

# Presentation to Investors

H1 2023 Results

August 2, 2023

dsm-firmenich 



# Co-CEOs statement



**Dimitri de Vreeze**  
Co-CEO & COO



**Geraldine Matchett**  
Co-CEO & CFO

*"We are well advanced in the integration phase of the merger and excited by the positive response of customers to our enhanced business proposition, giving us even greater confidence in the delivery of our synergy targets. The performance of our Perfumery & Beauty and Taste, Texture & Health units in the first six months demonstrates the quality of these businesses and the synergy potential of the merger.*

*As communicated in our trading update of June 28, 2023, market conditions in our vitamin activities weakened throughout the first half, impacting in particular Animal Nutrition & Health, leading to an acceleration of our plans aimed primarily at structurally improving the earnings quality and reducing the volatility of our vitamins business. We expect these measures to deliver savings of around €200m annually. These are on top of our integration synergy cost savings.*

*Through principally the quality of our core activities, our targeted synergies and the decisive and impactful actions recently announced, we are confident that we will realize our mid-term financial targets. All of this is underpinned by the attractive opportunities presented by our highly complementary portfolio of ingredients, science and technologies enabling us to deliver superior innovation-led growth as the world leader in nutrition, health and beauty."*

# Innovators in health, nutrition and beauty

**~30,000**

passionate, talented,  
and diverse people in  
our global team

**150+ years**

of combined scientific  
discovery and  
innovation heritage

**€12+ bn**

combined revenue

# Four high-performing and complementary businesses



Perfumery & Beauty (P&B)

30%



Taste, Texture & Health (TTH)

25%



Health, Nutrition & Care (HNC)

19%



Animal Nutrition & Health (ANH)

26%

*% of H1 2023 pro forma revenues*



# H1 2023 highlights

- DSM and Firmenich merger successfully completed on May 8, 2023
- Integration progressing in-line with plan, with initial benefits of synergies already being delivered
- Perfumery & Beauty and Taste, Texture & Health delivered good performances in a volatile macro-economic environment
- Weak vitamin market conditions primarily affected Animal Nutrition & Health, but also, to a lesser extent, Health, Nutrition & Care, leading to an acceleration of plans to structurally improve performance



# Financial highlights on a pro forma basis<sup>1</sup>

Perfumery & Beauty and Taste, Texture & Health delivered good performances. Animal Nutrition & Health was significantly impacted by low vitamin prices, which also affected, but to a lesser extent, Health Nutrition & Care

The first half Adj. EBITDA reflects an estimated vitamin effect of around €200 million and a negative FX impact

## Sales

H1 2023	Q2 2023
€6,152m	€3,030m
5% lower	9% lower

## Organic Sales Growth

H1 2023	Q2 2023
-5%	-7%

## Adj. EBITDA

H1 2023	Q2 2023
€929m	€408m
21% lower	30% lower

## Adj. EBITDA Margin

H1 2023	H1 2023
15.1%	13.5%
-300bps	-400bps

<sup>1</sup> Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022, and with purchase price allocation adjustments included as of May 8, 2023. The pro forma figures represent the results from continuing operations – please also refer to the section [Definitions](#).

# Outlook for FY 2023

**dsm-firmenich expects on a pro forma basis:**

**Adj. EBITDA 2023**  
**€1,800–1,900m**

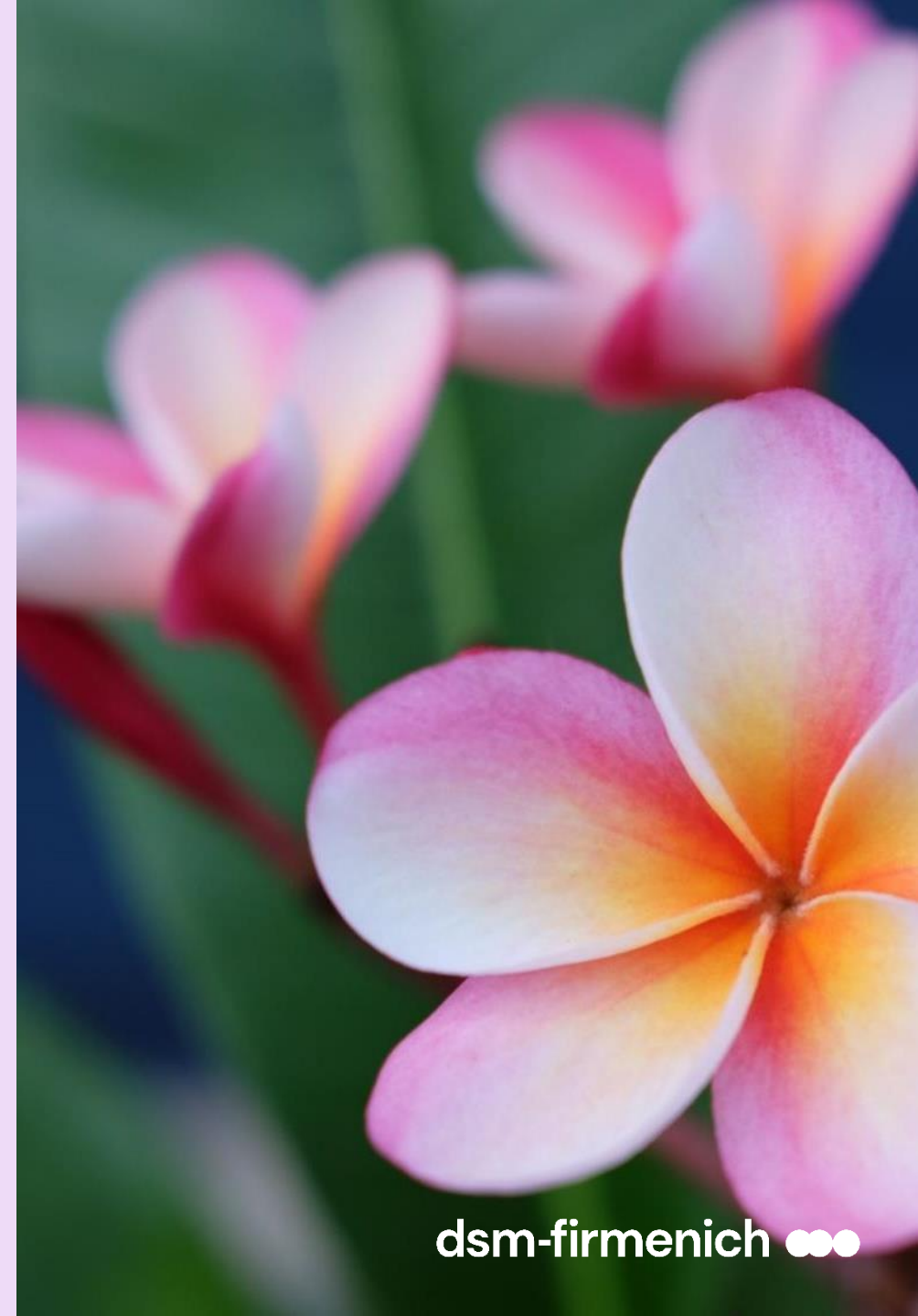
*Within this outlook, the company estimates a negative vitamin effect on full year Adj. EBITDA of about €400 million and a negative foreign exchange effect of about €100 million*

# Perfumery & Beauty (P&B)<sup>1</sup>

H1 Organic Sales Growth	H1 Adj. EBITDA	H1 Adj. EBITDA margin	Q2 Organic Sales Growth
0%	+4%	+80 <sub>bps</sub>	-2%
€1,875m	€379m	20.2%	€903m

- Flat organic growth, with mid-single digit higher pricing, to counter higher input costs, offset by lower volumes in Ingredients
- Good performance in **Perfumery**, with strong growth in Fine Fragrances and solid growth in Consumer Fragrances
- **Ingredients** was weak, owing to destocking and the shutdown of the Pinova plant in Georgia, US in Q2 2023
- **Personal Care** performed well with good demand
- **Adj. EBITDA** up 4% vs H1 2022, despite negative FX, supported by strong pricing and continuous cost control. **Adj. EBITDA margin** up 80bps to 20.2%

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# Innovations in Perfume & Beauty



## EcoScent Compass® Next Generation

Enhanced sustainability data and greater traceability via digitalization



## Sylvergreen™ innovation program

Sustainable transformation of ingredients palette



## SkinPositive™ Biome

Fragrances that are gentle to the skin

# Taste, Texture & Health (TTH)<sup>1</sup>

H1 Organic Sales Growth	H1 Adj. EBITDA	H1 Adj. EBITDA margin	Q2 Organic Sales Growth
+1%	+7%	+120 bps	-2%
€1,533m	€289m	18.9%	€761m

- Mid-single digit price increase almost fully offset by lower volumes
- **Taste** delivered a strong performance, more than offsetting a decline in **Ingredients Solutions**
- Solid conditions in key markets, incl. beverages, confectionary, fresh bakery & cereals, albeit with ongoing destocking across the board
- In Ingredients Solutions: solid performance in enzymes and cultures, while nutrients, yeast extracts and colorants were weak. Volumes impacted by deliberate decision to step away from some low-margin business
- **Adj. EBITDA** up 7% vs H1 2022, despite negative FX. **Adj. EBITDA margin** up 120bps to 18.9% driven by strong pricing and strong growth in Taste

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# Innovations in Taste, Texture & Health



**TasteGEM<sup>®</sup>, ModulaSENSE<sup>®</sup>,  
and TastePRINT<sup>®</sup>**  
Removing calories from  
consumers' diets



**SmartProteins<sup>®</sup> 3D Masking  
Solutions** to address specific  
off-notes in meat alternatives



**Eversweet<sup>®</sup>**  
Advanced sugar reduction  
solutions with sustainable stevia



# Health, Nutrition & Care (HNC)<sup>1</sup>

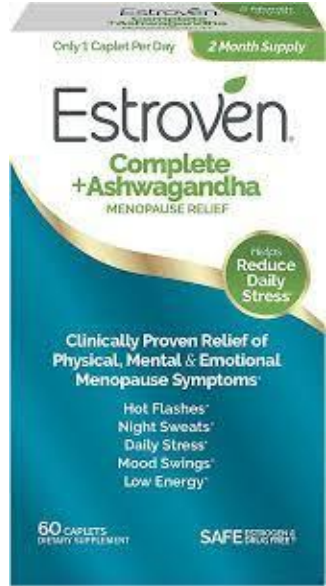
H1 Organic Sales Growth	H1 Adj. EBITDA	H1 Adj. EBITDA margin	Q2 Organic Sales Growth
-5%	-18%	-300 bps	-7%
€1,144m	€220m	19.2%	€562m

- High-single digit volume decline from continued destocking across various market segments, as well as stepping away from some low-priced vitamin sales. Prices up low-single digits to compensate for higher costs, albeit largely offset by lower prices in vitamins
- **Dietary Supplements** remained weak, **i-Health** continued to deliver a solid performance with its gut health, brain health and women's health solutions in a growing market. **Pharma** was down on a tough year-on-year comparison. **Medical Nutrition** was good and **Biomedical** was very strong. **Early Life Nutrition** had a challenging comparable period. HMOs saw strong customer interest and is expecting regulatory approval in H2 2023
- **Adj. EBITDA** down 18% y-o-y, with a vitamin effect of roughly €50m, resulting in a drop in **Adj. EBITDA margins** to 19.2%

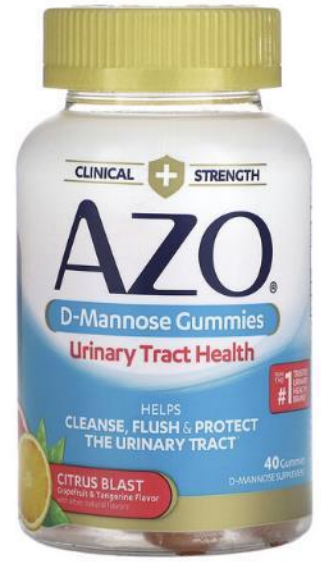
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# Innovations in Health, Nutrition & Care



**Estroven Complete+  
Ashwagandha**  
Addresses menopausal symptoms  
and symptoms such as stress,  
fatigue and sleeplessness



**AZO d-Mannose  
Gummies** offering additional  
protection to manage women's  
everyday urinary health



**Adare Biome**  
Pioneer in the development and  
manufacturing of postbiotics  
Acquisition completed  
July 3, 2023



# Animal Nutrition & Health (ANH)<sup>1</sup>

H1 Organic Sales Growth	H1 Adj. EBITDA	H1 Adj. EBITDA margin	Q2 Organic Sales Growth
-14%	-73%	-1170 bps	-16%
€1,571m	€85m	5.4%	€786m

- Pricing down mid-single digit, volumes down high-single digit, due to oversupply in a weak market, with soft feed demand particularly in China
- While animal protein consumption has remained resilient overall in a strong inflationary environment, farmers' economics remained under pressure, leading to extreme destocking. These conditions very negatively impacted ANH's straight vitamin sales
- In response to the weakening of vitamin prices, dsm-firmenich decided to accelerate a series of **actions to restructure its vitamin business**, see page 22
- Performance solutions, incl. enzymes, gut health solutions, and mycotoxin management, performed well, delivering higher volumes and prices
- **Adj. EBITDA** down 73% year-on-year, with a vitamin effect of at least €150m. **Adj. EBITDA margin** declined to 5.4%

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# Innovations in Animal Nutrition & Health



**Hiphorius, Proact 360, and Balancius®**, innovations, all improving nutrient utilization and animal gut health



**Bovaer®**  
Good progress, with successful global pilot projects and long-term agreements. First production from Scotland expected for 2025



**Veramaris®**  
Strong demand for sustainable algae-derived omega-3 for salmon, pet food and human nutrition

# Other financial highlights H1 2023 on a pro forma basis<sup>1</sup>



€0.87

**Core Adj. Earnings per Share** compared to €2.14 in H1 2022



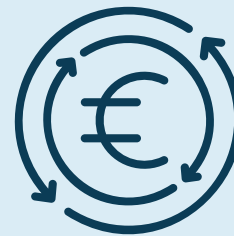
5.6%

**Core Return on Capital Employed** down from 9.4% in H1 2022 due to lower Core Adj. EBIT and higher average Core Capital Employed



€3,321m

**Total Working Capital**, 27.4% of sales (vs H1 2022: 23.4%), up on inventories



€285m

**Adj. Gross Operating Free Cash Flow** impacted by the decrease in Adj. EBITDA and increase in operating working capital



€1,831m

**Net Debt end of H1**, (IFRS definition) is excluding ""hybrid note"" and dividend payment (executed in July'23)

# Sustainability – integrating two industry leaders – Planet

GHG  
scope 1+2  
emissions  
(Absolute)  
reduction  
59% by  
2030

GHG  
scope 3  
emissions  
(Intensity)  
reduction  
28% by  
2030

Purchased  
renewable  
electricity  
100% by  
2030

GHG  
scope 1&2  
emissions  
(Absolute)  
50%  
reduction  
by 2025

GHG  
scope 3  
emissions  
(Absolute)  
8%  
reduction  
vs 2025

Purchased  
renewable  
electricity  
100% by  
2025

dsm-firmenich H1 2023 realization @ DSM

dsm-firmenich H1 2023 realization @ Firmenich

-35%  
vs 2016

-8%  
vs 2016

80%

-37%  
vs 2017

-1%  
vs 2021  
(Cat 1)

100%



# Sustainability – integrating two industry leaders – Proud People

## Safety & Health

New **Safety, Health, Environment and Security (SHE&S)** organization

## Employee engagement

dsm-firmenich remains committed to addressing concerns, ensuring transparency, and supporting everyone throughout the transition period

 **PRIDE**

**83%** of employees are proud to be part of dsm-firmenich.

 **WORK ENGAGEMENT**

**82%** of employees feel passionate about their work and find it meaningful.

 **MANAGER**

**75%** of employees are positive about their line manager.

## Sustainable Portfolio Steering

dsm-firmenich is currently evaluating its **Sustainable Portfolio Steering (SPS)** methodology to ensure it is fitting the market environment of the newly formed company

Our purpose

We bring progress to life



## We bring progress to life

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**Essential**  
NEED

**Desirable**  
WANT

**Sustainable**  
MUST

## Together, with our customers

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**Shape the  
future**

**Be a force  
for good**

**Own the  
outcome**

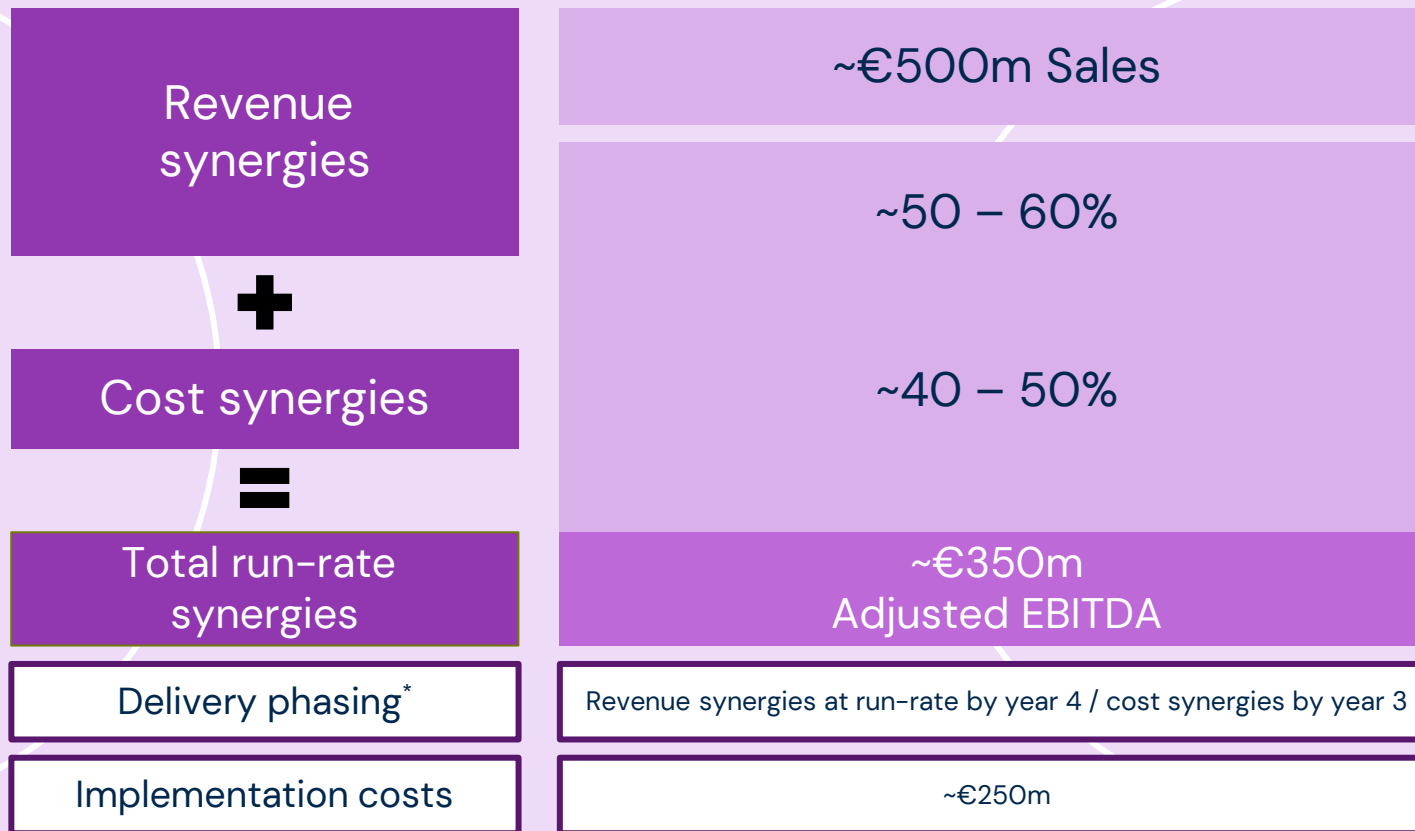


# Synergies – driving substantial value creation with low integration risk

## Revenue Synergy Breakdown

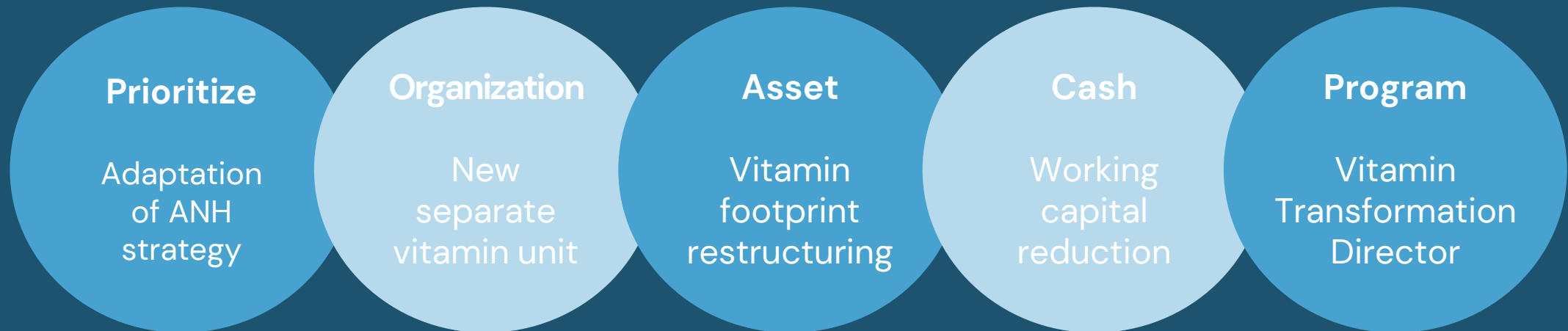


## Substantial Value Creation



# Vitamin transformation program: acceleration of strategic actions

dsm-firmenich will **accelerate actions to increase the earnings quality** by reducing its exposure to vitamins and resulting earnings volatility



Estimated savings of around **€200 million per year** with the run rate to be reached by the end of 2024\*

# dsm-firmenich is confident it will realize its mid-term financial targets

## Mid-Term Financial Objectives

### Sales

Mid-single digit percentage of organic sales growth moving to a 5-7% range, supported by revenue synergies and innovations

### EBITDA

Adjusted EBITDA Margin moving to the 22-23% range, supported by synergies and innovations

## Financial Policy


### Balance sheet

Net debt/Adjusted EBITDA ratio of 1.5-2.5x  
Commitment to a strong investment grade credit rating

### Dividends

Average dividend pay-out of 40-60% of total net income





This presentation may contain forward-looking statements with respect to dsm-firmenich's future performance and position. Such statements are based on current expectations, estimates and projections of dsm-firmenich and information currently available to the company. dsm-firmenich 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-firmenich has no obligation to update the statements contained in this presentation, unless required by law. The numbers included in this presentation have not been audited and may contain information from various sources meant for illustrative purposes only

More details on dsm-firmenich's H1 2023 performance can be found in the H1 2023 results press release. A more comprehensive discussion of the risk factors affecting dsm-firmenich's business can be found on the company's corporate website, [www.dsm-firmenich.com](http://www.dsm-firmenich.com)

This presentation to Investors includes information that is presented on a pro forma basis ('pro forma figures') as well as other alternative performance measures (APMs), and information that is presented in accordance with IFRS as issued by the International Accounting Standard Board ('IFRS figures').

We bring progress to life™