

Press Release

Heerlen (NL), 12 June 2020

Royal DSM
media.contacts@dsm.com
www.dsm.com

22E

DSM to add world-leading animal nutrition and health specialty businesses with acquisition of Erber Group

Royal DSM, a global science-based company in Nutrition, Health and Sustainable Living, announces that it has reached agreement to acquire Erber Group for an enterprise value of €980m. The value of the transaction represents an EV/EBITDA multiple of about 14x the 2020 EBITDA (fiscal year ending September 2020). The transaction – which excludes two smaller units in the Erber Group – is expected to be earnings enhancing in the first year upon completion.

Erber Group's specialty animal nutrition and health businesses, Biomin and Romer Labs, specialize primarily in mycotoxin risk management, gut health performance management, and food and feed safety diagnostic solutions, expanding DSM's range of higher value-add specialty solutions. Romer Labs also complements DSM's human nutrition and health offering to food industry customers. Sanphar and EFB, representing 7% of Erber Group's total sales, are not included in this transaction.

The acquired businesses have combined sales of €330m and an Adjusted EBITDA margin above 20% for the twelve months to the end of March 2020, with a high single-digit organic sales growth rate over the past 5 years. The acquisition will be debt financed, with committed bridge financing in place. DSM continues to benefit from a strong balance sheet and remains committed to maintaining a strong investment grade credit profile.

With state-of-the-art research and manufacturing facilities and approximately 1,200 employees around the world, the acquisition of Erber Group is a unique strategic opportunity that provides revenue-enhancing synergies from the combined offering, global customer base, and complementary geographic strengths. Austrian-based Erber Group offers DSM the opportunity to enter the mycotoxin risk management market as the world leader and extends the company's position as one of the top suppliers in the rapidly growing animal gut performance management market.

Mycotoxins occur as a result of natural fungus contaminants in animal feed and threaten the health of both animals and humans. In addition to increasing the risk of illness, mycotoxins also reduce the nutritional value of feed. Biomin's patented and proprietary technology provides the most scientifically advanced mycotoxin protection available. Biomin is also a major producer of phytogenic and probiotic feed alternatives to antibiotics, which complements and strengthens DSM's position in the rapidly growing global eubiotics market for improving animal gut health.

Romer Labs is at the forefront of diagnostic technology with innovative testing solutions for the analysis of mycotoxins in feed and food, food allergens and pathogens as well as veterinary drug residues, with accredited full-service labs in Austria, UK, USA and Singapore. DSM's extensive global network of food and

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.

beverage customers as well as feed customers stand to benefit from Romer Labs' expertise and the combined group's data-based quality assurance offering.

The acquisition of Erber Group further strengthens DSM's expertise and reputation as a leading provider of animal health and nutrition solutions for farm productivity and sustainability, with an emphasis on emissions reduction, feed consumption efficiency, and better use of water and land.

Geraldine Matchett and Dimitri de Vreeze, Co-CEOs of DSM, said: "These are great businesses with strong and sustained track records of profitable growth and attractive margins. Biomin and Romer Labs will help strengthen and accelerate the growth of our specialty animal nutrition and health offering, including our big data and diagnostic capabilities, and it is exciting to be entrusted to take these family-founded businesses forward. It was immediately clear to us that the people at Erber Group share our purpose-led mission and will make a wonderful addition to DSM".

Dr. Erich Erber, Founder and President of Erber Group, commented: "In DSM, I recognize the mutual values of sustainable stewardship that are so important to us. The world must reduce farming's environmental impact at the same time as increasing protein production to feed 10 billion people by 2050. To do that, we have to make sure protein is produced sustainably, using renewable ingredients as much as possible, while protecting the well-being of animals. DSM is the perfect home for our businesses, as Biomin and Romer Labs will be able to use their new scale to intensify our joint contribution to a more sustainable world's food supply".

The transaction, which remains subject to customary conditions, is expected to close in Q4 2020.

More details can be found in the Presentation to Investors on www.dsm.com/ir.

DSM – Bright Science. Brighter Living.™

Royal DSM is a global, purpose-led, science-based company active 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 while simultaneously creating 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.

Or find us on:    

For more information:

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.

DSM Media relations
Lieke de Jong
tel. +31 (0) 45 5782420
email media.contacts@dsm.com

DSM Investor Relations
Dave Huizing
tel. +31 (0) 45 5782864
email investor.relations@dsm.com