Press Release

Heerlen (NL), 14 February 2019

**DSM reports 2018 results**

Highlights full year 20181

* DSM reports a very strong year, including a robust Q4
* Underlying business:
  + Strong organic sales growth of 6%
  + Adjusted EBITDA growth of 6%; 10% adjusted for FX
  + ROCE of 13.3%, up 100 bps
* Total business (including temporary vitamin effect):
  + Adjusted EBITDA up 26%, including €290m temporary vitamin effect
  + Adjusted Net profit of €1,034m, up 46%, with Net profit of €1,079m
  + Cash from Operating Activities €1,391m, up 40%
* 25% dividend increase from €1.85 to €2.30 per ordinary share2
* Full year outlook 2019 in line with strategic targets
* Launch of €1bn share buy-back program, reflecting strong balance sheet and resilient business

Key figures and indicators3

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| in € million | **Full year 2018** | | | **Full year** | % Change | | | | |
|  | Underlying1  business | Temporary vitamin effect | Total  Group | 2017 Reported | Underlying1  organic growth | FX & ‘other’1 | Underlying1  total growth | Temporary vitamin effect | Total  Group |
| **Sales** | 8,852 | 415 | 9,267 | 8,632 | 6% | -4% | 2% | 5% | 7% |
| Nutrition | 5,722 | 415 | 6,137 | 5,579 | 7% | -4% | 3% | 7% | 10% |
| Materials | 2,913 |  | 2,913 | 2,825 | 5% | -2% | 3% |  | 3% |
| **Adjusted EBITDA** | 1,532 | 290 | 1,822 | 1,445 |  |  | 6% | 20% | 26% |
| Nutrition | 1,117 | 290 | 1,407 | 1,053 |  |  | 6% | 28% | 34% |
| Materials | 512 |  | 512 | 488 |  |  | 5% |  | 5% |
| Innovation | 8 |  | 8 | 9 |  |  |  |  |  |
| Corporate | -105 |  | -105 | -105 |  |  |  |  |  |
| EBITDA | 1,464 | 290 | 1,754 | 1,348 |  |  |  |  |  |
| Adjusted EBITDA margin | 17.3% |  | 19.7% | 16.7% |  |  |  |  |  |

1 Underlying (business) is defined in this press release as the performance measures sales and Adjusted EBITDA, corrected for DSM’s best estimate of the temporary vitamin effect. See page 8 for further details.

2 Subject to AGM approval.

3 Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

CEO statement

*“This has been again a record year in which we successfully completed Strategy 2016-2018, outperforming our ambitious financial and sustainability targets. We have created a strong platform of solution-led, higher value specialty products in Nutrition, Health & Sustainable Living. This has positioned the company well to drive continued above market organic growth and deliver further improvement in profitability, shareholder return and sustainability as we execute Strategy 2021 Purpose led, Performance driven.*

*During the fourth quarter, Nutrition performed well once again, with continued good business conditions, whilst Materials delivered solid results, despite softness in some of its end-markets.*

*Reflecting excellent underlying results for the financial year and confidence in our future earnings growth profile, as also reflected in our 2019 outlook, we propose an increase in the 2018 full year dividend of about 25% to €2.30 per share, in line with guidance given at our 2018 Capital Markets Day.*

*In addition, having built a resilient portfolio with future upside from our large innovation projects, we are confident about our earnings prospects and cash generation. Based on this and our strong balance sheet we are pleased to announce a €1 billion share buy-back program which also increases capital efficiency while still retaining financial flexibility to deliver on our growth plans.”*

Outlook 2019

DSM expects to deliver a full-year 2019 mid-to-high single digit increase in Adjusted EBITDA compared to prior year Underlying Adjusted EBITDA (pre-temporary vitamin effect), together with an improvement in Underlying Adjusted Net Operating Free Cash Flow in line with its Strategy 2021 targets. This outlook excludes the impact of IFRS16 (see page 15).

New Share Buy-Back program

DSM intends to repurchase ordinary shares with an aggregate market value of €1 billion starting in Q2 2019, with the intention to reduce its issued capital. This will be in addition to the usual repurchase programs which DSM executes from time to time to cover commitments under share-based compensation plans and the stock dividend.

Q4 Highlights

* DSM reports a robust Q4
* Nutrition reports 1% organic growth with Adjusted EBITDA up 3%.

Corrected for an estimated temporary vitamin effect in Q4 2017:

* + The organic growth would have been 4% against a strong prior year
  + The Adjusted EBITDA would have been up 7%.
* Materials reports solid results with flat sales and Adjusted EBITDA despite soft business conditions in some end-markets, against a strong prior year
* Total reported sales growth of 1% and Adjusted EBITDA growth of 3%
* Cash from operating activities of €458m, up 21%

Key figures and indicators1,2

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| in € million | **Q4 2018** | | | **Q4 2017** | % Change | | | | |
|  | Underlying1  business | Temporary vitamin effect | Total  Group | 2017 Reported | Underlying1  organic growth | FX & ‘other’1 | Underlying1  total growth | Temporary vitamin effect | Total  Group |
| **Sales** | 2,208 | - | 2,208 | 2,176 | 1% | 0% | 1% | - | 1% |
| Nutrition | 1,444 | - | 1,444 | 1,428 | 1% | 0% | 1% | - | 1% |
| Materials | 698 |  | 698 | 693 | 0% | 1% | 1% |  | 1% |
| **Adjusted EBITDA** | 370 | - | 370 | 359 |  |  | 3% | - | 3% |
| Nutrition | 270 | - | 270 | 267 |  |  | 1% | - | 1% |
| Materials | 119 |  | 119 | 119 |  |  | 0% |  | 0% |
| Innovation | 7 |  | 7 | 4 |  |  |  |  |  |
| Corporate | -26 |  | -26 | -31 |  |  |  |  |  |
| EBITDA | 340 |  | 340 | 316 |  |  |  |  |  |
| Adjusted EBITDA margin | 16.8% |  | 16.8% | 16.5% |  |  |  |  |  |

1 Underlying (business) is defined in this press release as the performance measures sales and Adjusted EBITDA, corrected for DSM’s best estimate of the temporary vitamin effect. See page 8 for further details.

2 Adjusted EBITDA is an Alternative Performance Measure (APM) that reflects continuing operations.

Note for the editors: for the full text of the press release see enclosed pdf or click [here](https://www.dsm.com/corporate/media/informationcenter-news/2019/02/04-19-dsm-q4-and-annual-results-2018.html)>

**Financial calendar**

First half of March 2019 Publication of Integrated Annual Report 2018

7 May 2019 Publication of the results of the first three months of 2019

8 May 2019 Annual General Meeting of Shareholders

1 August 2019 Publication of the first half year results of 2019

5 November 2019 Publication of the results of the first nine months of 2019

**Contact Information**

Investor Relations

Dave Huizing

t. +31 (0) 45 578 2864

e. investor.relations@dsm.com

Media Relations

Lieke de Jong

t. +31 (0) 45 578 2420

e. [media.contacts@dsm.com](mailto:media.contacts@dsm.com)

**Additional Information**

Today DSM will hold a conference call for **media** at 08:00 CET and a conference call for **investors and analysts** at 09:00 CET. Details on how to access these calls can be found on the DSM website, [www.dsm.com](http://www.dsm.com).

**DSM – Bright Science. Brighter Living.™**

Royal DSM is a global purpose-led, science-based company 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 whilst creating simultaneously 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](http://www.dsm.com).

**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.