

# Presentation to Investors

FY 2023 results

# Highlights

## FY 2023 summary

- Successful creation of dsm-firmenich with integration well on track
- Merger-related cost and sales synergies already gaining traction
- Animal Nutrition & Health to be separated from the Group
- Solid performance across the company significantly impacted by unprecedented low vitamin prices
- Good operating cash flow driven by a strong performance in the second half
- Synergies and the vitamin transformation program will deliver a significant earnings and cash flow step-up in 2024 and beyond
- Stable dividend of €2.50 proposed

## 2024 outlook

- Adjusted EBITDA of at least €1.9bn



# Embarked on decisive actions addressing challenging environment

## Macro

**Operating in a tough environment with no inflection yet**

- Weakness in China
- Unprecedented dynamics in vitamins
- Normalization of input prices
- Destocking

## Micro

**Own actions to improve short-term performance**

- Acceleration of integration synergies
- Vitamin transformation program
  - Capacity / Costs / Route-to-Market simplification
- Cash focus
  - CAPEX and OWC (inventory management)

## Strategic review across segments

**Strengthen portfolio**

- Top-line synergies
- Prioritize and accelerate the nutrition, health and beauty high-growth and higher-margin businesses
- Reducing vitamins earnings volatility and capital intensity by separating out ANH
- Structural shift towards higher quality portfolio
- Supports higher earnings potential

## Strong future ahead

**Reflected in our mid-term targets**

- Macro will normalize
  - China, vitamins, input prices, destocking
- Micro actions impact
  - Merger synergies / vitamin transformation / cash
- Stronger portfolio
  - Review segments
  - ANH to be separated out
  - Strong sustainability portfolio (ESG / purpose / impact)

# Integration well ahead of plan



## Operating Model

Implemented and operating  
+500 leaders appointed in  
new roles



## Synergy Delivery

First €15m contribution in Q4



## Top-line

Cross-selling, new solutions  
and joint concepts across  
HNC, TTH & P&B

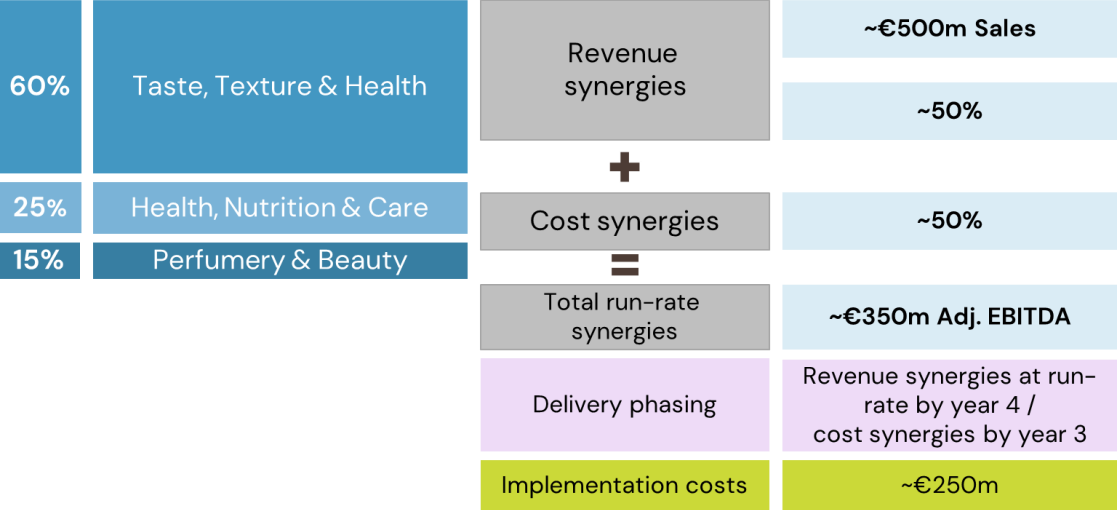


## Values & Behaviors

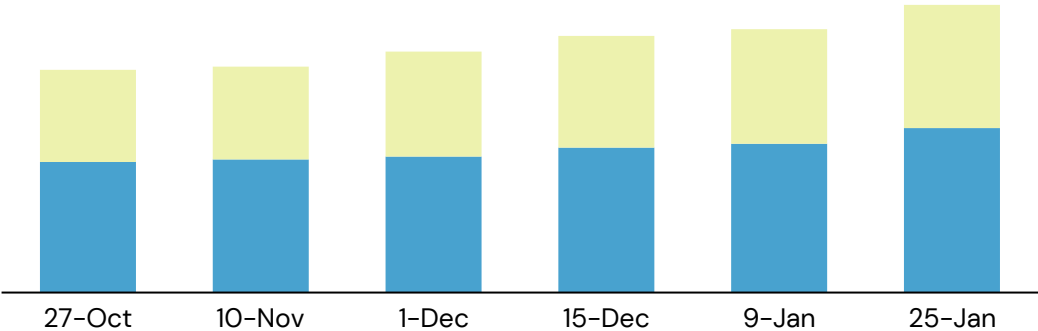
+5,500 participants from all  
BUs / BPs participated in  
landing and discussing  
behaviors

# Synergy delivery well on track

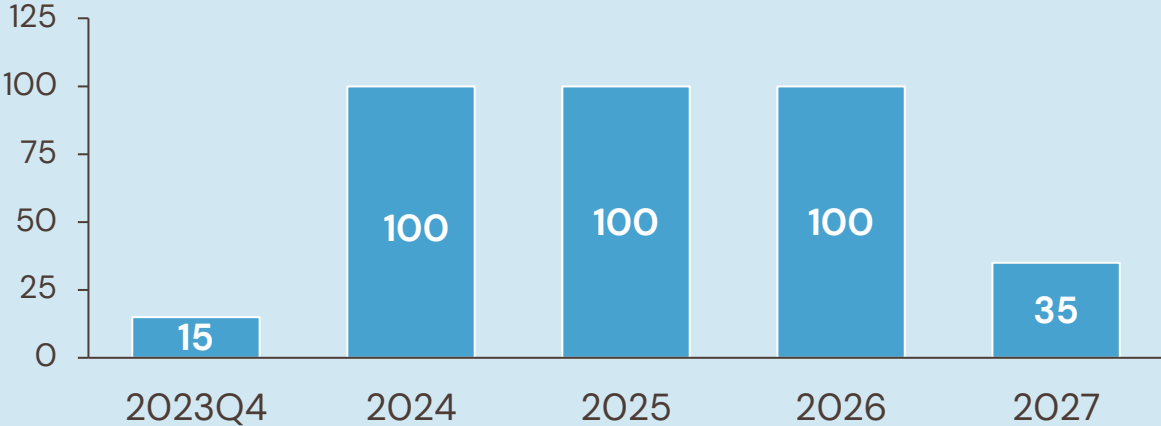
## Significant value creation



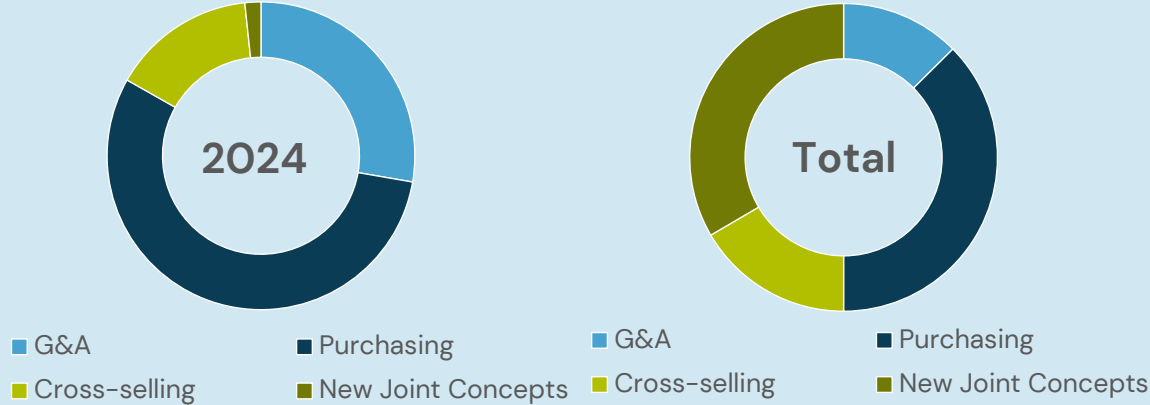
## Monitoring: Bi-Weekly sales synergy pipeline (TTH example, pipeline recently passed €100m)



## Timing of incremental synergies (in €m)



## Split synergies per category





# Top line synergy potential validated, including cross-selling opportunities and the development and market introduction of new joint concepts



## P&B – Shampoo concept haircare

Concept for Asian market  
Hair loss care & scalp care properties  
Long-lasting fragrance  
High-level customer intimacy



## HNC – Flavored VMS sticks

Premix for healthy multi-vitamin, mineral sticks  
Available now in 8 different flavors



## TTH – Melody – premium healthy yogurt

Yogurt with reduced sugar and low lactose, no added sweeteners, premium indulgent taste & texture, naturally flavored



## TTH – Chicken Soup

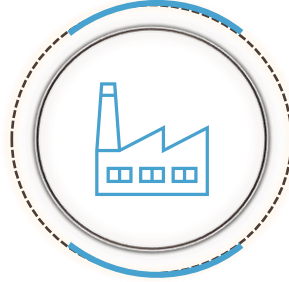
Truly authentic slow cooked, double-boiled chicken flavor profile, fortified with vitamins and minerals for improved health

Bringing new creations to the market  
Combining the essential, the desirable and the sustainable

# Vitamin transformation with €200m cost reduction, well under way



- Separate out the Animal Nutrition & Health (ANH) business from the Group



- Vitamin B6 plant Xinghuo closed
- Vitamin C plant Jiangshan closed
- Extended shut-downs
- Reduction FTE



- Simpler, more responsive 'go-to-market' model
- More efficient and agile organization
- Reduction FTE



- Inventories reduced through extended production shut-downs at vitamin plants
- Improved cash flow
- First €10m savings realized in Q4 2023

In Q4 2023, the program generated an about €10m savings contribution to Adj. EBITDA  
For 2024, dsm-firmenich expects to achieve an additional around €100m Adj. EBITDA contribution

# Acceleration of strategic review: separating out Animal Nutrition & Health\*

## Strategic rationale for dsm-firmenich

- Full focus on nutrition, health and beauty to better drive superior innovation-led growth
  - To enhance the **commercial potential and synergies** of these businesses, supporting an attractive and **consistent growth outlook** alongside **robust margins**
- Separating out ANH **minimizes exposure to vitamins earnings volatility** and **reduces capital intensity** in line with long-term strategy
  - **Does not impact the expected synergies** from the merger of €350 million
  - Subject to customary conditions, separation expected **in 2025**

## Clear strategic benefits for ANH

Full potential of ANH best realized through different ownership structure

World leading business with most complete ingredients portfolio ideally positioned to support a growing population through more sustainable animal farming

Strengthens distinctive position as a global leader with unique, integrated combination of vitamins, premixes, performance solutions and precision nutrition



# Our purpose & values – We are here for a reason

## To 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**

# Financial Performance



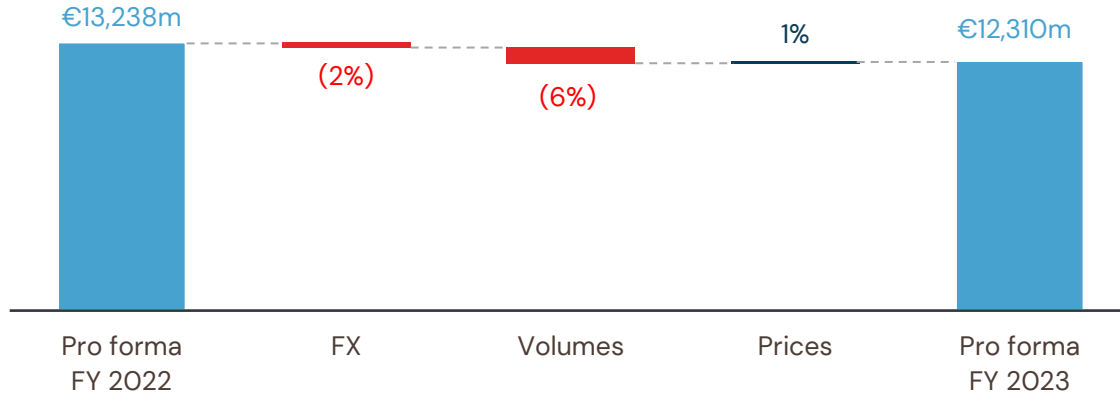
# Group financial highlights FY & Q4 2023<sup>1</sup>

In €m	Pro forma FY 2023 <sup>1</sup>	Pro forma FY 2022 <sup>1</sup>	% Change	Actual Q4 2023	Pro forma Q4 2022 <sup>1</sup>	% Change
<b>Sales</b>	<b>12,310</b>	<b>13,238</b>	<b>(7)</b>	<b>3,112</b>	<b>3,295</b>	<b>(6)</b>
<i>Organic sales growth (%)</i>	<i>(5)</i>			<i>(3)</i>		
<b>Adj. EBITDA</b>	<b>1,777</b>	<b>2,275</b>	<b>(22)</b>	<b>439</b>	<b>499</b>	<b>(12)</b>
<i>Adj. EBITDA margin (%)</i>	<i>14.4</i>	<i>17.2</i>		<i>14.1</i>	<i>15.1</i>	
<b>Adj. Gross Operating Free Cash Flow<sup>2</sup></b>	<b>999</b>	<b>918</b>				
<i>Conversion (%)</i>	<i>56%</i>	<i>40%</i>				

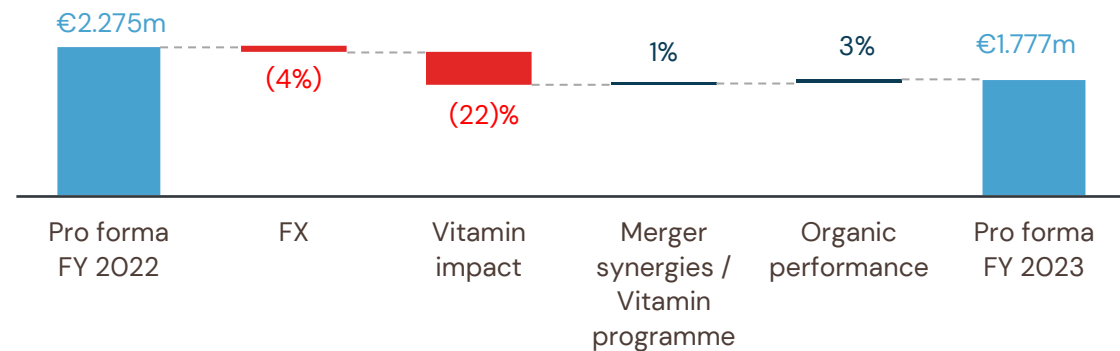
<sup>1,2</sup> Represents the figures on a pro forma basis, including the Firmenich results as if the merger had occurred on January 1, 2022. The pro forma figures represent the results from continuing operations – please also refer to the section in the Press Release *Definitions*.

# Group full year financial highlights

## FY 2023 sales development



## FY 2023 Adj. EBITDA development

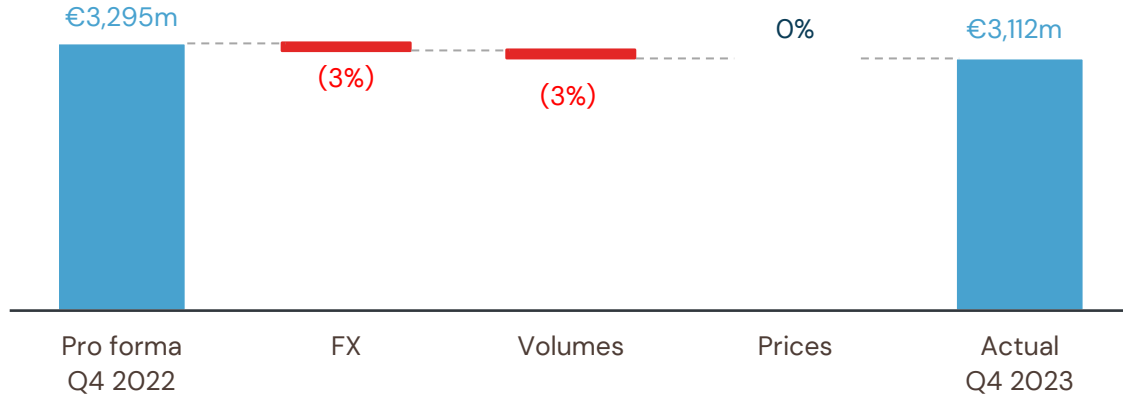


- Good performance in Perfumery & Beauty (P&B)
- Solid performance in Taste, Texture & Health (TTH)
- Weak performance in Animal Nutrition & Health (ANH), and Health, Nutrition & Care (HNC) on unprecedented market dynamics that led to very low vitamin prices together with a deep de-stocking cycle

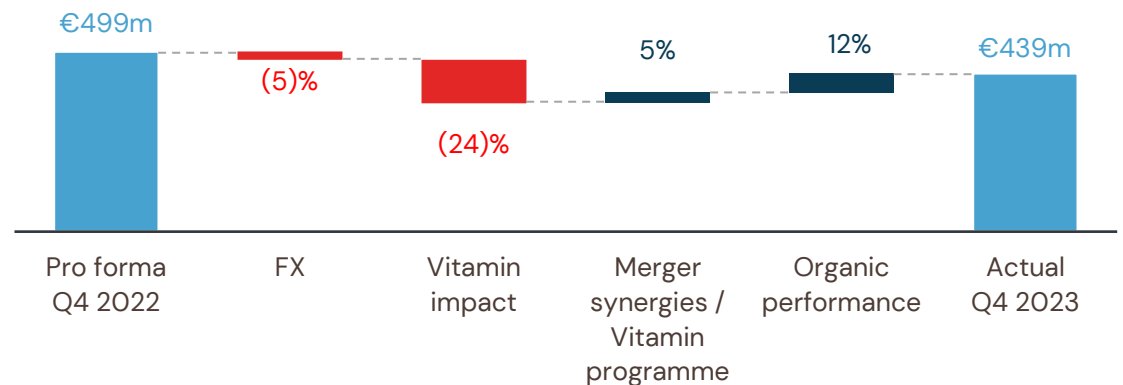
- Adj. EBITDA was significantly impacted by the vitamin effect and foreign exchange and 22% lower than in the prior year, resulting in a 280bps margin decline
- This includes a negative vitamin effect which is estimated at about €500 million. Without this effect, the Adj. EBITDA would have been in line with prior year, despite an about €90m negative FX

# Q4 2023 Group financial highlights

## Q4 2023 sales development



## Q4 2023 Adj. EBITDA development



- Market conditions broadly unchanged
- P&B continued to perform well, against a soft prior year comparable period with TTH remaining resilient
- AHN and HNC continued to see the same unprecedented market conditions
- Adj. EBITDA was down 12%, owing mainly to the ongoing vitamin effect and destocking.
- The negative vitamin effect was estimated around €120m and the negative FX effect was slightly more than €20 million
- Initial contribution from the integration synergies of about €15 million and, in addition, savings of around €10 million from the vitamin transformation program
- Strong cash flow generation, driven by disciplined action on inventory management

# Perfumery & Beauty

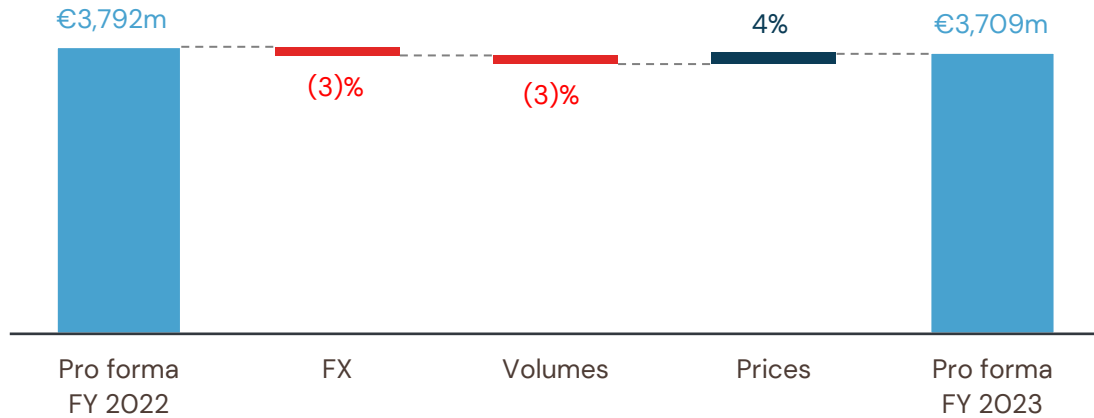
## Key financials

in €m	Pro forma FY 2023 <sup>1</sup>	Pro forma FY 2022 <sup>1</sup>	% Change	Actual Q4 2023	Pro forma Q4 2022 <sup>1</sup>	% Change
Sales	3,709	3,792	(2)	914	916	(0)
<i>Organic sales growth (%)</i>	1			2		
Adj. EBITDA	783	748	5	192	166	16
<i>Adj. EBITDA margin (%)</i>	21.1	19.7		21.0	18.1	

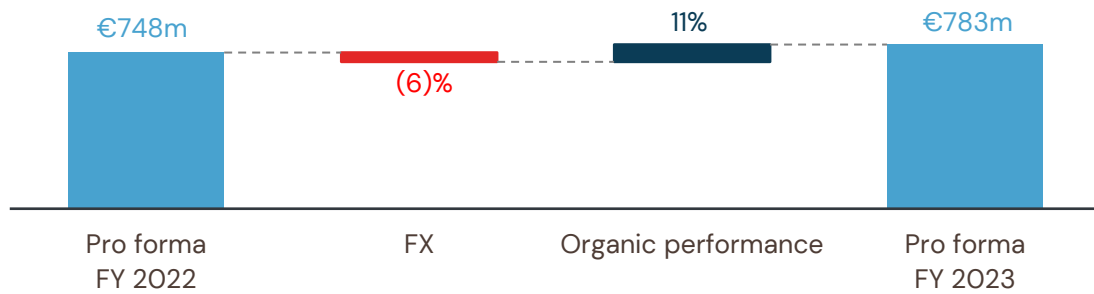


# Perfumery & Beauty – FY 2023

## FY 2023 sales development



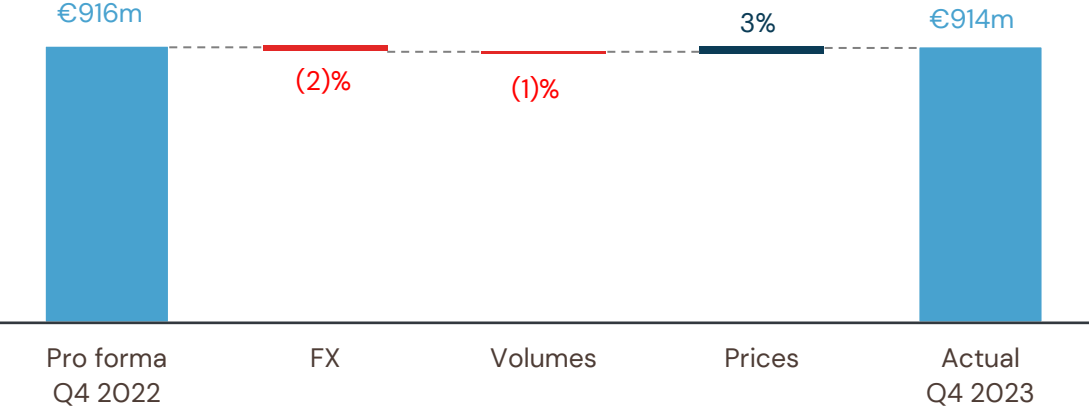
## FY 2023 Adj. EBITDA development



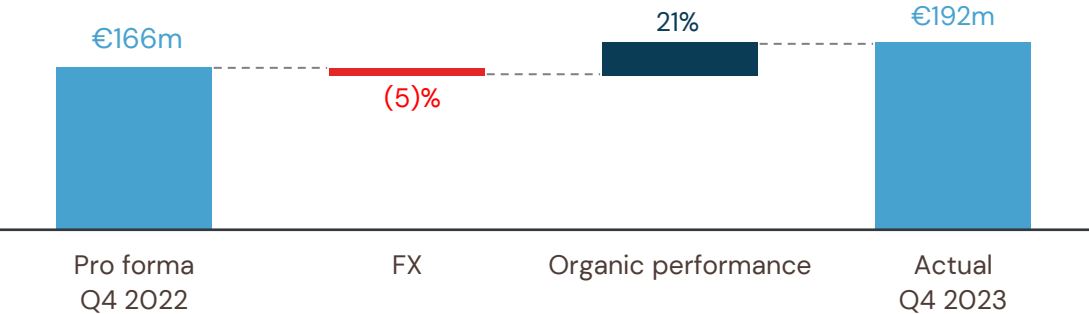
- Strong performance in Perfumery, with 1% organic sales growth, owing in equal part to volumes and pricing, with a particularly strong performance in Fine fragrances
- Significant growth in Consumer Fragrances especially in H2, owing to higher inclusion of new, sustainable, long-lasting fragrances and innovation for personal and home applications
- Ingredients was impacted by ongoing destocking, low demand for industrial applications and the impact of the shutdown of the Pinova plant in Georgia, US.
- Personal care performed well, supported by good demand for sun, skin and hair care products
- Adj. EBITDA was up 5% compared to 2022, driven by good demand growth, strong pricing, and continuous cost control efforts. Excluding a negative 6% FX, adj. EBITDA would have been up 11%
- Adj. EBITDA margin increased to 21.1% from 19.7% in 2022

# Perfumery & Beauty – Q4 2023

## Q4 2023 sales development



## Q4 2023 Adj. EBITDA development



- 2% organic sales growth, mainly driven by the strong performance of Perfumery, led by consumer ingredients, and Personal Care
- Partially offset by soft demand for Ingredients, which also included some year-end inventory management at customers, and the negative impact from the Pinova plant shutdown
- Adj. EBITDA was up 16% versus an undemanding prior year which includes a negative foreign exchange effect of 5%
- The Adj. EBITDA margin was 21.0%

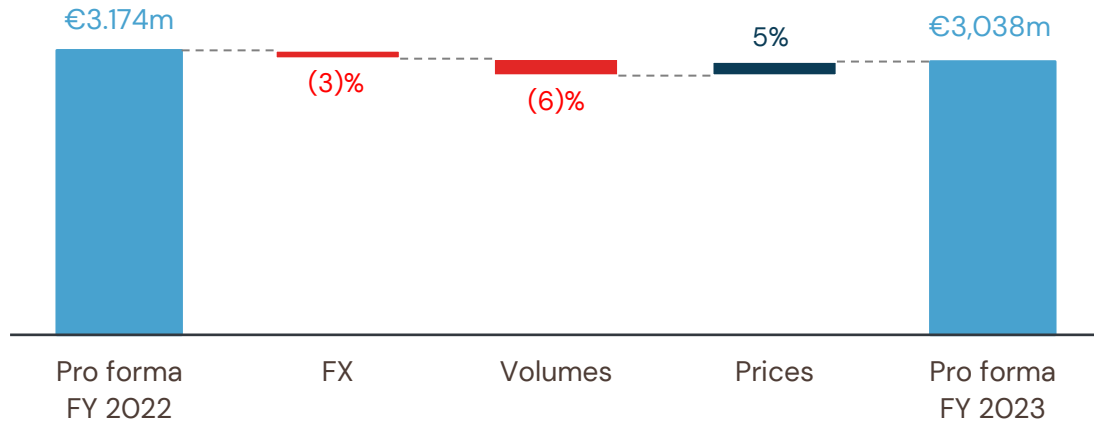
# Taste, Texture & Health

## Key financials

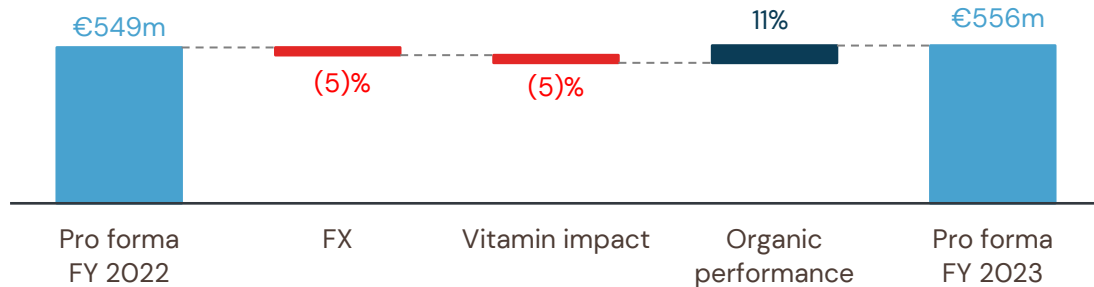
in €m	Pro forma FY 2023 <sup>1</sup>	Pro forma FY 2022 <sup>1</sup>	% Change	Actual Q4 2023	Pro forma Q4 2022 <sup>1</sup>	% Change
Sales	3,038	3,174	(4)	768	806	(5)
<i>Organic sales growth (%)</i>	(1)			(1)		
Adj. EBITDA	556	549	1	133	137	(3)
<i>Adj. EBITDA margin (%)</i>	18.3	17.3		17.3	17.0	

# Taste, Texture & Health – FY 2023

## FY 2023 sales development



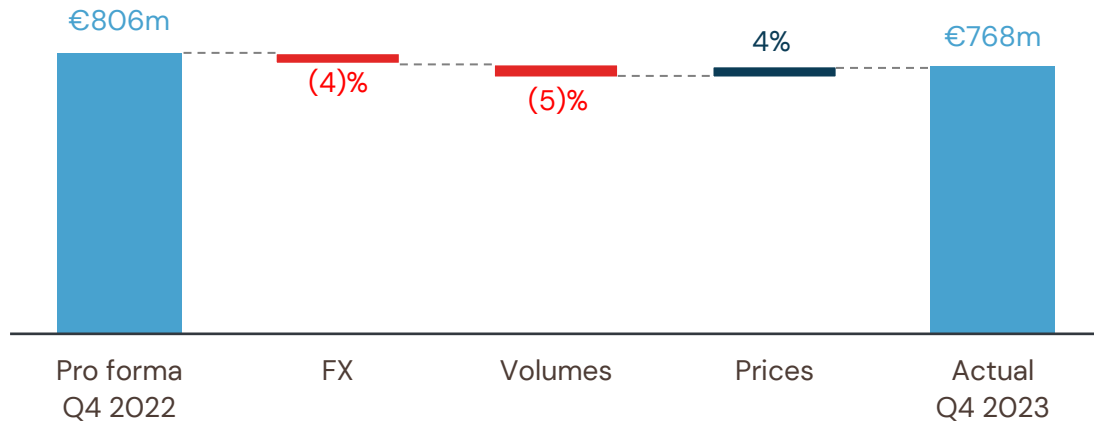
## FY 2023 Adj. EBITDA development



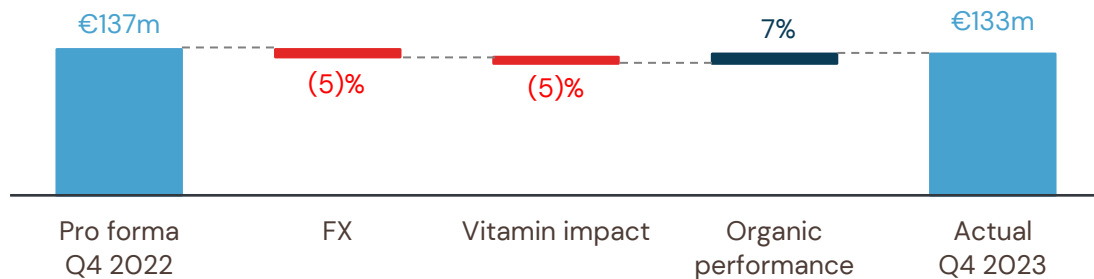
- TTH recorded a modest 1% decline in organic sales (versus an estimated double-digit growth in prior year) with strong pricing fully offset by lower volumes due to ongoing destocking and the deliberate decision to step away from some low-margin products, including vitamins
- Solid conditions in its key end-user markets, including beverages, confectionary, dairy and bakery & cereals, albeit with destocking across the businesses
- Taste delivered a strong performance. Within Ingredients Solutions, enzymes and cultures, showed solid performance. Vitamins and yeast extracts were weak
- Adj. EBITDA was up 1% compared to prior year, despite a negative 5% FX effect. Excluding the negative 5% FX and 5% negative vitamin effect, adj. EBITDA would have been up 11%
- Adj. EBITDA margin improved by 100bps to 18.3% compared to 2022, driven by strong pricing actions and more favorable mix, led by good growth in Taste

# Taste, Texture & Health – Q4 2023

## Q4 2023 sales development



## Q4 2023 Adj. EBITDA development



- (1)% organic sales development with a continued good performance in Taste but with Ingredients Solutions still impacted by destocking and lower volumes in lower-margin business segments
- Pricing was up year-on-year, despite a strong prior-year comparison when pricing was very strong to address high inflation

- Adj. EBITDA was slightly below prior year, with a good organic performance being offset by a 5% negative FX effect
- Adj. EBITDA margin was stable compared to Q4 2022

# Health Nutrition & Care

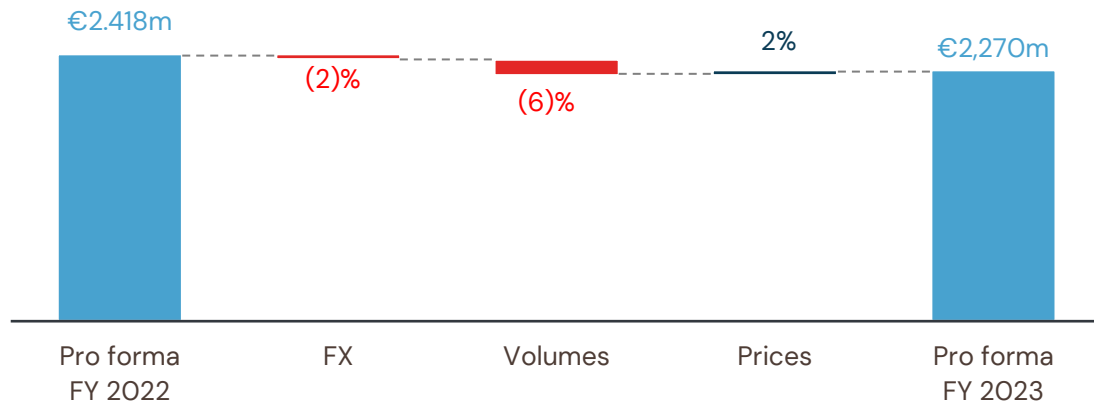
## Key financials

in €m	Pro forma FY 2023 <sup>1</sup>	Pro forma FY 2022 <sup>1</sup>	% Change	Actual Q4 2023	Pro forma Q4 2022 <sup>1</sup>	% Change
Sales	2,270	2,418	(6)	581	587	(1)
<i>Organic sales growth (%)</i>	(4)			4%		
Adj. EBITDA	389	533	(27)	94	121	(22)
<i>Adj. EBITDA margin (%)</i>	17.1	22.0		16.2	20.6	

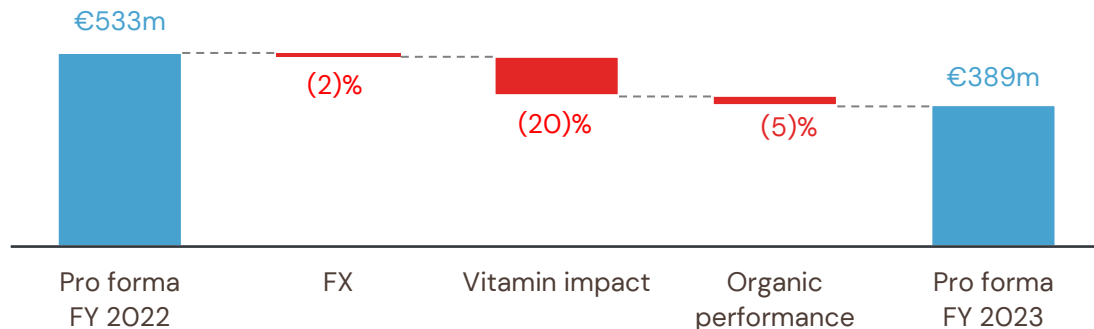


# Health Nutrition & Care – FY 2023

## FY 2023 sales development



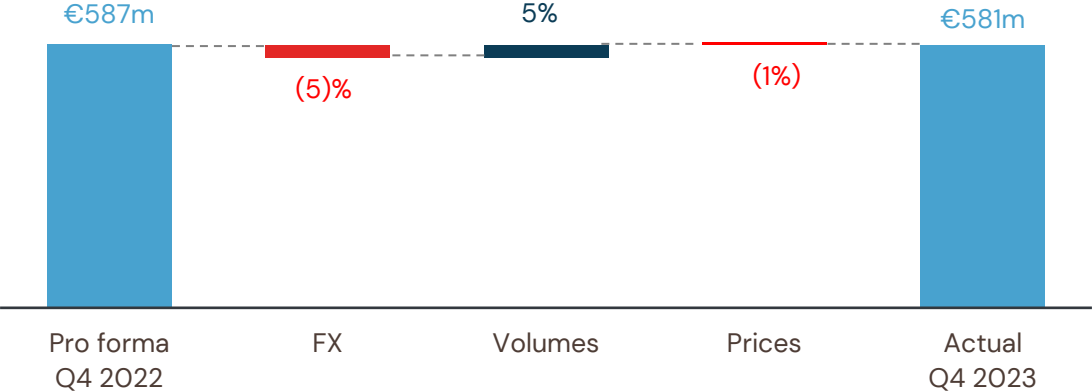
## FY 2023 Adj. EBITDA development



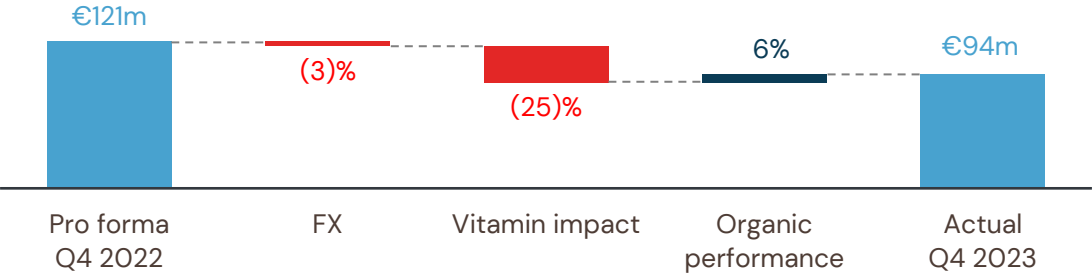
- 4% lower organic sales in a challenging environment:
  - Volumes affected mainly by persistent destocking and softer consumer demand
  - Continued positive pricing was partly offset by low vitamin prices
- Dietary Supplements impacted by pressure on consumer discretionary spend, especially in North America and lower demand for immunity-supporting solutions post COVID
- i-Health was solid driven by North American online sales
- Biomedical Solutions performed very strongly
- Early Life Nutrition faced a high comparable period, further exacerbated by a continuing decline in birth rates and ongoing destocking. Strong interest for HMOs, especially for new premium products. First-ever approvals in China for 2 HMOs received
- Adj. EBITDA down 27%, with a vitamin effect of roughly €105 million, resulting in a 490bps lower Adj. EBITDA margin

# Health Nutrition & Care – Q4 2023

## Q4 2023 sales development



## Q4 2023 Adj. EBITDA development



- Volume-led organic sales growth of 4%, with no overall change in the challenging market conditions
- Dietary Supplements improved sequentially as the business began to see early signs of a stabilization in demand for immunity-supporting solutions
- i-Health (gut health, brain health and women’s health solutions) recorded very good performance in a seasonally strong quarter supported by good market conditions
- Adj. EBITDA was down 22% due to work-through of high-cost inventories and idle costs due to production shutdowns. The total vitamin effect in Q4 2023 was estimated around 25%

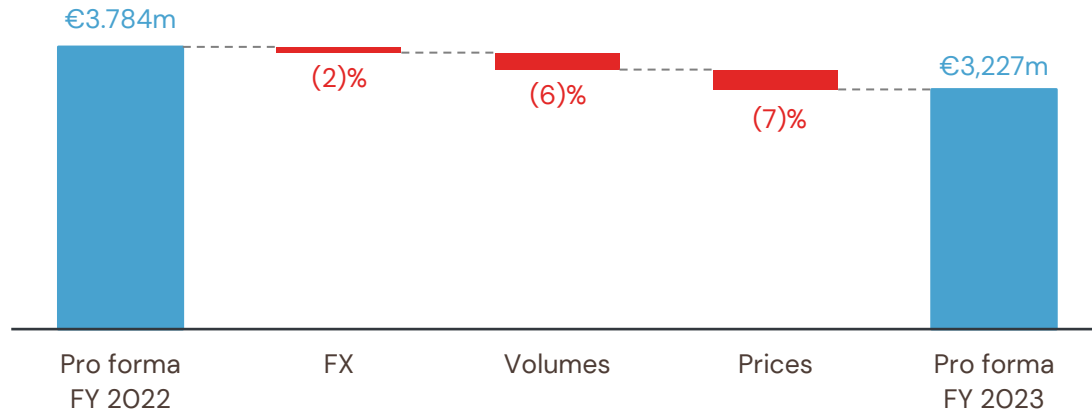
# Animal Nutrition & Health

## Key financials

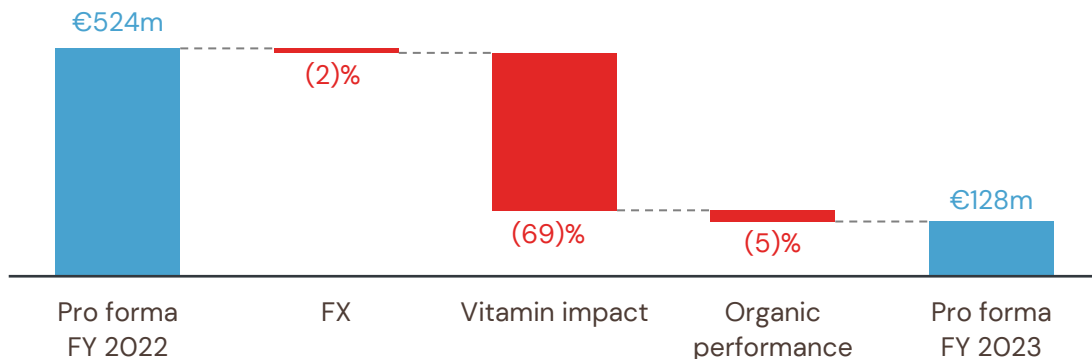
in €m	Pro forma FY 2023 <sup>1</sup>	Pro forma FY 2022 <sup>1</sup>	% Change	Actual Q4 2023	Pro forma Q4 2022 <sup>1</sup>	% Change
Sales	3,227	3,784	(15)	833	971	(14)
<i>Organic sales growth (%)</i>	(13)			(12)		
Adj. EBITDA	128	524	(76)	32	95	(66)
<i>Adj. EBITDA margin (%)</i>	4.0	13.8		3.8	9.8	

# Animal Nutrition & Health – FY 2023

## FY 2023 sales development



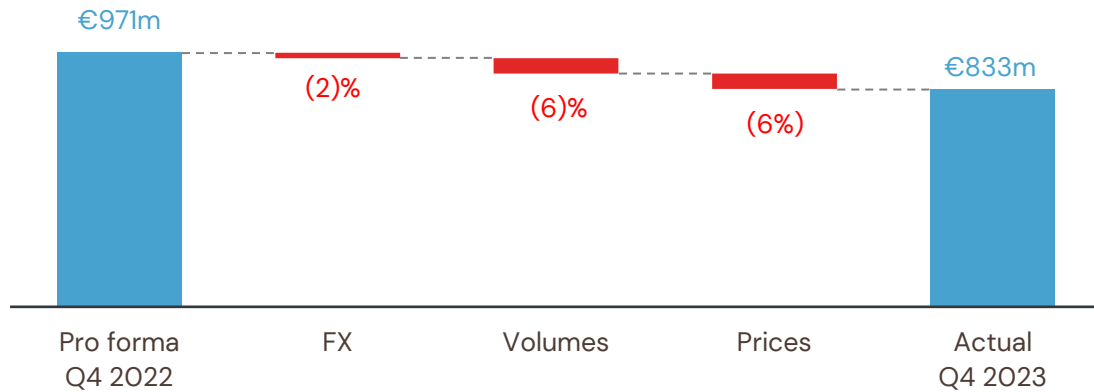
## FY 2023 Adj. EBITDA development



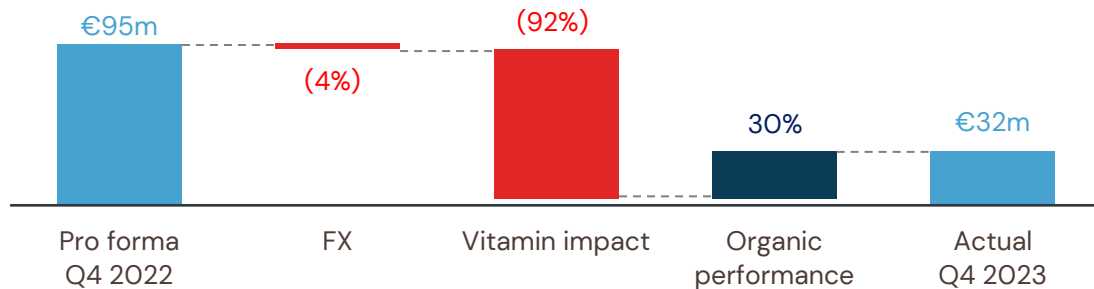
- Global animal protein consumption remained resilient driven by good demand for poultry. Market conditions in China remained subdued with pork demand stabilizing in H2 but not showing the anticipated recovery
- ANH remains impacted by an imbalance in global feed additive marketplace due to ongoing destocking
- Strong performance in Performance Solutions (enzymes, gut health solutions, mycotoxin management) owing to yield prioritization by farmers and supported by innovation pipeline which includes Bovaer®, Balancius®, ProAct360™, HiPhorius™, Mycofix® and Veramaris®
- Essential ingredients was weak due to unprecedented low vitamin prices and under-utilization of the asset base
- Organic sales declined by 13% with negative pricing and negative volumes – both driven by weak sales of straight vitamins
- Adj. EBITDA was down 76%, because of lower vitamin prices, weaker volumes and higher idle costs. The total vitamin effect was about €350 million
- Adj. EBITDA margin was 4.0%

# Animal Nutrition & Health – Q4 2023

## Q4 2023 sales development



## Q4 2023 Adj. EBITDA development



- Weak organic sales (-12%) as market dynamics remained challenging, with the business still facing very low vitamin prices and weak demand for straight vitamins
- The business continued reducing inventories as well as actively executing the company's vitamin transformation program
- Adj. EBITDA was up sequentially due to self-help actions, as well as strong Performance Solutions, contributing significantly to organic performance
- The vitamin effect in Q4 2023 when compared to Q4 2022 was estimated around €90 million

## FY 2023 Adj. EBITDA – Core Adj. EPS bridge

<b>Adj. EBITDA</b>	<b>€1,777m</b>	
-/- D&A	€927m	-/-
<b>= Core Adj. EBIT</b>	<b>€850m</b>	
-/- Finex	€113m	-/-
<b>= Core Adj. Profit Before Income Tax</b>	<b>€737m</b>	
-/- Income Tax (ETR of 24%)	€174m	-/-
-/- Share of Profit Associates / joint control	€ 8m	-/-
<b>= Core Adj. Net Profit</b>	<b>€555m</b>	
-/- Non-controlling interests (cont)	€ 16m	-/-
Shares outstanding	265.1m	:
<b>= Core Adj. EPS 2023</b>	<b>€2.03</b>	

### Commentary

- Core Finex was more positive than indicated at Q3, amongst others due to reclassification of APM and the effect of energy derivatives
- 2023 Core tax rate was 24% while the IFRS tax rate was 27%. The difference is driven by the PPA and the inclusion of only 8 months of Firmenich results in the IFRS rate

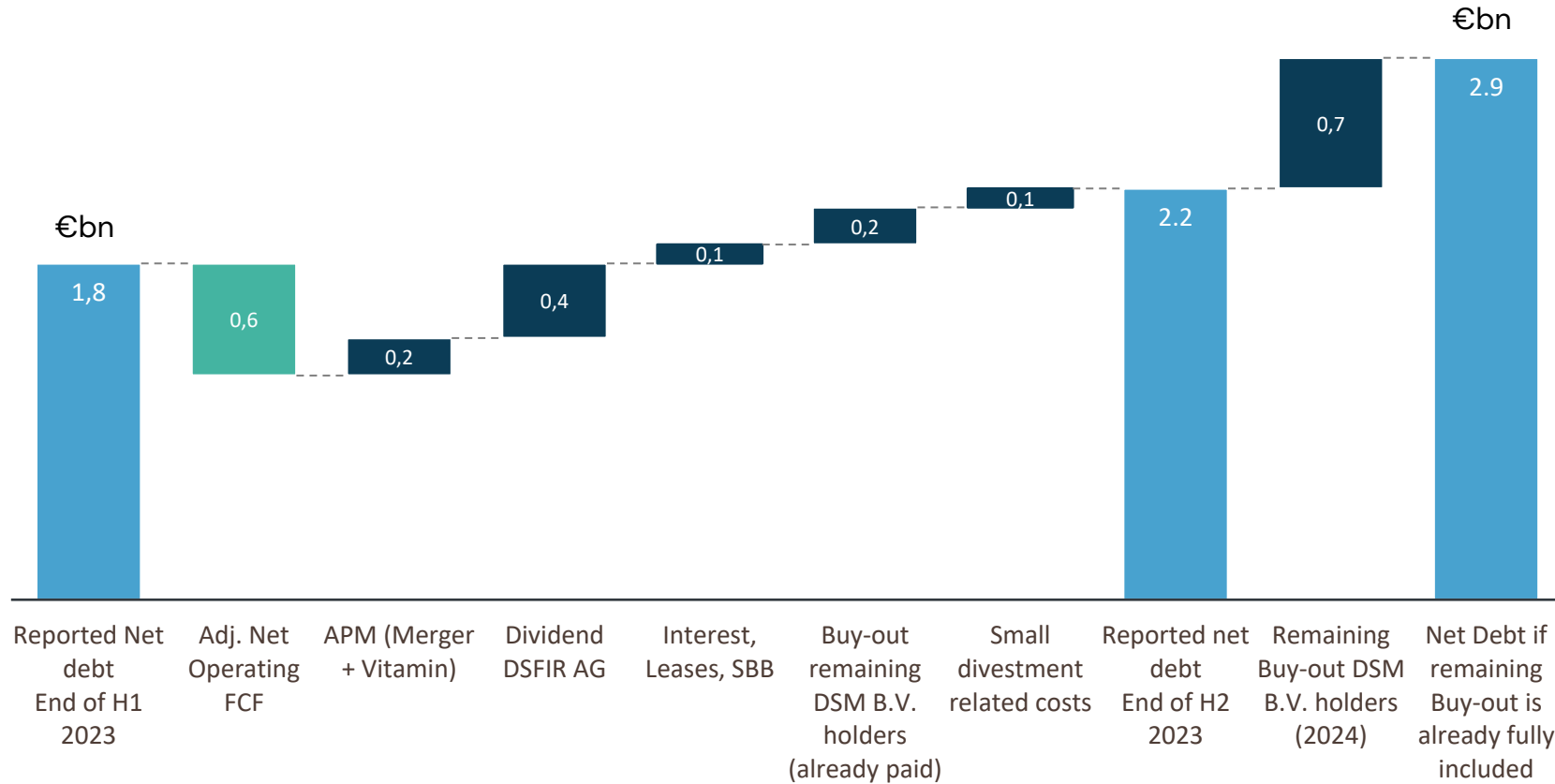


# Strong cash delivery by disciplined OWC including inventory reductions

- **Adj. Gross Operating Free Cash flow** was €999m in 2023 (up 9% vs 2022)
  - H2 2023 (+€714m) saw a strong improvement versus H1 2023 (+€285m), driven by OWC/inventory management and prudence with Capex
  - Adj. Gross Operating Free Cash Flow represents a **cash conversion of 56%** of adj. EBITDA, which is 160bps up versus prior year, with H2 2023 cash conversion > 80%
- **Operating working capital (OWC)** reduced by more than €0.2bn in H2 2023 to €3,872m (was €4,089m end of H1), mainly as a result of prioritizing cash generation to reduce inventories
- OWC as % of sales – end of H2 2023 was **31%** versus 34% end of H1 2023 driven by strong focus on reducing inventories. Total working capital as % of sales improved to 25.7% vs 27.4% at end of H1 2023

Stable dividend proposed: €2.50 per share for the financial year 2023

# Net Debt – Bridge H1 2023 to year-end 2023



<b>Net Debt/Adj. EBITDA 2023:</b>	<b>1.2x</b>	<b>1.6x*</b>
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\* Including remaining Buy-out and Hybrid, Net Debt/ Adj. EBITDA 2023 multiple would be 2.1x

## Commentary

- APM Merger + Vitamin program €0.2bn in H2 2023. For 2024/2025, €0.3bn left of the total €750m
- Net Debt end of 2023 excludes
  - ✓ €0.7bn for Buy-out (incl. interest) of remaining DSM B.V. shareholders (of which €0.4bn has been paid on 13 February 2024)
- Per IFRS definition, Net Debt **excludes the €750m “Hybrid Note”**

# Outlook, Sustainability & Key priorities for 2024

# Strong, sustainable and profitable future ahead

Perfumery & Beauty	Taste, Texture & Health	Health Nutrition & Care	Animal Nutrition & Health
<p><b>Good performance</b></p> <ul style="list-style-type: none"><li>✓ Innovation pipeline</li><li>✓ Adding ingredients to the fragrance palette</li></ul>	<p><b>Solid performance</b></p> <ul style="list-style-type: none"><li>✓ Synergies: revenues</li><li>✓ Combining ingredients and flavor palette</li></ul>	<p><b>Solid performance ex vitamin impact</b></p> <ul style="list-style-type: none"><li>✓ Synergies: revenues</li><li>✓ HMO approvals China</li></ul>	<p><b>Significantly impacted by vitamins</b></p> <ul style="list-style-type: none"><li>✓ Vitamin transformation</li><li>✓ Accelerated growth Performance Solutions</li></ul>

**Science & Research & Innovation**

**Sourcing**

# Outlook for FY 2024

- As the global political and economic environment remains uncertain, and given that it is early in the year, we feel it prudent to base our full year outlook for the entire company only on those elements which are under our control, namely a €200 million step-up in Adj. EBITDA from a combination of synergy delivery and the vitamin transformation program
- Considering that the full negative vitamin effect emerged only in Q2 2023, the effective Adj. EBITDA run-rate in the period Q2-Q4 2023 on an annualized basis was about €1.7 billion,
- the company estimates for FY 2024, an Adj. EBITDA of **at least €1.9bn**

## 2024 'housekeeping'

- D&A – around €235m/quarter
- PPA adjustments around €290m/yr
- Core Finex – around €35m/quarter
- Core Income Tax – around 24%
- Shares outstanding – around 265m
- Capex – around €0.8bn

# Pursuing our Sustainability Journey: we aim for 3 outcomes

- **Resilience and long-term success**; be partner, employer and investment of choice as innovators in nutrition, health and beauty and a leader in sustainability
- **Create more value for our customers and drive profitable business growth** by offering solutions and services that support our customers sustainability ambitions and have the potential to transform the industry for the future
- **Grow our positive impact in society**, take our **responsibility** for the good of climate, nature, nutrition, health and social impact

## Climate & Nature

Net zero, biodiversity, water

## Nutrition & Health

Diet transformation, addressing malnutrition

## Social

Human rights, equity, safety & well being, engagement





# Climate & Nature: consolidating our sustainability leadership

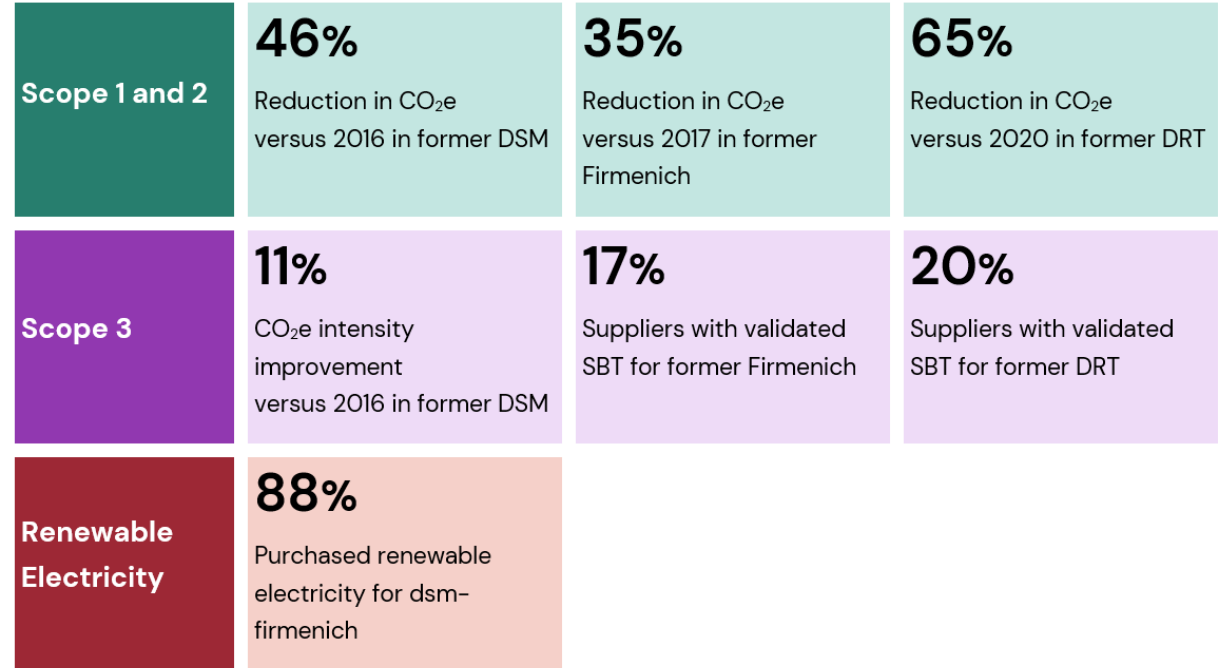
Strong 2023 progress and new ambitious climate targets for 2024

## New targets being set in 2024

Comprehensive science-based targets submitted for validation by the Science Based Targets initiative, aligned with the ambition of keeping global warming below 1.5°C

- Near term absolute reduction targets:
  - Scope 1 and 2: 42% by 2030 (baseline 2021)
  - Scope 3: 25% by 2030 (baseline 2021)
- Net-zero by 2045 across all Scopes
- 100% Purchased renewable electricity by 2025

## Good Sustainability Progress in 2023



## External Recognition and Accreditations



# Decisive action to mitigate challenging macro

## Macro

- China
- Vitamins
- Input prices
- Destocking

## Micro

- Integration synergies
- Vitamin transformation program
- Cash

## Review Portfolio

- Strengthen Portfolio

## Future

(reflected in our mid-term targets)

- Macro
- Micro actions
- Stronger Portfolio

# Welcome at our US Investor Event in February and/or our Capital Markets Day in June

## US INVESTOR EVENT

22 February 2024

dsm-firmenich office  
250 Plainsboro Road,  
Plainsboro NJ 08536




## CMD Paris

3 June 2024

Verso  
52 Rue de la Victoire,  
75009 Paris





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More details on dsm-firmenich's FY 2023 performance can be found in the FY 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**