

## Press Release

Heerlen (NL), 21 January 2014

DSM, Corporate Communications  
e-mail: [media\\_relations@dsm.com](mailto:media_relations@dsm.com)  
[www.dsm.com](http://www.dsm.com)

03E

### DSM reports preliminary 2013 results, provides 2014 outlook

- 2013 FY EBITDA substantially up to about €1,314 million (2012 FY: €1,109 million)
- Q4 2013 EBITDA of around €316 million (Q4 2012: €243 million)
- Nutrition Q4 EBITDA of approximately €207 million (2012: €204 million)
- Materials Sciences Q4 EBITDA of about €108 million (2012: €66 million)
- Target for 2014 to improve its business performance to at least offset negative currency impact

Royal DSM, the Life Sciences and Materials Sciences company, today reported preliminary, unaudited, results for 2013 and provided an outlook for 2014. Final audited results, in conjunction with its Integrated Annual Report, will be published as scheduled on 26 February 2014.

DSM delivered roughly 20% higher EBITDA for the full year 2013, in spite of the challenging economic environment. For Q4 the company realized an approximately 30% higher EBITDA.

In Q4 all clusters delivered a solid performance despite negative exchange rate effects. Nutrition was in addition impacted by a combination of unrelated market headwinds. These included weakness in dietary supplements and fish oil based Omega 3 markets in the US, soft demand in Western food & beverage markets, and price pressures especially in vitamin E following weak demand in animal feed markets earlier in the year. DSM previously signaled these adverse conditions, but the impact through the end of the year was more pronounced than anticipated.

Due to the transaction announced with JLL Partners, DSM Pharmaceutical Products has been classified as discontinued operations.

Commenting on these preliminary results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said: *"We achieved significant strategic progress in 2013, also demonstrated by an approximately 20% increase in full year EBITDA. We were pleased with the strong performance in Materials Sciences in Q4. Despite the moderate Q4 results in Nutrition, due to currencies and market weakness, DSM's market positions remained strong. This business with its broad, global offering across the value chain is well positioned to benefit from the structural megatrends, with the need to nourish a growing and aging global population, living increasingly in urban areas, paying more attention to health and well-being. This will continue to drive increased demand for nutritional ingredients.*

*We are and remain firmly on track to deliver on our strategy and to create sustainable value with all our clusters. In the short term our focus will continue on the operational performance of our businesses, supported by our Profit Improvement Program and intensified R&D and innovation programs."*

Preliminary Sales and EBITDA figures

fourth quarter			full year	
2013	2012	Net sales in € million	2013	2012
1,038	923	Nutrition	4,195	3,667
45	46	Pharma	184	183
659	655	Performance Materials	2,746	2,772
393	393	Polymer Intermediates	1,579	1,596
38	33	Innovation Center	149	102
46	68	Corporate Activities	198	268
2,219	2,118	Estimate total continuing operations	9,051	8,588
158	151	Discontinued operations	567	543
2,377	2,269	Estimated total DSM	9,618	9,131

fourth quarter			full year	
2013	2012	EBITDA in € million	2013	2012
207	204	Nutrition	913	793
2	0	Pharma	4	3
78	52	Performance Materials	324	280
30	14	Polymer Intermediates	113	129
-6	-9	Innovation Center	-17	-38
-15	-31	Corporate Activities	-75	-94
296	230	Estimate total continuing operations	1,262	1,073
20	13	Discontinued operations	52	36
316	243	Estimated total DSM	1,314	1,109

*In this report:*

- 'Discontinued operations' comprises net sales and operating profit (before depreciation and amortization) of DSM Pharmaceutical Products.
- Joint Ventures are included in the results of 2013; proportional consolidation will be terminated from 2014 onward.
- In 2013 the EBITDA of the Joint Ventures is expected to be marginally positive. Therefore the 2013 EBITDA on comparable basis for 2014 is approximately €1,260 million due to the discontinuation of DSM Pharmaceutical Products and the changed accounting for Joint Ventures.
- From 2014 onward these entities will be reported in the line associates and the results thereof will be shown in DSM's net profit, but not anymore in EBITDA. A full restatement of 2013 for these effects will be published with the final results press release or soon thereafter.

## Review of preliminary results by cluster

### Nutrition

Sales in the fourth quarter increased about 12% compared to Q4 2012, mainly driven by acquisitions. Organic sales growth was approximately 3% compared to Q4 2012. Currencies had a negative impact of about 4% on sales compared to Q4 2012. DSM's overall market positions remained strong.

EBITDA for Q4 was around €207 million, up approximately 2% from Q4 2012. The positive impact of the organic growth, acquisitions and the Profit Improvement Program, were offset by negative foreign exchange developments, lower prices and a less favorable product mix resulting in an EBITDA margin of about 20%.

In Human Nutrition & Health volumes were essentially flat compared to Q4 2012 but down from Q3 2013. Lower consumer demand in the US for dietary supplements, even more pronounced for fish oil based Omega 3 dietary supplements negatively impacted sales volumes in Q4. Also the food & beverage markets in Western countries were soft. Premixes and Infant Nutrition showed good performance. In Q4 Fortitech realized sales of approximately €43 million and EBITDA of around €13 million.

In Animal Nutrition and Health volumes were up compared to the weak Q4 2012 and in-line with Q3 2013. Product mix was less favorable. In addition a prolonged period of demand weakness earlier in the year has affected prices of several animal nutrition products negatively in 2013, most notably vitamin E. This demand weakness in combination with market speculation about possible increases in supply has increased price pressure on this vitamin. In Q4 Tortuga delivered sales of approximately €68 million and an EBITDA of about €9 million.

Integration of the acquisitions is well advanced. Synergies are delivered according to plan. Operational performance was solid with an efficient cost base and manufacturing performance. DSM continues to implement further efficiency improvements in support of its unique business model.

### Pharma

Following the announced transaction with JLL Partners for DSM Pharmaceutical Products, the Pharma activities are now reported in the financial tables on page 2 in two separate lines. DSM Sinochem Pharmaceuticals is reported in the Pharma cluster and DSM Pharmaceutical Products is reported as discontinued activities.

DSM Sinochem Pharmaceuticals Q4 2013 results were in line with last year. DSM Pharmaceutical Products delivered an improved performance in the quarter, with good volume growth and higher prices being reflected also in good EBITDA growth. This performance will support a good start for the value-creating venture with JLL Partners.

### Performance Materials

Organic sales growth in Q4 2013 was approximately 5% compared to Q4 2012. Overall sales were driven by good volume growth with somewhat lower prices. Adverse currency effects amounted to about 3%. Volumes in Q4 2013 increased versus same period last year especially in DSM Engineering Plastics. Prices decreased at DSM Resins & Functional Materials, driven by the continued weak market conditions in Building and Construction in Europe.

EBITDA for the quarter was about €78 million compared to €52 million in Q4 2012 with considerable increases in all three business groups. The EBITDA increase was driven by good sales volume resulting in improved operational leverage. The EBITDA result was also supported by the Profit Improvement Program. The EBITDA margin of about 12% in the quarter was higher compared to same period last year.

#### Polymer Intermediates

Organic sales growth in Q4 2013 was approximately 2% compared to the same quarter last year, with higher volumes and lower prices. Overall sales were impacted by negative currency effects of about 2%.

EBITDA for the quarter was higher than in Q4 2012, when there was a negative effect from a plant turnaround in the USA. Cost savings and license income further contributed to the improvement in EBITDA.

#### Innovation Center

Q4 EBITDA showed an increase compared to the same period last year as a result of higher biomedical sales and lower project costs. The cellulosic bioethanol plant DSM is building together with POET, is nearing completion and is scheduled to start up in Q2 2014.

#### Corporate Activities

EBITDA of Q4 improved compared to Q4 2012, as a result of lower share-based payments costs, lower project costs and some incidentals.

#### Outlook 2014

For 2014 DSM takes a prudent approach, assuming foreign exchange rates are maintained at the current unfavorable levels for the year. Furthermore, DSM assumes a continued challenging macro-economic environment, with low growth in Europe, modest growth in the US, and a slowdown in the high growth economies.

Based on the above, DSM targets for 2014 to improve its business performance to at least offset the negative currency impact of an estimated €70 million at current exchange rates.

Comparable EBITDA in 2013 from continuing operations after new accounting rules for Joint Ventures amounted to approximately €1,260 million.

#### Delivering on the strategy

DSM is firmly committed to its strategy, which has and will continue to deliver sustainable value. In Nutrition DSM continues to implement further efficiency improvements (affecting some 300 positions) in support of its unique business model, emphasizing increasingly local solutions in addition to its strong global product positions. This will further strengthen its customer relationships, while increasing its ability to deliver tailor-made local applications and blends, meeting more demanding requirements from customers through deeper insights and customized solutions. The Nutrition targets for 2015 are unchanged: sales growth of GDP +2% with an EBITDA-margin of 20-23%.

In Performance Materials DSM is seeking to accelerate growth and improve performance by upgrading its portfolio and leveraging opportunities arising from megatrends, implementing differentiated strategies for its business to capture profitable growth. At the same time it is implementing its Profit Improvement Program to further offset macro-economic headwinds and actively manage its margins and costs. The 2015 targets for Performance Materials are unchanged: sales growth at double GDP with an EBITDA-margin of 13-15%. In Polymer Intermediates the company continues to look at options to reduce its exposure to the merchant caprolactam markets.

Upon closing of the announced transaction with JLL, DSM will have created partnerships for its Pharma activities that will enhance the value of these businesses in the mid-term, offering excellent value creation opportunities. DSM's efforts in R&D and Innovation will be intensified to generate in particular more radical innovations that offer higher returns.

Conference call:

Today DSM will hold a conference call for the media from 08.00 AM to 08.30 AM CET (+31 (0)20 53 15 871 or +44 (0) 203 365 3210) and a conference call for investors and analysts from 09.00 AM to 10.00 AM CET (+31 (0)20 53 15 869 or +44 (0) 203 365 3210).

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. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials. The company is listed on NYSE Euronext. More information can be found at [www.dsm.com](http://www.dsm.com).

Or find us on:    

**For more information:**

DSM Corporate Communications  
Herman Betten  
tel. +31 (0) 45 5782017  
e-mail [media.relations@dsm.com](mailto:media.relations@dsm.com)

DSM Investor Relations  
Dave Huizing  
tel. +31 (0) 45 5782864  
e-mail [investor.relations@dsm.com](mailto:investor.relations@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.