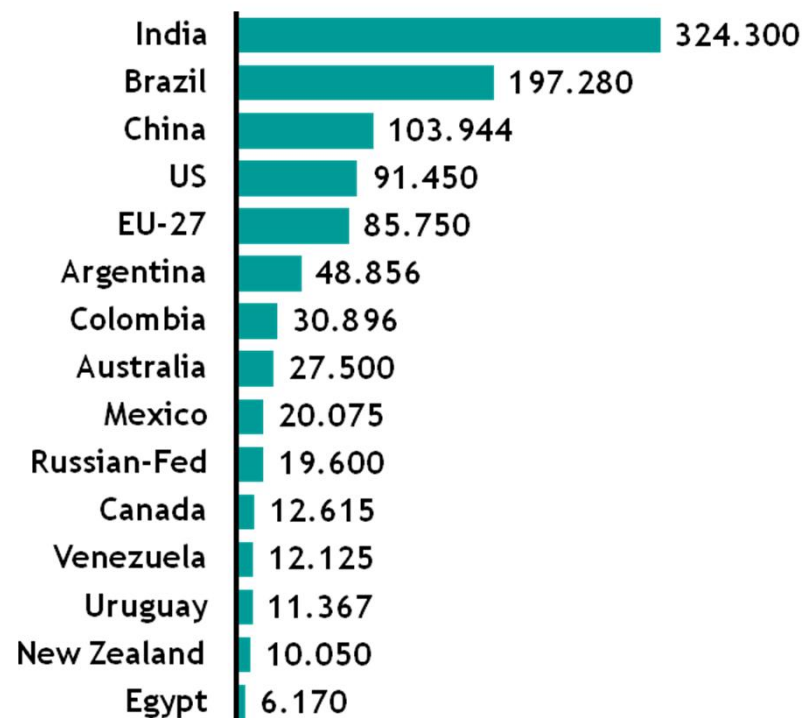
- Current market size > € 0.3bn with strong growth potential both for ruminants as well as swine and poultry
- 7-10% growth per year expected, globally

Di-Calcium Phosphates

- Overall use in animal nutrition is estimated ~ 1200 kt per year;
- Tortuga DCP production is 100% captive for its supplement production

Brazil is one of the largest markets

(Total Cattle numbers in millions)



* Source: <http://www.indexmundi.com/agriculture/>

A photograph of a large herd of white cows standing in a lush green field. The cows are looking towards the camera, and the field is filled with tall grass. The image is used as a background for the slide.

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Total acquisitions now reaching € 2.2bn*

ACQUISITIONS

Nutrition

€ ~1.8bn

- Martek (microbial DHA/ARA)
- Vitatene (natural carotenoids),
- Premix plants (Rumania, Italia)
- Food enzymes business and technology (Verenium)
- Ocean Nutrition Canada (fish derived Omega-3)
- Tortuga (animal dietary supplements)

Innovation center

€ ~0.3bn

- Kensey Nash (biomedical materials)
- C5 company (cellulosic bioethanol)

Performance Materials

€ ~0.1bn

- ICD China; High performance fibers
- AGI Taiwan; UV resins

PARTNERSHIPS

Nutrition

- Premix plant Russia

Pharma

- DSM Sinochem Pharmaceuticals

Innovation center

- JV POET; cellulosic bioethanol
- JV Actamax; biomedical materials

Performance Materials

- KuibyeshevAzot Russia; PA6
- JV Kemrock India; composite resins

* Since September 2010

Nutrition: Continued value growth

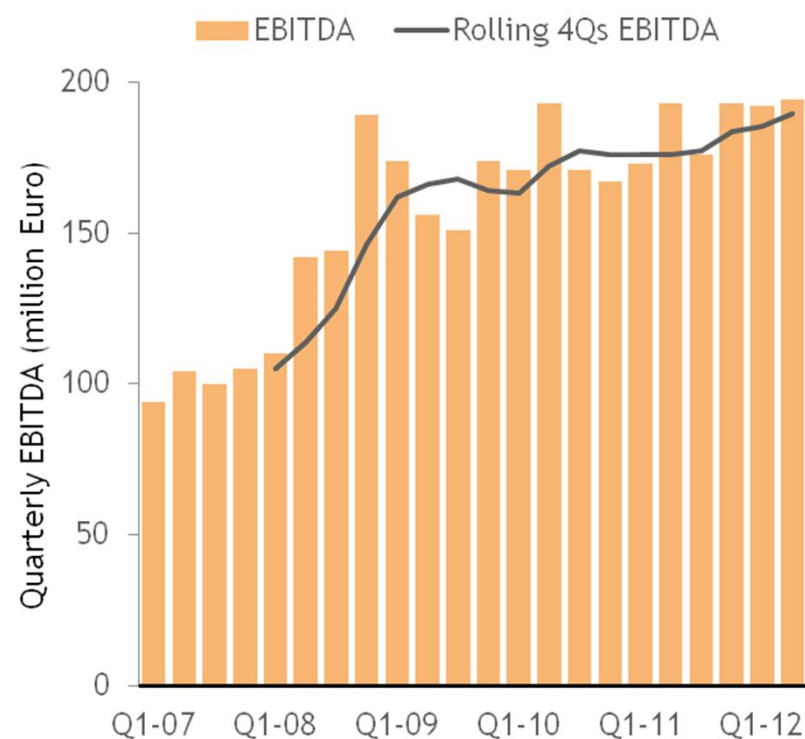
Aspiration by 2015

- Growth GDP + 2%
- EBITDA margin >20 - 23%

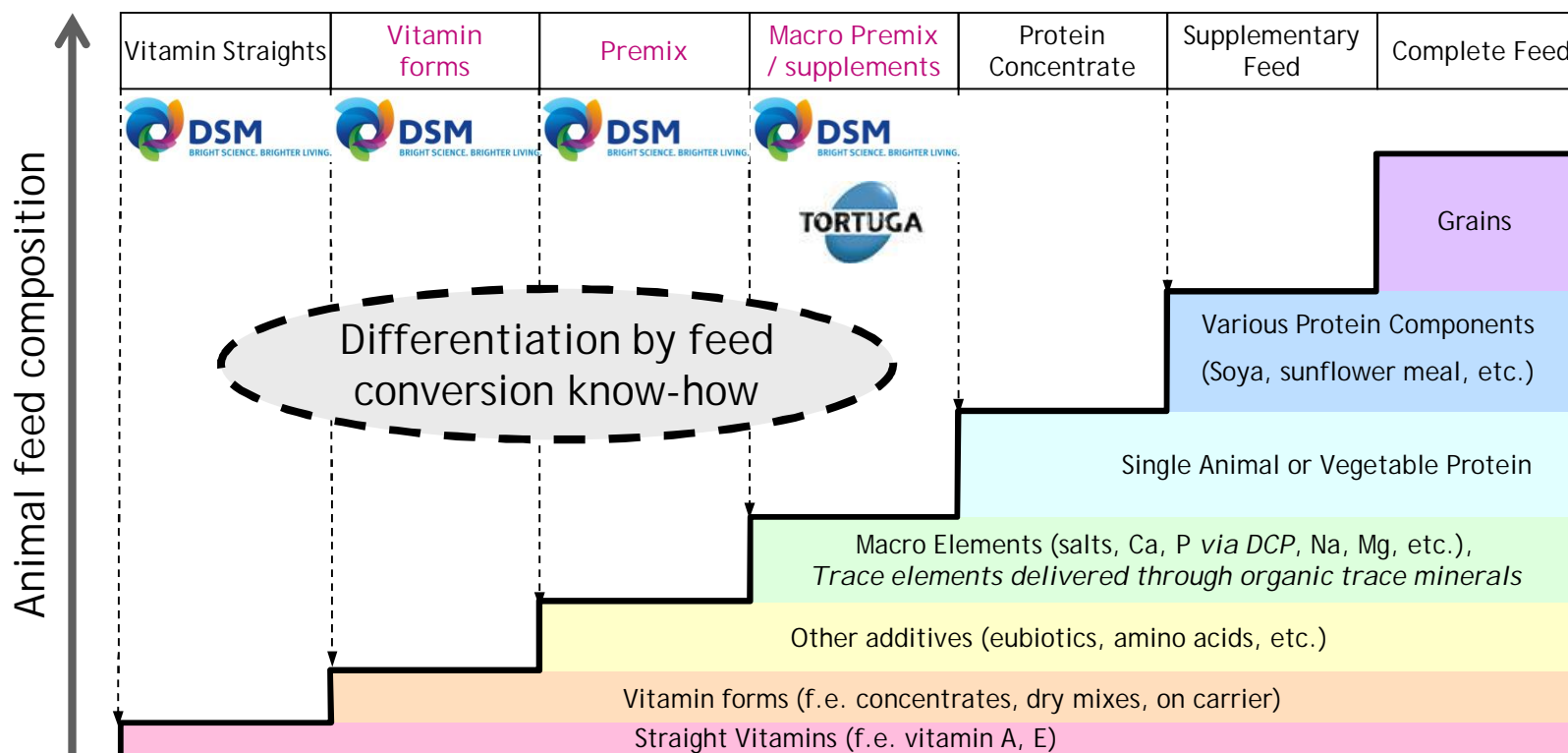
Strategic progress

- Expanded offering through M&A activities
- Expanded to 55 premix facilities
- Successful process developments; improving cost position
- Assets optimization/restructuring

Continuous profit increase



Animal feed: customer value through efficacy



- Feed efficacy ("feed to protein") largely determined by premix and supplement

Next step in Nutrition's value growth strategy

Key elements of Nutrition strategy

- Continued strengthening of the core of the business
- Establishment of new growth platforms in adjacent areas
- Increased leveraging of the cluster's unique full value chain position
- Use innovation headroom for further differentiation

Acquisition of Tortuga

- Strengthens DSM's presence in nutritional supplements and additives for ruminants
- Strengthens presence in Brazil, the leading global beef producer and exporter with attractive growth
- Broadens DSM's portfolio with the unique organic trace minerals portfolio of products
- Tortuga is considered an authority in the ruminant market

The acquisition offers value creating synergies

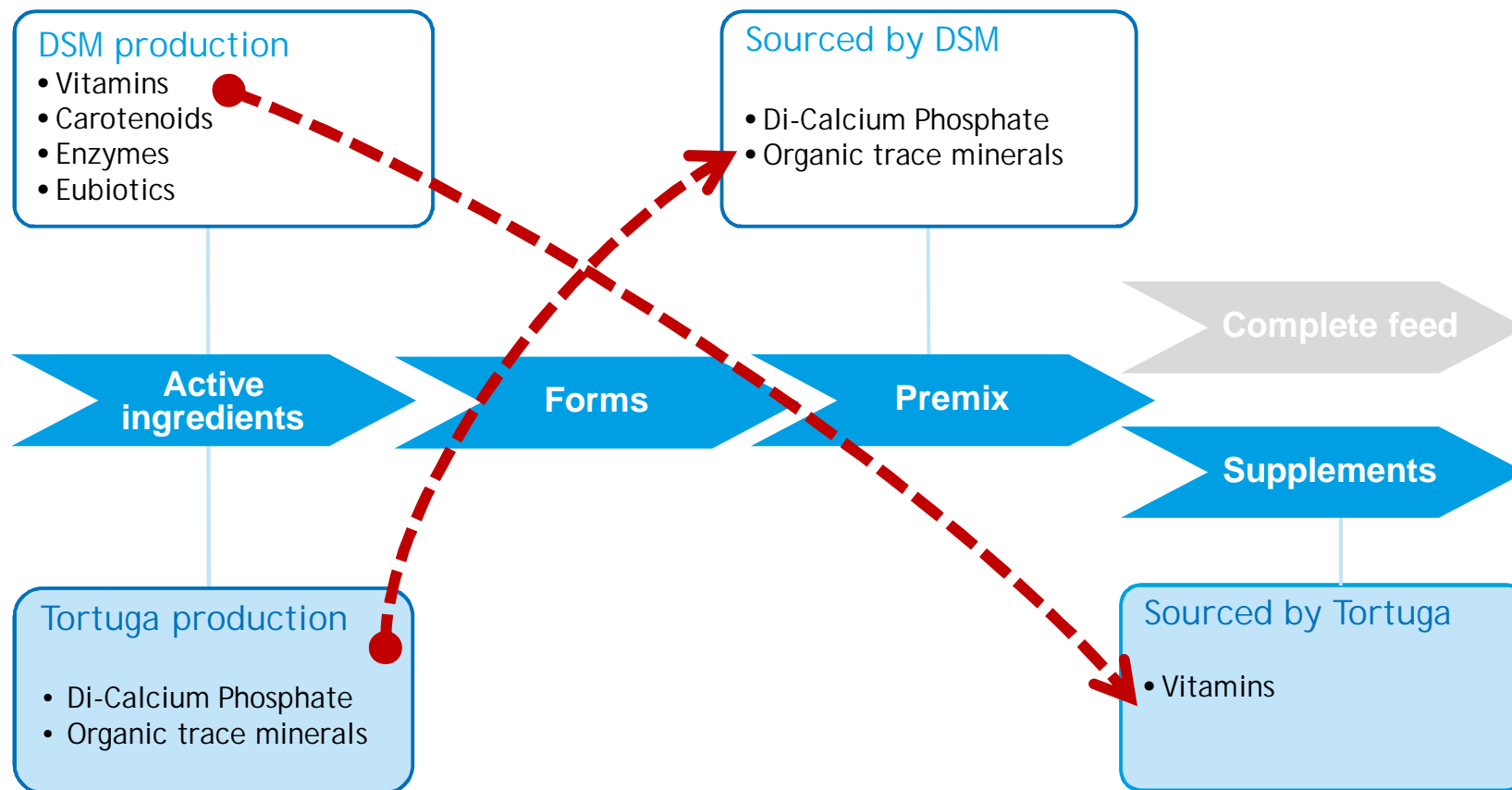
Sales synergies

- Introducing DSM ingredients into Tortuga's product range and distribution channels
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- Introduction of Tortuga's trace mineral products to other market segments worldwide (e.g. swine, poultry)
- Strengthens DSM in the highly attractive animal nutrition market in Latin America
- Allows DSM to become a full animal nutrition solution provider

Cost synergies

- Optimization of DSM assets in Brazil
- Customary operational efficiencies

Tortuga complements value chain presence



Value creating, EPS accretive from the start

Financial impact

- 2012 expectations:
Net sales ~ €385m and EBITDA ~ €60m
- Immediately EPS accretive
- Predominantly sales synergies, some cost synergies

Expectations by 2015

- Sales growth above Nutrition cluster aspiration (GDP +2%)
- Increasing EBITDA% margin

- Subject to customary conditions, the transaction is expected to close in Q1 2013



The Wall Street Bull

Conclusion

- Fully supports DSM's growth strategy "DSM in motion: *driving focused growth*"
- Good strategic fit with Nutrition cluster strategy
- Acquisition strengthens and complements DSM's animal nutrition & health business
- Capture value from DSM's extended value chain presence with a broad portfolio of nutritional ingredients for animal nutrition, while leveraging its strong international footprint
- Value creating acquisition; immediately EPS accretive
- Assuming no further deterioration of the economic conditions, and based on its strategy, financial strength, and the additional actions now taken, DSM will move towards the 2013 strategic targets.

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