Press Release

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DSM reports Q2 2015 results

- Solid sales performance with a 12% increase to €1,965 million, supported by foreign exchange rates and 3% volume growth
- EBITDA increase of 6% to €279 million
- Nutrition delivered good organic growth of 3%, driven by 5% volume growth
- Performance Materials showed strong EBITDA growth of 25%, benefiting from lower input costs and 2% volume growth
- Cash from continuing operating activities of €103 million
- Interim dividend of €0.55
- 2015 outlook maintained

Royal DSM, the Life Sciences and Materials Sciences company, today reported its results for Q2 2015. Sales were €1,965 million, a 12% increase versus Q2 2014, due to 3% higher volumes, 2% lower prices, 10% positive foreign exchange effects and 1% acquisition effects. DSM delivered a 6% higher EBITDA of €279 million compared to €264 million in Q2 2014. In the second quarter operating working capital remained stable versus Q1 2015.

DSM delivered improved results in Q2 driven by overall higher volumes and positive foreign exchange effects as well as margin expansion in Performance Materials. While Nutrition continues to be negatively impacted by lower vitamin E prices, volumes developed well in both animal and human nutrition. In animal nutrition volume growth would have been higher without the impact of a supply interruption of a key raw material due to a fire at the port of Santos (Brazil). Performance Materials had a strong quarter due to higher volumes, cost savings programs implemented over the recent years, positive foreign exchange effects and the temporary effect of significantly improved margins as a result of lower input costs.

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
"I am pleased to report good progress in Q2 with a solid volume growth in Nutrition and a step-up in Performance Materials. The priority of improving our operational performance is starting to deliver results. With increasingly challenging macro-economic conditions we remain focused on further improving the operational performance of DSM's businesses while making continued progress in innovation and sustainability. The setting-up of efficiency and cost reduction programs with a particular focus on the Nutrition business and the DSM-wide support functions is progressing well. We will announce the scope of the program for the DSM-wide support functions by the end of this month. More information on the efficiency and cost reduction programs for the Nutrition business will be shared at the Capital Markets Day on 4 November.

We maintain our full year outlook: DSM aims to deliver an EBITDA in 2015 ahead of 2014, the increase mainly driven by positive foreign exchange effects."

Sales, EBITDA, operating working capital and cash flow refer to continuing operations.

Key figures

second quarter 2015	second quarter 2014	+/-	in € million	volume	price/mix	exch. rates	other
			Net sales				
1,247	1,073	16%	Nutrition	5%	-2%	11%	2%
664	615	8%	Performance Materials	2%	-4%	10%	
37	38	-3%	Innovation Center	-14%	0%	11%	
17	28		Corporate Activities				
1,965	**1,754**	**12%**	**Total continuing operations**	**3%**	**-2%**	**10%**	**1%**
550	534		Discontinued operations				

second quarter 2015	second quarter 2014	+/-	in € million	first half 2015	first half 2014	+/-
			EBITDA			
208	222	-6%	Nutrition	403	425	-5%
106	85	25%	Performance Materials	192	156	23%
-3	-5		Innovation Center	-8	-11	
-32	-38		Corporate Activities	-60	-67	
279	**264**	**6%**	**Total continuing operations**	**527**	**503**	**5%**
53	29		Discontinued operations	91	60	
129	122	6%	Core net profit (continuing operations)	217	228	-5%
110	108	2%	Net profit before exceptional items, continuing operations	179	199	-10%
99	78	27%	Net profit after exceptional items, total DSM	29	159	-82%
0.74	0.71	4%	Core EPS (€/share)	1.25	1.32	-5%
0.63	0.62	2%	Net EPS before exceptional items, continuing operations (€/share)	1.02	1.14	-11%
0.56	0.45	24%	Net EPS after exceptional items, total DSM (€/share)	0.14	0.90	-84%
103	124		Cash flow from continuing operations	187	135	
107	90		Capital expenditures continuing operations (cash, net of customer funding)	208	182	
			Net debt * year-end 2014	2,863	2,420 *	

In this report:

- *'Organic sales growth' is the total impact of volume and price/mix;*
- *'Discontinued operations' comprises net sales and operating profit (before depreciation and amortization) of DSM Pharmaceutical Products up to and including 10 March 2014 as well as DSM Fibre Intermediates and DSM Composite Resins up to and including Q2 2015;*
- *'Core net profit' is the net profit from continuing operations before exceptional items and before acquisition related (intangible) asset amortization.*

Review by cluster

Nutrition

second quarter				first half		
2015	2014	yoy	*In € million*	2015	2014	yoy
1,247	1,073	16%	Net sales	2,446	2,120	15%
			of which:			
		5%	- volume growth			5%
		-2%	- price/mix effect			-1%
		11%	- fx impact			10%
		2%	- other			1%
208	222	-6%	EBITDA	403	425	-5%
16.7%	*20.7%*		*EBITDA margin*	*16.5%*	*20.0%*	
137	165	-17%	EBIT	266	308	-14%
			Capital employed	5,474	5,034 *	

*year-end 2014

Sales in the second quarter increased by 16% compared to Q2 2014. Organic sales growth was 3% as a result of 5% higher volumes and 2% lower price/mix effects. The acquisition of Aland, which was finalized on 31 March 2015, had a 2% positive effect on sales. Currencies had an 11% positive impact versus Q2 2014.

EBITDA for Q2 was €208 million, down €14 million or 6% from Q2 2014. Positive volume developments were more than offset by significantly lower vitamin E prices which had a negative impact of around €30 million in the quarter. Positive effects of certain foreign exchange rates, especially the US dollar, were partly offset by the negative impact of the Swiss franc.

Animal Nutrition and Health net sales were €571 million in Q2, a 10% increase versus Q2 2014. Organic sales growth in Q2 was 3%, with 4% higher volumes and 1% lower prices. The premix business continued to perform strongly. Reported volume growth in Q2 2015 was impacted by a key raw material supply interruption at Tortuga due to a fire in the port of Santos (Brazil). This led to lost sales of €15 million with €7 million business interruption damages, the latter being covered under DSM's captive insurance. Excluding this business interruption at Tortuga, organic growth in the quarter would have been 5% for animal nutrition and 4% for the total Nutrition cluster.

As expected, vitamin E prices were significantly lower compared to Q2 2014. The negative price effect on sales was largely compensated by higher prices for other ingredients. However, as a substantial part of these other ingredients are in-sourced for DSM's premix activities, these increased prices only have a limited benefit at EBITDA level.

Human Nutrition & Health net sales increased by 19% to €479 million in Q2. Volumes were up 5% and prices were down 2% while currencies had a positive effect of 16%.

US dietary supplements showed a mixed picture: I-Health continued to deliver strong growth and (multi) vitamin sales were growing on the back of increased promotional activities by multi-vitamin producers, whereas fish oil-based Omega 3 dietary supplements were still down versus Q2 last year. Fish oil-based Omega 3 sales showed good growth in Europe and Asia. Sales in DSM's *food & beverage* segments also showed a mixed picture with Europe and Asia performing well, but with ongoing tough business conditions in North and South America. *Infant nutrition* returned to normalized growth rates after the destocking in Q2 last year.

DSM Food Specialties showed good volume growth, supported by positive currency developments. In particular the enzymes and cultures businesses performed well with double-digit volume growth and increased market share.

Performance Materials

second quarter 2015	2014	yoy	In € million	first half 2015	2014	yoy
664	615	8%	Net sales	1,296	1,204	8%
			of which:			
		2%	- volume growth			3%
		-4%	- price/mix effect			-4%
		10%	- fx impact			9%
		0%	- other			0%
106	85	25%	EBITDA	192	156	23%
16.0%	*13.8%*		*EBITDA margin*	*14.8%*	*13.0%*	
74	55	35%	EBIT	127	98	30%
			Capital employed	1,897	1,744 *	

*year-end 2014

Sales in Q2 2015 increased by 8% compared to Q2 2014 as a result of 2% volume growth, 4% lower prices (reflecting lower raw materials costs) and 10% positive currency effects.

DSM Engineering Plastics showed good volume growth versus Q2 2014. Sales were supported by a substantial foreign exchange effect. Prices were lower mainly in the polyamide 6 value chain.

DSM Dyneema showed double digit volume growth with somewhat lower prices due to mix effects.

In **DSM Resins and Functional Materials** volumes were lower versus Q2 2014 with relatively weak demand in coating resins as well as lower volumes in functional materials. Foreign exchange had a positive effect. Pricing was slightly down reflecting lower input costs and severe price competition for DSM AGI in Asia.

EBITDA in Performance Materials for the quarter increased by 25% versus Q2 2014 to €106 million which is a new record for the cluster. On a structural base, volume growth and efficiency & cost savings programs over recent years contributed positively. The increase in EBITDA was, however, also enhanced by positive foreign exchange effects as well as temporarily strong margin improvements due to lower input costs.

EBITDA of **DSM Engineering Plastics** was substantially up compared to previous year as a result of volume growth in combination with substantially higher margins.

DSM Dyneema delivered solid EBITDA growth on the back of double-digit organic growth and favorable currencies.

EBITDA of **DSM Resins & Functional Materials** was flat with lower volumes, stable margins and lower costs.

DSM
BRIGHT SCIENCE. BRIGHTER LIVING.

Innovation Center

second quarter				first half		
2015	2014	yoy	*In € million*	2015	2014	yoy
37	38	-3%	Net sales	73	72	1%
-3	-5		EBITDA	-8	-11	
-10	-12		EBIT	-22	-26	
			Capital employed	*564*	*523* *	

*year-end 2014

Net sales in Q2 2015 were 3% lower than in Q2 2014. Positive foreign exchange effects could not fully compensate for the lower volumes in DSM Biomedical, which were mainly caused by destocking at a major customer and the absence of St. Jude royalty revenues which were still partly included in Q2 2014.

EBITDA in Q2 2015 improved versus Q2 2014 driven by a stronger focus in the innovation activities, cost savings and positive currency developments.

Corporate Activities

second quarter			first half	
2015	2014	*In € million*	2015	2014
17	28	Net sales	36	50
-32	-38	EBITDA	-60	-67
-44	-51	EBIT	-83	-90

EBITDA in Q2 2015 was slightly below the average quarterly run-rate mainly due to timing of certain costs. In Q2 2014 higher captive insurance costs were incurred resulting from last year's fire at Sisseln. In Q2 2015 the insurance costs of the Tortuga supply interruption amounted to €7 million, largely offset by other insurance related results.

Pharma activities and other associates

Total Q2 2015 sales of joint control entities amounted to €122 million on a 100% basis (Q2 2014: €115 million) of which €112 million from DSM Sinochem Pharmaceuticals (Q2 2014: €108 million). DSM Sinochem Pharmaceuticals further improved results, with an EBITDA margin for the quarter of about 15%.

DPx holdings (49% DSM) realized total sales (100% basis) of €447 million, for the period 1 February - 30 April 2015, with a corresponding EBITDA margin of about 20%. The net income of DPx was negatively impacted by €15 million exceptional items (before tax) related to restructuring, integration and realizing synergies of the company. In Q2 2015, following a successful refinancing of DPx, DSM received a capital distribution of €155 million.

DPx, to be renamed Patheon, has filed a registration statement on Form S-1 with the United States Securities and Exchange Commission relating to the proposed initial public offering of its common stock. The timing of the offering as well as the number of shares to be offered and the price range for the offering have not yet been determined.

Discontinued operations

second quarter			first half	
2015	2014	*In € million*	2015	2014
550	534	Net sales	1,056	1,140
53	29	EBITDA	91	60
53	8	EBIT	73	19

Polymer Intermediates and Composite Resins
Net sales amounted to €550 million supported by foreign exchange rates. EBITDA amounted to €53 million, an increase of €24 million mainly related to positive exchange rate effects and currently elevated margins as a result of lower input costs.

Financial overview

Exceptional items

Total *exceptional items* in the second quarter amounted to a loss of €44 million before tax (€31 million after tax). This includes a €20 million impairment of a DSM Dyneema tape production line in the US, primarily used for vehicle protection, and €24 million restructuring and related expenses.

Net profit

Financial income and expense in Q2 2015 amounted to -€35 million compared to -€32 million in Q2 2014 which was mainly due to higher interest expenses as a result of a higher debt.

The effective tax rate in Q2 2015 remained 18%, in line with the full year 2014.

Net profit from continuing operations, before exceptional items in Q2 2015 amounted to €110 million compared to €108 million in Q2 2014.

Net earnings per ordinary share (continuing operations, before exceptional items) amounted to €0.63 in Q2 2015 compared to €0.62 in Q2 2014.

Cash flow, capital expenditure and financing

Cash provided by operating activities from continuing operations in Q2 2015 was €103 million (Q2 2014: €124 million).

Operating working capital (continuing operations) expressed as a percentage of annualized sales amounted to 26.7% compared to 26.3% at year-end 2014. The operating working capital in absolute terms increased by €197 million from €1,903 million at year-end of 2014 to €2,100 million at the end of Q2 2015 which was largely due to the foreign exchange translation effect and some seasonality. In Nutrition, operating working capital as a percentage of annualized sales declined from 34% at year-end 2014 to 33%, in line with DSM's target to further reduce operating working capital.

Cash used for *capital expenditure net of customer funding (continuing operations)* amounted to €107 million in Q2 2015 compared to €90 million in Q2 2014.

Net debt decreased by €69 million compared to Q1 2015, reflecting the cash flow contribution and a positive development in mark-to-market value of financial derivatives held, partially offset by interest and dividend payments as well as the buy-back of own shares for management options.

Interim dividend

DSM will pay an interim dividend of €0.55 per ordinary share for 2015. As usual, this represents one third of the total dividend paid for the previous year. The interim dividend should not be taken as an indication of the total dividend for the year 2015. The dividend will be payable in cash or in the form of ordinary shares, at the option of the shareholder. Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 5 August 2015. The interim dividend will be payable as from 25 August 2015.

DSM in motion: *driving focused growth*

Strategy update
DSM in motion: driving focused growth is the strategy that the company embarked on in September 2010, which was updated in September 2013. The next update is planned for Q4 2015.

Improvement programs
DSM continues to address the ongoing challenging external environment with a focus on improving operational performance and enhancing profitability. The setting-up of efficiency and cost reduction programs with a particular focus on the Nutrition business and the DSM-wide support functions is progressing well.

DSM will announce the scope of the program for the DSM-wide support functions by the end of this month. More information on the efficiency and cost reduction programs for the Nutrition business will be shared at the Capital Markets Day on 4 November.

Below are some highlights of DSM's H1 2015 achievements.

High Growth Economies: from reaching out to being truly global
Sales to High Growth Economies reached a level of 43% of total sales in H1 2015 compared to 41% in H1 2014. Sales in China amounted to USD 514 million, versus USD 516 million in H1 2014.

In China, DSM and NHU announced the formation of a joint venture company for the market development and manufacturing of high performance plastics PPS compounds.

Innovation: from building the machine to doubling innovation output
Innovation sales in the first half of 2015 – measured as sales from innovative products and applications introduced in the last five years – amounted to 23% of sales compared to 19% in the first half of 2014.

MedDay, a biotechnology company focused on the treatment of nervous system disorders, and DSM announced a partnership and co-investment for the manufacturing and exclusive supply by DSM for MedDay's lead product MD1003, a pharmaceutical grade D-Biotin, which is currently being tested in a series of Phase III clinical trials to treat progressive multiple sclerosis.

Sustainability: from responsibility to business driver
The share of ECO+ products in DSM's innovation pipeline is on track to achieve the full year aspiration of 80%. The ECO+ share in the running business in H1 2015 was 49%, well on track towards the 2015 aspiration of 50%.

DSM is progressing well in achieving its aspirations regarding energy efficiency and the reduction of greenhouse-gas emissions. The energy efficiency of DSM's continuing business improved by 17% in the first half year of 2015 compared to the reference year 2008. DSM is on track to reach its aspiration for a 20% energy efficiency improvement in 2020.

DSM's greenhouse-gas emissions, measured in absolute CO_2 equivalents, in the first half year of 2015 were similar to the low (activity) level of 2008. DSM's aspiration calls for an (absolute) reduction of 25% by 2020, compared to 2008. With the upcoming deconsolidation of Polymer Intermediates and Composite Resins, DSM will achieve this target.

For both, energy efficiency and reduction of greenhouse-gas emissions, DSM will formulate new targets by the end of 2015.

In the Netherlands DSM completed a five-year upgrade of its Engineering Plastics facility in Emmen. The investment, which represents several million euros, includes a capture system that uses waste water from the production plant to reduce emissions to the air of Volatile Organic Compounds (VOCs) to almost zero.

It is DSM's goal to have an injury and incident-free working environment. DSM has set itself the target of reducing the Frequency Index of Recordable Injuries by 50 percent or more by the year 2020 compared to 2010. This will require an index score that is less than or equal to 0.25 by 2020, compared to the 0.57 achieved in 2010. At the end of the first half of 2015 this index amounted to 0.46.

Acquisitions & Partnerships: from portfolio transformation to driving focused growth

On 31 July DSM and CVC Capital Partners finalized the partnership for DSM’s activities in Polymer Intermediates (caprolactam and acrylonitrile) and Composite Resins through the formation of a new company 65% owned by CVC and 35% by DSM, with 1,900 employees.

DSM Dyneema finalized the acquisition of Cubic Tech Corporation. This privately owned company, based in Mesa (Arizona, USA), is focused on high-end solutions in applications as diverse as racing yacht sails, equipment and apparel for sportswear, outdoor and future soldier programs as well as emergency medical equipment.

Outlook

Macro-economic uncertainty has increased, impacting DSM’s end-markets, with continued low growth in Europe, somewhat weaker growth in North America and a prolonged slowdown in key emerging economies.

Assuming current low spot prices in vitamin E persist, the negative price impact on DSM’s 2015 EBITDA is estimated to be €80 to €90 million compared to 2014.

The volatility in currencies, including the strengthening of the Swiss franc and the US Dollar against the Euro, will have a mixed effect on DSM’s 2015 results compared to 2014. Based on current exchange rates and the 2015 hedge effects, an overall annual positive impact on 2015 EBITDA is estimated at approximately €35 million versus the estimated €45 million indicated in Q1 2015, should current rates persist throughout the remainder of the year.

Taking the above into account, DSM maintains its full year outlook: DSM aims to deliver an EBITDA in 2015 ahead of 2014, the increase mainly driven by positive foreign exchange effects.

Additional information

Today DSM will hold a conference call for the media from 08.00 AM to 08.30 AM CET and a conference call for investors and analysts from 09.00 AM to 10.00 AM CET. Details on how to access these calls can be found on the DSM website, www.dsm.com. Also, information regarding DSM's half year result 2015 can be found in the Presentation to Investors, which can be downloaded from the Investors section of the DSM website.

Important dates

Ex interim dividend quotation	Wednesday, 5 August 2015
Record date	Thursday, 6 August 2015
Interim dividend payable	Tuesday, 25 August 2015
Report for the third quarter of 2015	Tuesday, 3 November 2015
Capital Markets Day	Wednesday, 4 November 2015
Full year results 2015	Wednesday, 17 February 2016
Report for the first quarter of 2016	Tuesday, 26 April 2016
Annual General Meeting of Shareholders 2016	Friday, 29 April 2016
Report for the second quarter of 2016	Tuesday, 2 August 2016
Report for the third quarter of 2016	Thursday, 3 November 2016

Condensed consolidated statement of income for the second quarter

second quarter 2015			*in € million*	second quarter 2014		
before exceptional items	exceptional items	total		before exceptional items	exceptional items	total
2,515	0	2,515	net sales	2,288	0	2,288
279	-25	254	EBITDA from continuing operations	264	-9	255
53	0	53	EBITDA from discontinued operations	29	-1	28
332	-25	307	EBITDA	293	-10	283
210	-44	166	operating profit (EBIT)	165	-10	155
53	0	53	operating profit from discontinued operations	8	-1	7
157	-44	113	operating profit from continuing operations	157	-9	148
-35	0	-35	net finance costs	-32	0	-32
122	-44	78	profit before income tax	125	-9	116
-23	13	-10	income tax	-22	1	-21
11	-6	5	share of the profit of associates / Joint Control entities	5	-25	-20
110	-37	73	net profit from continuing operations	108	-33	75
28	0	28	net profit from discontinued operations	2	0	2
138	-37	101	profit for the period	110	-33	77
1	0	1	non-controlling interests continuing operations	0	0	0
-3	0	-3	non-controlling interests discontinued operations	1	0	1
136	-37	99	net profit attributable to equity holders of DSM	111	-33	78
-2	0	-2	dividend on cumulative preference shares	-2	0	-2
134	-37	97	net profit used for calculating earnings per share	109	-33	76
			net earnings per ordinary share in €:			
0.77	-0.21	0.56	- net earnings, total DSM	0.64	-0.19	0.45
0.63	-0.21	0.42	- net earnings, continuing operations	0.62	-0.19	0.43
0.74			- core earnings per share	0.71		
		174.4	average number of ordinary shares (x million)			171.4
		174.7	number of ordinary shares, end of period (x million)			172.4
122	19	141	depreciation and amortization	128	0	128
		145	capital expenditure			125
		15	acquisitions			0
		20,926	workforce (headcount) at end of period, continuing operations			19,027 *
		4,305	of which in the Netherlands			4,372 *

*Year-end 2014

This quarterly report has not been audited.

Condensed consolidated statement of income for the first half

first half 2015			*in € million*	first half 2014		
before exceptional items	exceptional items	total		before exceptional items	exceptional items	total
4,907	0	4,907	net sales	4,586	0	4,586
527	-47	480	EBITDA from continuing operations	503	-50	453
91	-4	87	EBITDA from discontinued operations	60	21	81
618	-51	567	EBITDA	563	-29	534
361	-207	154	operating profit (EBIT)	309	-29	280
73	-141	-68	operating profit from discontinued operations	19	21	40
288	-66	222	operating profit from continuing operations	290	-50	240
-87	0	-87	net finance costs	-51	-7	-58
201	-66	135	profit before income tax	239	-57	182
-37	18	-19	income tax	-43	8	-35
15	-16	-1	share of the profit of associates / Joint Control entities	3	-25	-22
179	-64	115	net profit from continuing operations	199	-74	125
43	-128	-85	net profit from discontinued operations	8	22	30
222	-192	30	profit for the period	207	-52	155
3	0	3	non-controlling interests continuing operations	2	0	2
-4	0	-4	non-controlling interests discontinued operations	2	0	2
221	-192	29	net profit attributable to equity holders of DSM	211	-52	159
-5	0	-5	dividend on cumulative preference shares	-5	0	-5
216	-192	24	net profit used for calculating earnings per share	206	-52	154
			net earnings per ordinary share in €:			
1.24	-1.10	0.14	- net earnings, total DSM	1.20	-0.30	0.90
1.02	-0.37	0.65	- net earnings, continuing operations	1.14	-0.43	0.71
1.25			- core earnings per share	1.32		
		174.0	average number of ordinary shares (x million)			172.1
		174.7	number of ordinary shares, end of period (x million)			172.4
257	156	413	depreciation and amortization	254	0	254
		264	capital expenditure			223
		140	acquisitions			0
		20,926	workforce (headcount) at end of period, continuing operations			19,027 *
		4,305	of which in the Netherlands			4,372 *

*Year-end 2014

This quarterly report has not been audited.

Consolidated balance sheet: assets

in € million	30 June 2015		year-end 2014	
intangible assets	3,051		2,867	
property, plant and equipment	3,263		3,673	
deferred tax assets	393		427	
associates and joint ventures	636		762	
other financial assets	116		130	
non-current assets		**7,459**		**7,859**
inventories	1,716		1,739	
trade receivables	1,493		1,570	
other receivables	182		199	
financial derivatives	40		47	
current investments	6		6	
cash and cash equivalents	553		669	
		3,990		4,230
assets held for sale		1,221		37
current assets		**5,211**		**4,267**
total assets		**12,670**		**12,126**

Consolidated balance sheet: equity and liabilities

in € million	30 June 2015		year-end 2014	
shareholders' equity	5,686		5,723	
non-controlling interest	231		213	
equity		**5,917**		**5,936**
deferred tax liabilities	376		365	
employee benefits liabilities	455		479	
provisions	105		105	
borrowings	2,144		1,637	
other non-current liabilities	74		81	
non-current liabilities		**3,154**		**2,667**
employee benefits liabilities	41		45	
provisions	36		42	
borrowings	889		1,143	
financial derivatives	429		362	
trade payables	1,109		1,361	
other current liabilities	712		554	
		3,216		3,507
liabilities held for sale		383		16
current liabilities		**3,599**		**3,523**
total equity and liabilities		**12,670**		**12,126**
capital employed*		8,624		8,105
equity / total assets*		47%		49%
net debt*		2,863		2,420
operating working capital, continuing operations		2,100		1,903
OWC / net sales, continuing operations		26.7%		26.3%

* Before reclassification to held for sale

Condensed consolidated cash flow statement

		first half		
in € million		2015		2014
cash, cash equivalents and current investments				
at beginning of period		**675**		**789**
current investments at beginning of period		6		19
cash and cash equivalents at beginning of period		**669**		**770**
operating activities:				
- earnings before interest, tax, depreciation and amortization	618		563	
- change in working capital	-229		-398	
- income tax	-35		-42	
- other	-253		-34	
cash provided by operating activities		**101**		**89**
- of which provided by continuing operations		**187**		**135**
investing activities:				
- capital expenditure	-275		-268	
- acquisitions	-84		-2	
- disposal of subsidiaries and businesses	44		82	
- disposal of other non-current assets	7		8	
- change in fixed-term deposits			5	
- interest received	20		13	
- other	127		-52	
cash used in investing activities		**-161**		**-214**
- dividend	-104		-121	
- interest paid	-179 *		-134 *	
- repurchase of shares	-70		-189	
- proceeds from re-issued shares	34		16	
- change in commercial paper	-280		330	
- other cash from/used in financing activities	494		-21	
cash used in financing activities		**-105**		**-119**
changes exchange differences		49		1
cash and cash equivalents end of period		**553**		**527**
current investments end of period		6		15
cash, cash equivalents and current investments end of period		**559**		**542**

*Impacted by -€129 million (in 2015) and -€77 million (in 2014) due to the settlement of the interest rate pre-hedge of the €500 million bond.

Condensed consolidated statement of comprehensive income

in € million	**first half**	
	2015	2014
items that will not be reclassified to profit or loss		
remeasurements of defined benefit pension plans	2	5
exchange differences on translation of foreign operations related to the non-controlling interest	18	1
items that may susbsequently be reclassified to profit or loss		
exchange differences on translation of foreign operations	160	89
change in fair value reserve	5	0
change in hedging reserve	-4	-9
other comprehensive income, before tax	181	86
income tax expense	5	2
other comprehensive income, net of tax	186	88
profit for the period	30	155
total comprehensive income	**216**	**243**

Condensed consolidated statement of changes in equity

in € million	**first half**	
	2015	2014
Total equity at beginning of period	5,936	6,096
changes:		
total comprehensive income	216	243
dividend	-297	-307
repurchase of shares	-83	-189
proceeds from reissue of ordinary shares	130	106
other changes	15	37
total equity end of period	**5,917**	**5,986**

Geographical information (continuing operations)

first half 2015	The Nether-lands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the world	Total
net sales by origin											
in € million	993	1,098	71	720	337	397	40	33	127	35	3,851
in %	26	28	2	19	9	10	1	1	3	1	100
net sales by destination											
in € million	144	942	226	893	515	460	81	103	365	122	3,851
in %	4	25	6	23	13	12	2	3	9	3	100
total assets (total DSM) in € million	3,706	2,285	120	3,493	731	1,662	78	98	407	90	12,670
workforce (headcount)											
at end of period	4,305	4,659	419	3,240	1,992	4,518	528	146	862	257	20,926

first half 2014	The Nether-lands	Rest of Western Europe	Eastern Europe	North America	Latin America	China	India	Japan	Rest of Asia	Rest of the world	Total
net sales by origin											
in € million	994	1,070	57	543	298	287	25	29	114	29	3,446
in %	29	31	2	16	8	8	1	1	3	1	100
net sales by destination											
in € million	157	932	214	747	460	376	64	101	295	100	3,446
in %	5	27	6	22	13	11	2	3	8	3	100
total assets (total DSM) in € million*	3,709	2,110	113	3,323	820	1,458	70	88	359	76	12,126
workforce (headcount)											
at end of period*	4,372	4,697	404	3,299	1,891	2,639	478	141	866	240	19,027

*year-end 2014

Notes to the interim financial statements

- Accounting policies and presentation

The consolidated financial statements of DSM for the year ended 31 December 2014 were prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date. These accounting policies are applied in the current 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 2014 and the discussion by the Managing Board earlier in this interim report.

- Audit

These interim financial statements have not been audited.

- Related party transactions

Transactions with related parties are conducted at arm's length conditions.

- Risks

DSM has a risk management system in place. A description of the system and an overview of potentially important risks for DSM is provided in the Integrated Annual Report 2014 and in the governance section on www.dsm.com. DSM has reviewed the developments and incidents in the first half of 2015 and assessed the risks for the year. On this basis DSM has concluded that the most important risks and responses reported in the Integrated Annual Report 2014 are still applicable.

- 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.

- Scope of the consolidation

In the first quarter of 2015 the acquisition of Aland was finalized. The acquisition of the Hong-Kong based company producing vitamin C in mainland China was announced on 11 July 2014 and closed on 31 March 2015. Aland was founded in 1990 and is one of the leading vitamin C manufacturers in China. It has a production facility in Jingjiang, Jiangsu Province in China. In 2014 the company realized net sales of about USD 110 million in vitamin C with around 1,800 employees. The transaction excludes Aland's consumer health activities. From 31 March onwards the financial statements of Aland are consolidated by DSM and reported in the segment Nutrition. In accordance with IFRS 3 the purchase price of Aland needs to be allocated to identifiable assets and liabilities acquired. The results of the purchase price allocation are not yet available and therefore the book values of assets and liabilities of Aland were used in consolidation with the remainder of the purchase price being provisionally allocated to goodwill.

The impact of the acquisition of Aland on DSM's consolidated balance sheet, at the date of acquisition, is shown in the following table. This information will change when the purchase price allocation is completed and fair values of assets and liabilities have been established. The acquisition of Aland contributed €23 million to net sales and €4 million to EBITDA in the second quarter of 2015.

Acquisition of Aland *in € million*		book value
intangible assets	7	
property, plant & equipment	61	
inventories	15	
receivables	13	
cash and cash equivalents	3	
total assets	**99**	
non-current liabilities	4	
current liabilities	23	
total liabilties	**27**	
net assets at book value		**72**
total consideration		125
preliminary goodwill		**53**

On 13 May 2015 DSM Dyneema finalized the acquisition of Cubic Tech Corporation. This privately owned company based in Mesa (Arizona, USA) is focused on high-end solutions in applications as diverse as racing yacht sails, equipment and apparel for sportswear, outdoor and future soldier programs as well as emergency medical equipment. From the acquisition date onwards the financial statements of Cubic Tech have been consolidated by DSM and reported in the segment Performance Materials. The acquisition is not sufficiently material to warrant the individual disclosure requirements of IFRS 3.

On 16 March 2015 DSM and CVC Capital Partners (CVC) announced a partnership for DSM’s activities in Polymer Intermediates (caprolactam and acrylonitrile) and Composite Resins (those remaining after the disposal of Euroresins and DSM Synres), provisionally called NewCo. The DSM activities will be transferred into a new privately held company in which DSM will hold a 35% share. CVC will own 65% of NewCo and will have control. From March onwards the activities are classified as held for sale and presented as discontinued operations. DSM’s 35% investment in NewCo will be reported as an associate and accounted for in accordance with the equity method from 31 July 2015 when the transaction was completed. The initial result on the transfer of these activities to Newco amounted to a book loss of approximately €130 million after tax as the fair value less cost to sell of the activities was lower than the carrying amount of the net assets transferred. This expected book loss was recognized in Q1 when the activities were classified as held for sale. The final result on the transaction will be recognized upon completion in Q3.

Initial result on contribution of Polymer Intermediates and Composite Resins to NewCo.

in € million	Q1 2015	
intangible assets	14	
property, plant & equipment	557	
other non-current assets	135	
inventories	179	
receivables	316	
total assets		1,201
provisions	4	
non-current liabilities	46	
current liabilities	480	
total liabilities		530
net assets 31 December 2014 cash & debt free		671
non-controlling interest cash & debt free		-173
net assets DSM shareholders cash & debt free		498
expected changes until completion (DSM shareholders part)		150
expected net assets on completion		648
fair value less cost to sell		470
		-178
release hedging reserve		-2
release translation reserve		43
impairment per Q1 2015		**-137**
income tax		7
net impact on profit/loss for the year		**-130**

Prior to its held for sale classification, DSM Polymer Intermediates was a separate reporting segment (which ceased to exist), while the Composite Resins business was reported in the Performance Materials segment. NewCo will also become a 65% shareholder in Sitech Services, the on-site service provider at the Chemelot site in Sittard-Geleen (Netherlands), as a result of the transfer of DSM's caprolactam and acrylonitrile activities to NewCo. Sitech Services was previously reported in the Segment Corporate Activities. Pro-forma third-party sales of NewCo in 2014 amounted to €2.1 billion with EBITDA of €106 million, excluding non-controlling interests. NewCo will continue to supply at least 80% of DSM Engineering Plastics' caprolactam needs in Europe and North America for the coming 15 years via a drawing rights contract. In China, DSM Engineering Plastics will continue to be supplied by NewCo as today.

- Dividends and equity

On 27 May 2015 the final dividend of €1.10 per share for the year 2014 was paid to holders of ordinary shares and a dividend of €0.15 per share was paid to holders of cumulative preference shares A. The total distribution to shareholders amounting to €198 million, of which €94 million was paid as stock dividend, was recorded against retained earnings. In addition to the final dividend for 2014 the interim dividend of €0.55 per ordinary share for 2015 was recognized in the second quarter of 2015. This distribution to shareholders amounts to €99 million.

In the first half of 2015 2.8 million shares were issued in connection with stock dividend, the exercise of options and delivery of performance shares. 1.6 million shares were repurchased in the same period.

Statement of the Managing Board
The half-yearly financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of DSM and its consolidated companies; and the half-yearly report gives a true and fair view of DSM's position as at the balance sheet date, the development during the period of DSM and its group companies included in the half-yearly financial statements, together with the expected developments.

Heerlen, 4 August 2015

The Managing Board

Feike Sijbesma, CEO/Chairman
Geraldine Matchett, CFO
Stephan Tanda
Dimitri de Vreeze

DSM – Bright Science. Brighter Living.™
Royal DSM is a global science-based company active in health, nutrition and materials. By connecting its unique competences in Life Sciences and Materials Sciences DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders simultaneously. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. DSM and its associated companies deliver annual net sales of about €10 billion with approximately 25,000 employees. The company is listed on Euronext Amsterdam. More information can be found at www.dsm.com.

Or find us on:

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