Press Release

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Royal DSM

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**DSM announces agreement to increase its shareholding in Andre Pectin from 29% to 75%**

**Royal DSM, a global science-based company in Nutrition, Health and Sustainable Living, informs its stakeholders that it agreed to increase its shareholding in Yantai Andre Pectin Co. Ltd. (Andre Pectin) to 75%.** **Andre Pectin is a leading specialty food ingredient producer.**

DSM acquired a 29% stake in Andre Pectin in 2013. After settling a shareholders dispute, DSM has now agreed with the other shareholders to purchase an additional 46% stake in Andre Pectin for a consideration of about €150 million. This will increase DSM’s total shareholding in the company to 75%. The total purchase price for this 75% holding represents an EV/EBITDA multiple of about 13x based on the 2019 expected EBITDA of the company, excluding synergies. The company sales are about €65m with an EBITDA margin above 25%.

The remaining 25% of shares in Andre Pectin continues to be held by the Shandong Andre Group Co., Ltd, that supplies raw materials and utilities. DSM will closely work with the Andre Group to continuously improve the operational performance of the company, ensuring reliable supply through its global sales network of high-quality (natural) pectin, while ensuring compliance with DSM’s safety, health and sustainability standards in the company’s operations.

In view of the transaction, DSM will consolidate the activities of Andre Pectin in its group results. The transaction is expected to close in Q1/Q2 2019.

Andre Pectin is located in Yantai, Shandong Province in China. The company is Asia’s largest producer of apple and citrus pectin, hydrocolloids providing texture solutions for food, beverages and personal care, with premier access to the world’s fastest growing specialty food ingredients market. Andre Pectin employs about 410 employees. The company has a strong organic sales and profit growth track record and generates attractive margins. It is a highly innovative company with a strong sustainability profile.

Together with DSM’s majority stakes in DSM Zhongken Biotechnology Co., Ltd. and DSM Rainbow (Inner Mongolia) Biotechnology Co. Ltd., DSM has a strong hydrocolloid product portfolio with gellum gum, xanthan gum, wellan gum and pectin-based solutions, which DSM offers to the food, beverage and personal care markets.

Hydrocolloids are thickeners and stabilizers that dissolve, disperse or swell in water to provide a broad range of important functionalities and physical attributes including gelling, texture, mouthfeel, viscosity and suspension. Demand for hydrocolloids is driven by three underlying consumer trends: the quest for convenient foods and beverages, consumers’ increasing demand for dairy and plant-based protein drinks and the trend towards clean labeling.

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

Royal DSM is a purpose-led global science-based company in Nutrition, Health and Sustainable Living. DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders. DSM delivers innovative business 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 is listed on Euronext Amsterdam. More information can be found at [www.dsm.com](http://www.dsm.com).

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Forward-looking statements

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