

# Capital Markets Day

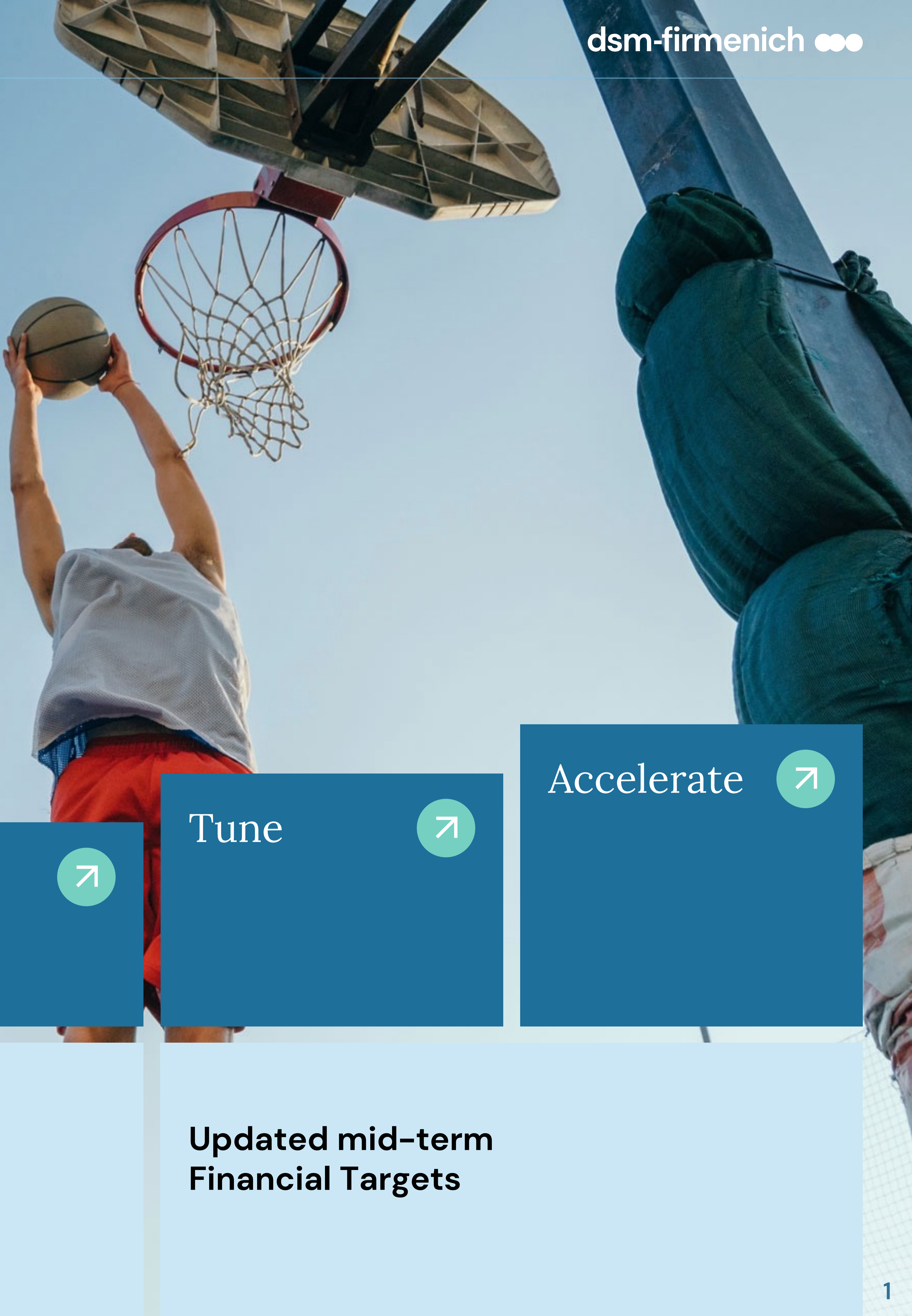
We bring progress to life

Ralf Schmeitz

CFO



# Our journey towards bringing progress to life



Dream ➤

Merge ➤

**Integration  
and Synergies**

Focus ➤

**Separation  
ANH**

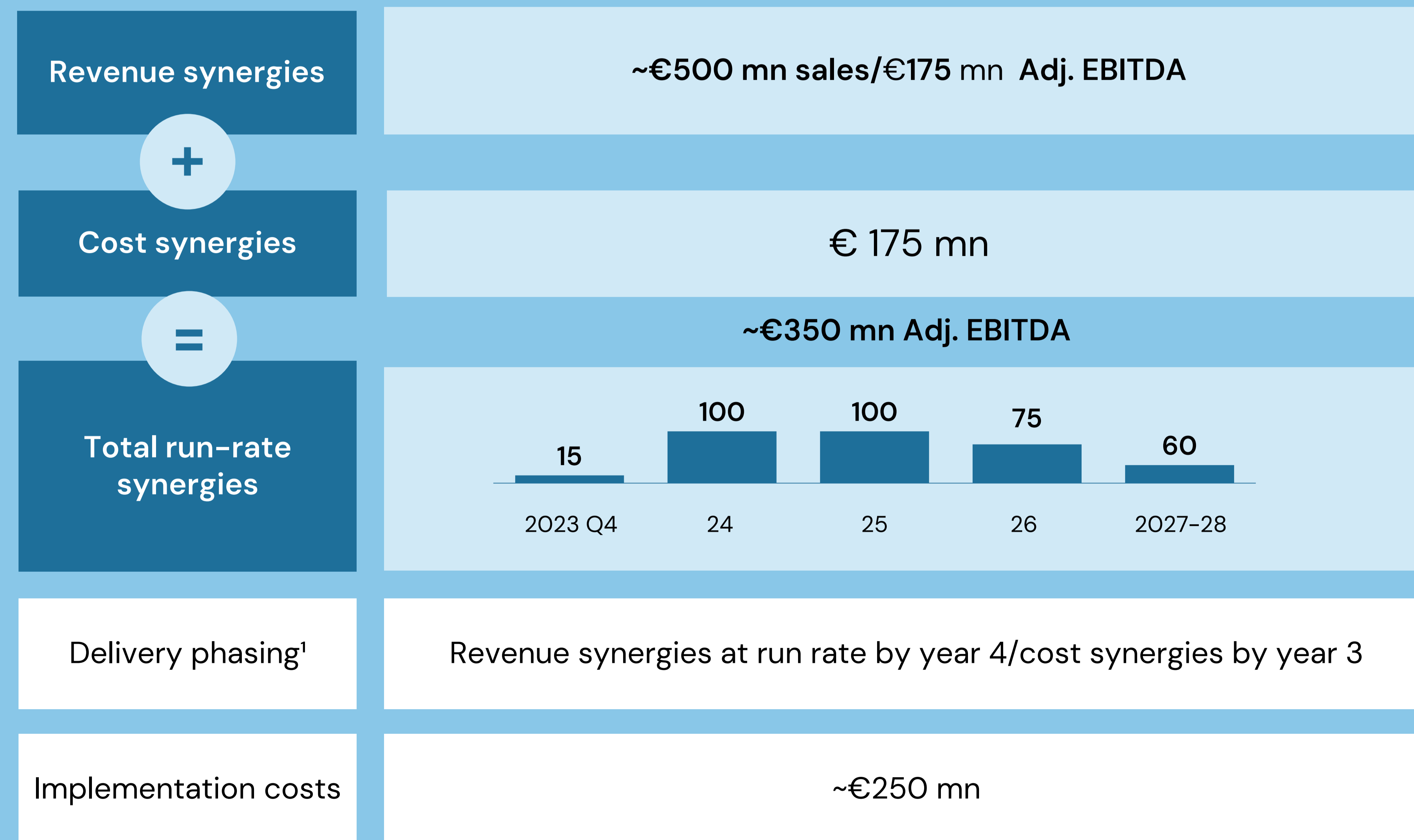
Tune ➤

**Updated mid-term  
Financial Targets**

Accelerate ➤

# Since Day 1, we have made strong progress towards the successful delivery of our integration

We are aspiring for substantial value creation...



1. Gradual ramp up in run-rate expected to start from 2023

... and see strong traction ahead of schedule on integration

### New operating model fully implemented

750 leaders appointed in new roles, covering 100% of levels N-1, to N-3 – ONE culture well established

### Synergies

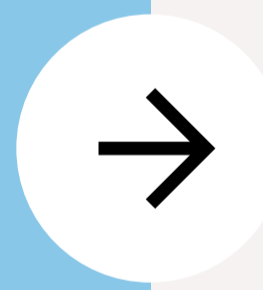
On track to deliver €100 mn in '24

### United teams

Recent survey showed ~82% of respondents feel 'proud' or 'engaged' about the merger

### Implementation cost

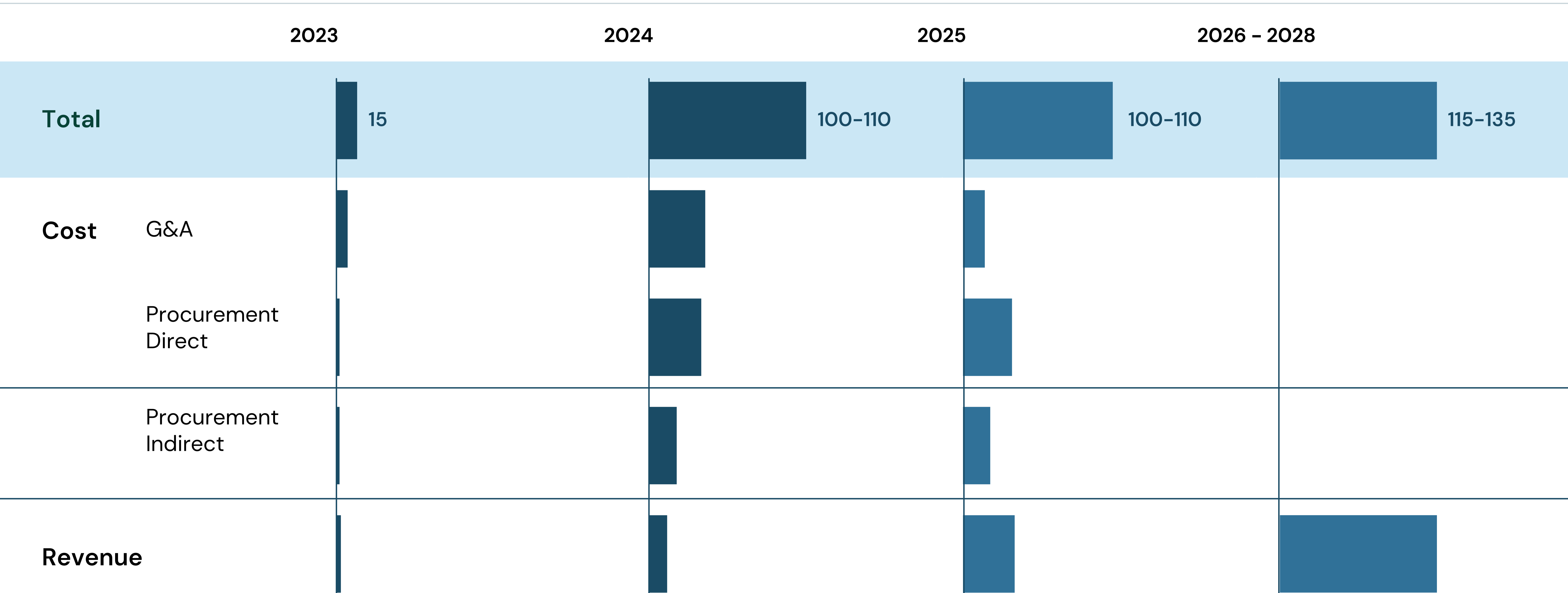
of the €250 mn, €150 mn to date, €100 mn remains for '24/'25



# Synergies ahead of schedule, continuing to deliver significant earnings

Contribution to Adj. EBITDA, € mn

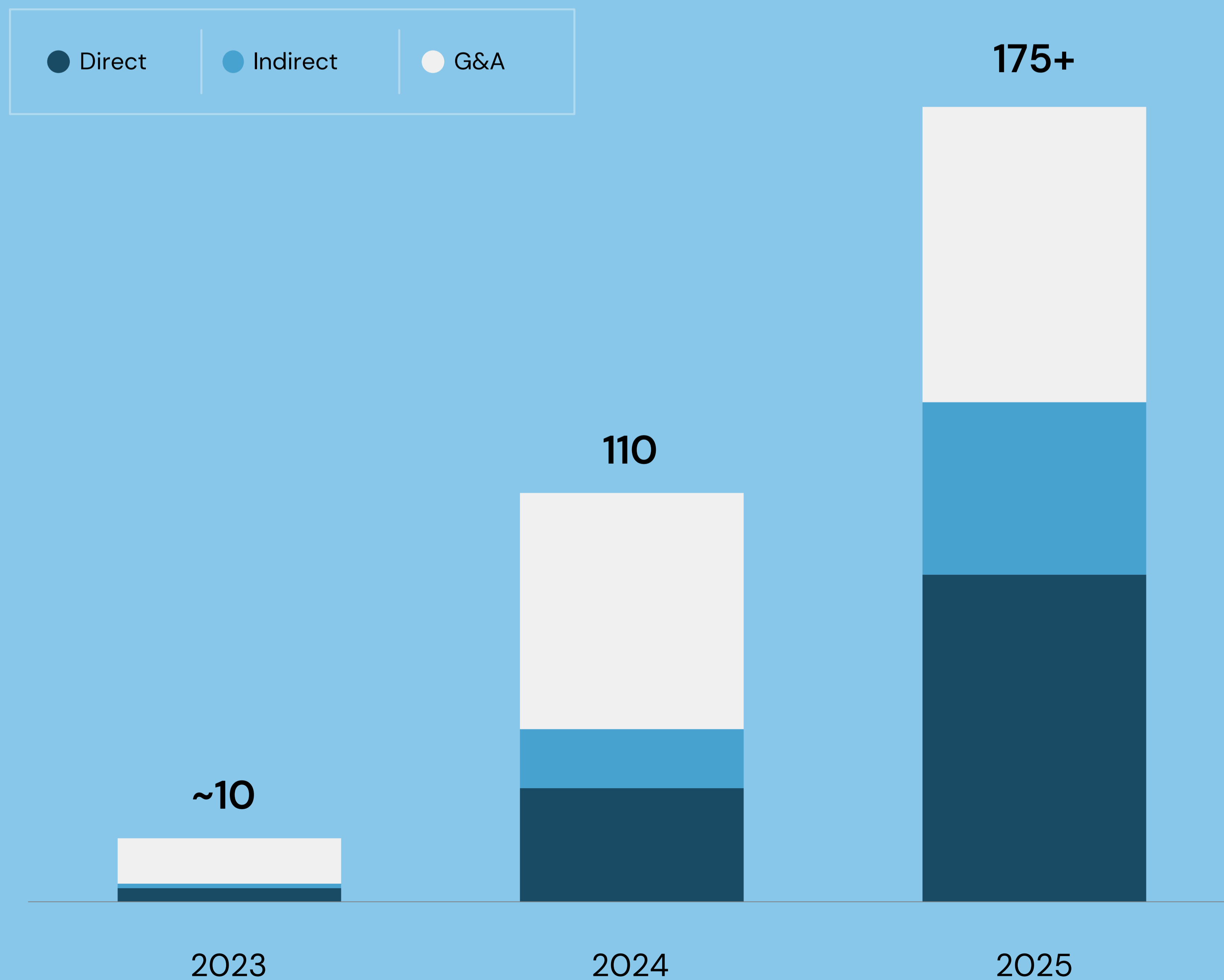
● Actuals/Outlook ● Target



➔ All synergy streams continue to be on track, with cost synergies ahead of schedule

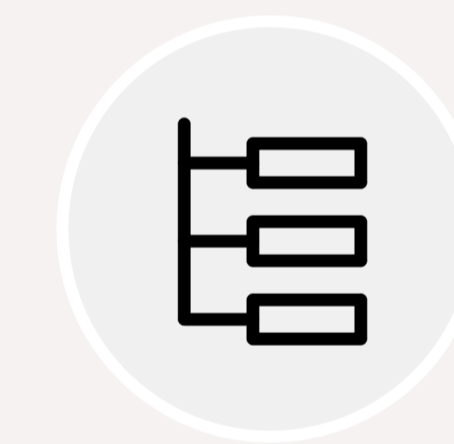
# Cost synergy delivery ahead of schedule with target delivery of €175+ mn

Cumulative cost synergies, € mn



Cost synergy implementation ahead of planning

Examples include



**G&A: remove role duplications, leverage GES**

Remove management roles duplication, leverage Global Enterprise Services across both organizations, optimize costs



**Integration of insurance**

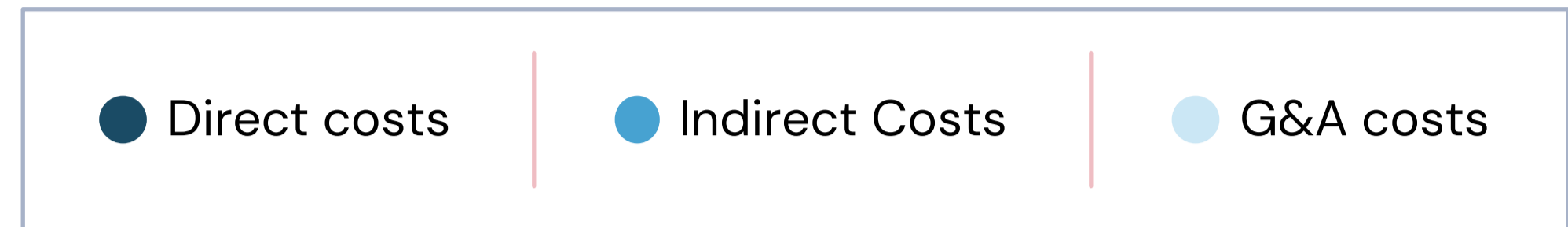
Merger of insurance policies, leveraging scale to negotiate better policies



**Renegotiation of supplier contracts**

All purchasing categories in scope. Supply Chain Warehousing / Logistics / Air Freight most important contributors to date

# We have taken concrete steps toward our cost synergy realization



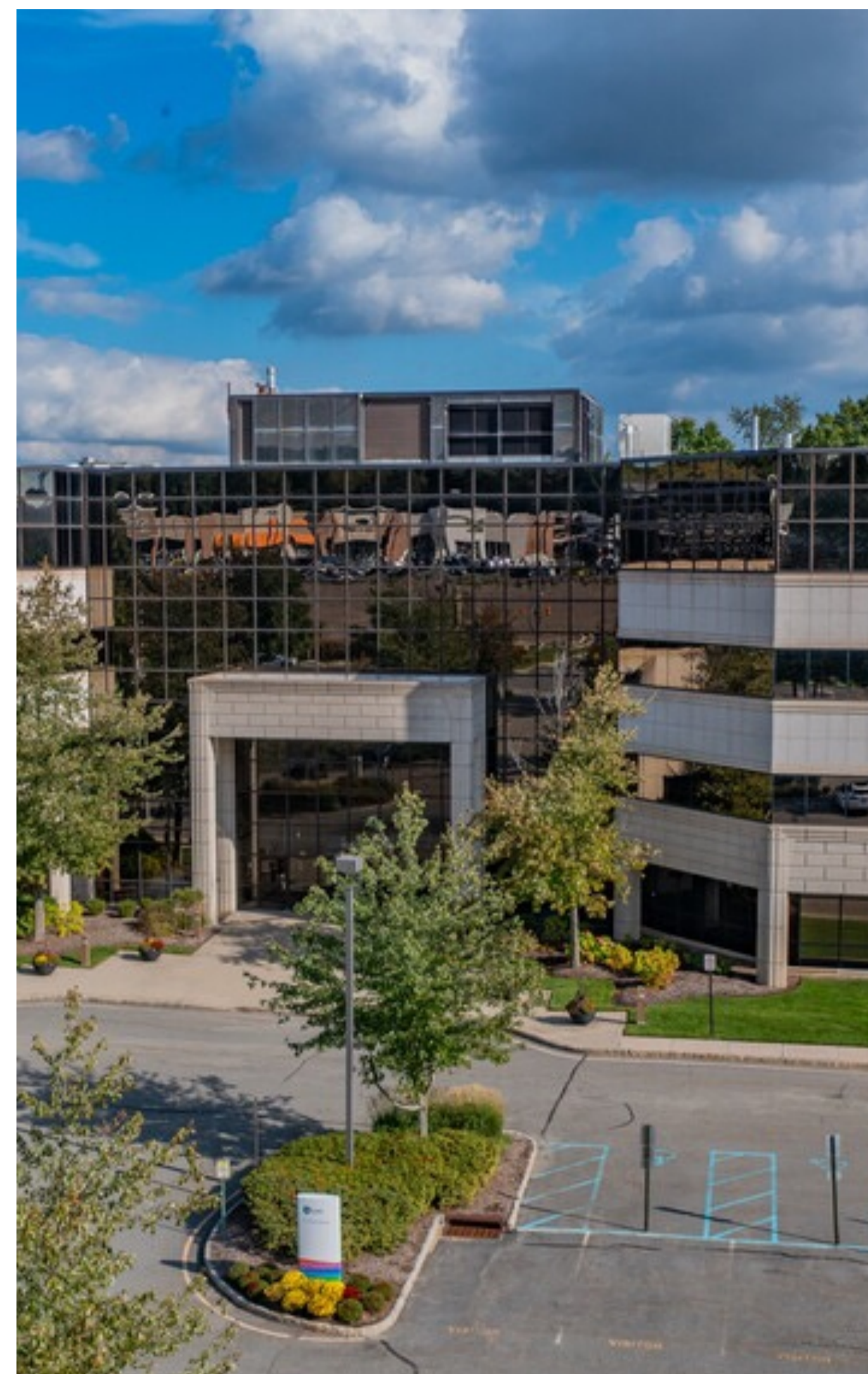
~€20 mn

removed duplication of senior roles and optimization of spans and layers



~€10 mn

transfer of roles to Shared Service Centres



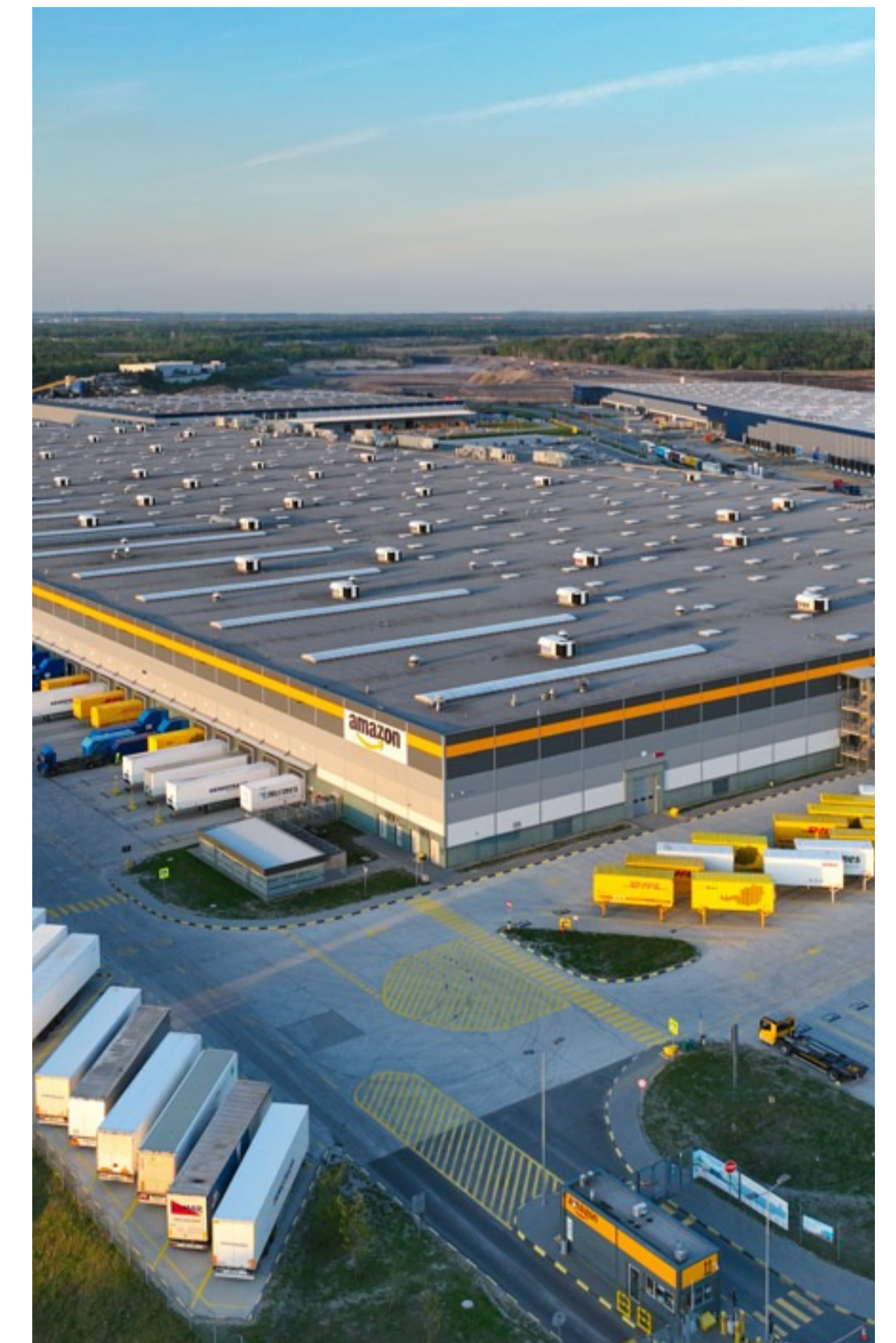
~€10 mn

office closure in Parsippany, Amsterdam, Mumbai



~€10 mn

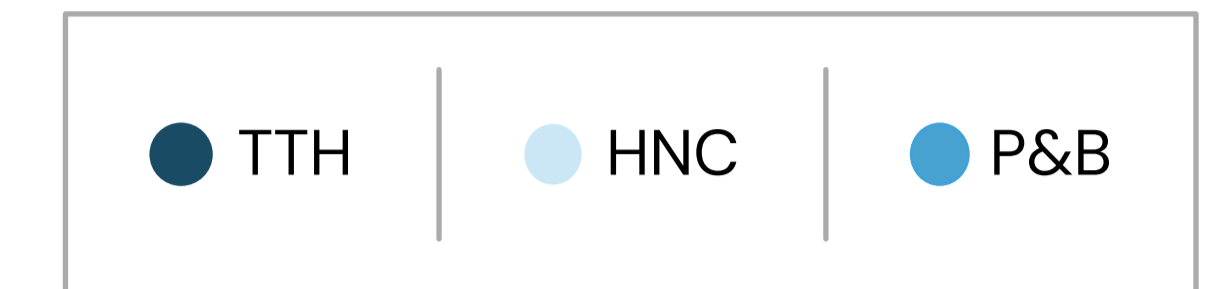
combination and renegotiation of insurance contracts



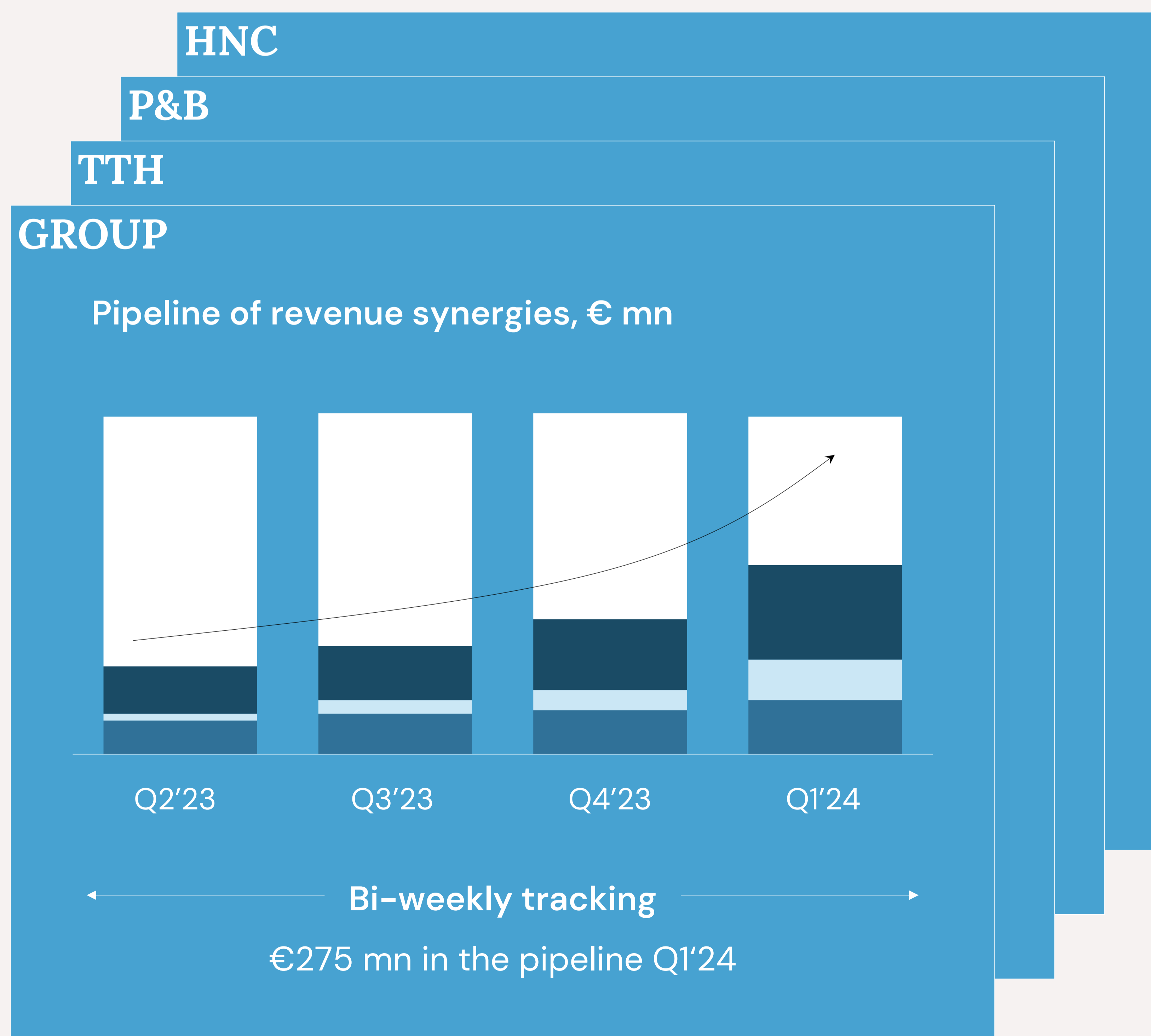
~€25 mn

reduction of spend from harmonized contracts (e.g., logistics, intermediates, Ingredients)

# Strong progress on revenue synergy with customers

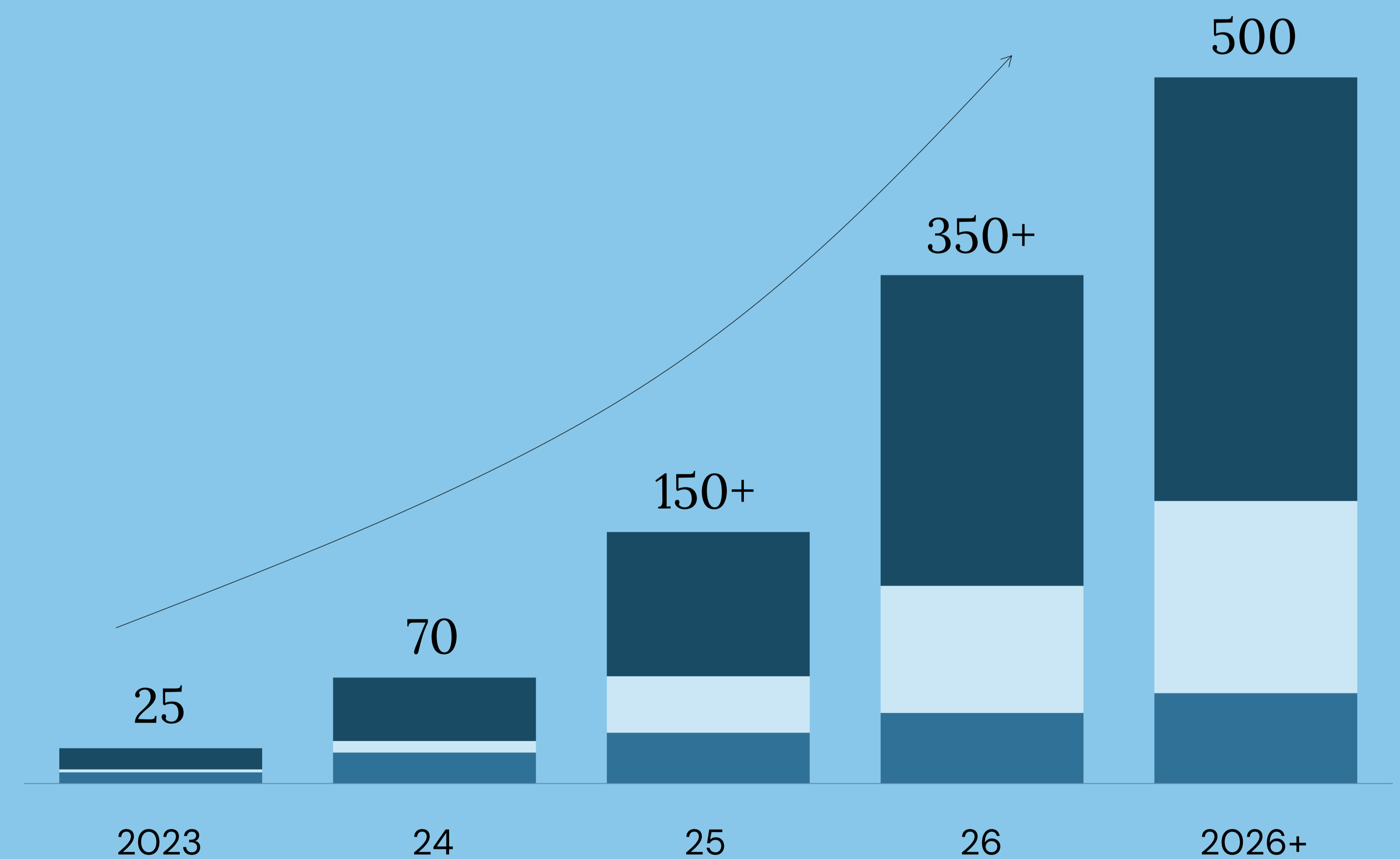


Strong pipeline of revenue synergies...



... translates into confidence to reach targets according to plan

Revenue growth synergies, € mn



All BUs significantly contributing to synergy delivery  
Confidence with pipeline to deliver €70 mn in 2024

# Revenue synergies delivered through cross-selling and new product concepts

## Sun protection for every moment

P&B

Sun care for easy daily use, lightweight, invisible protection, indulgent fragrances



## DHA Supplement

HNC

High dosage DHA gummies with no smell, achieved with our hero ingredient, life's DHA®



## Combining Health with Taste

TTH

Sports beverages combining sports premix and plant protein with peach and mango flavors, masking flavors



## Care line-up for textured hair

P&B

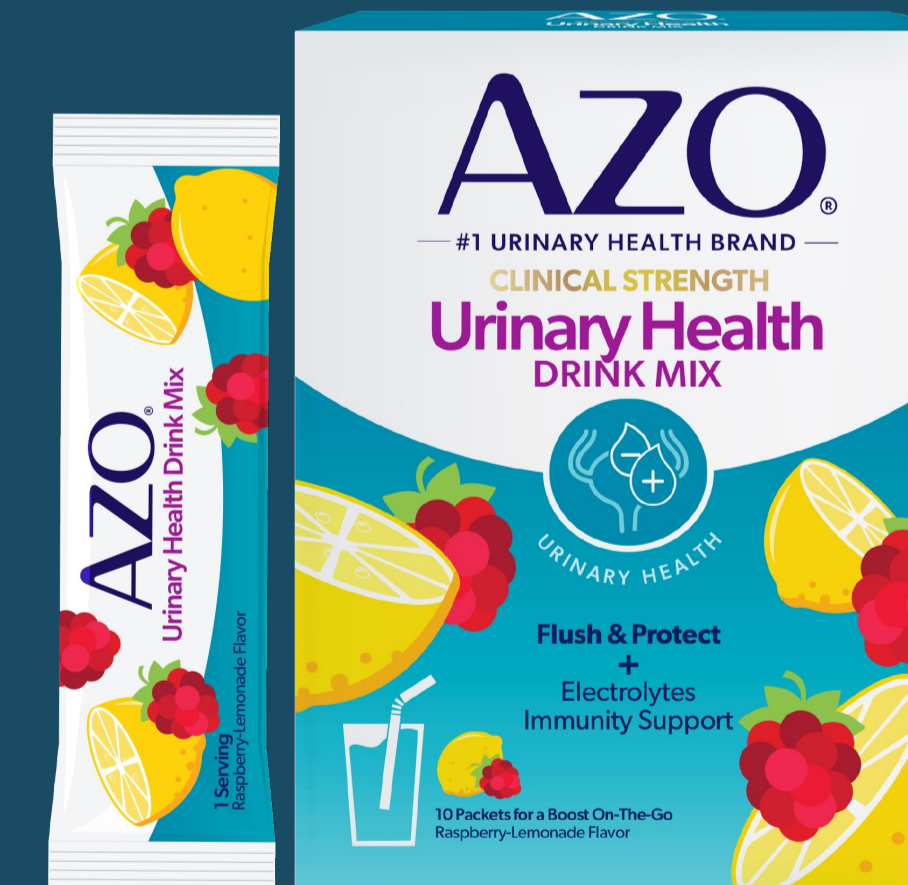
Unique care for textured, coily hair combining vitamins natural actives with long-lasting fragrance technology



## Urinary Health Drink

HNC

Urinary flush drink with additional electrolyte and immunity support benefits



## Plant-based ice cream

TTH

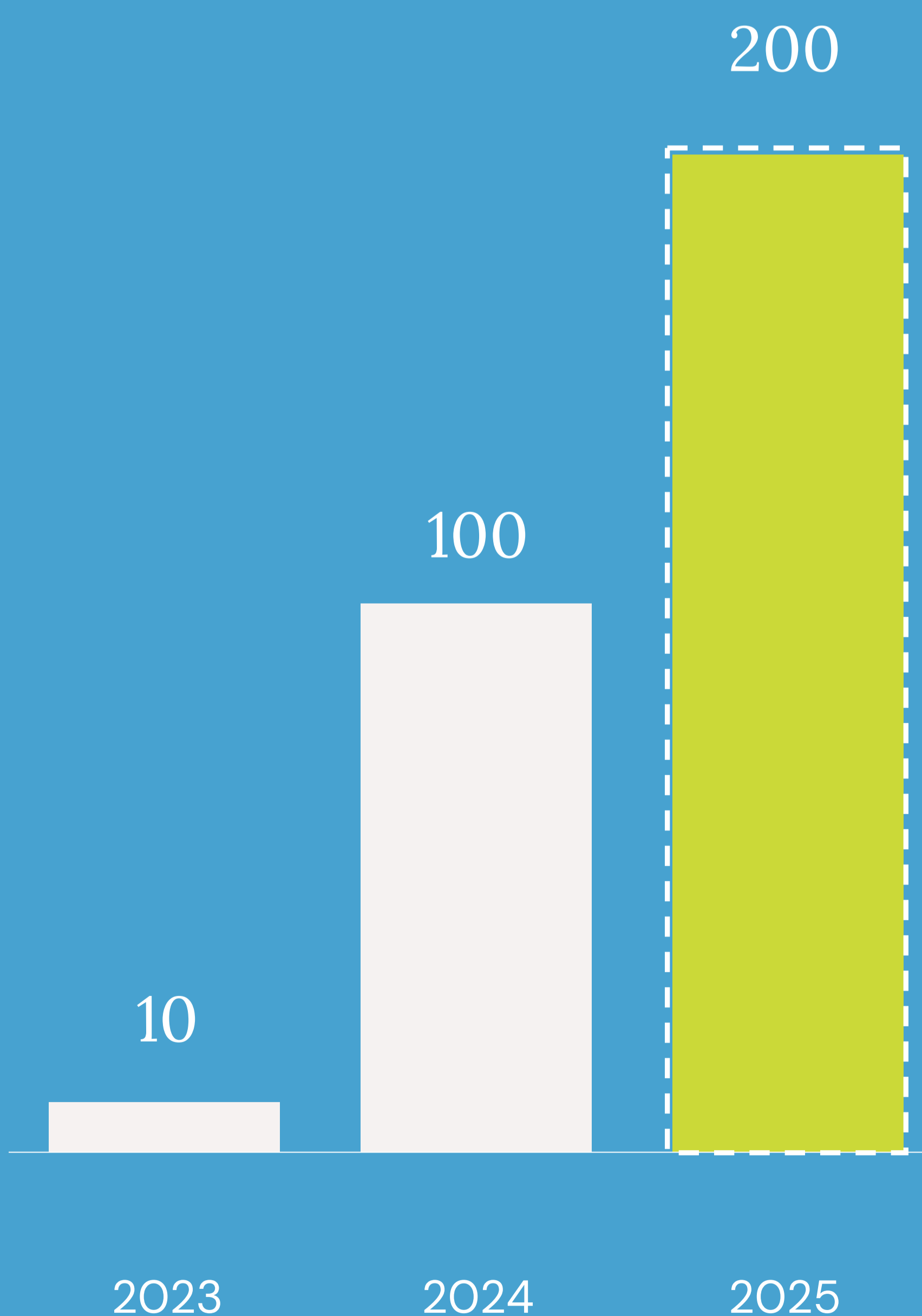
Indulgent tasting plant-based ice cream with vanilla flavor and chocolate chips, high in fiber content and rich of minerals and vitamins





# Vitamin Transformation with €200 mn profit improvement, well under way

Cumulative profit improvement, € mn



## Optimization of site network

- Vitamin B6 plan
- Xinghuo closed
- Vitamin C plant
- Jiangshan closed
- Premix sites optimization
- Reduction of ~1,400 FTEs
- Continued review of our operations costs



## Streamlined organization

- More focused and agile organization model (creation of Vitamins unit and demand vs supply organization)
- Reduction of ~500 FTEs
- Cost optimization program in place



## Improved cash management

- Inventories reduced by ~€100 mn through extended production site shut-downs, E2E collaboration and tighter sourcing practices
- Improved cash flow by stricter expenditure controls and working capital

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

## Strategic rationale for dsm-firmenich

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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 mn

## Clear strategic benefits for ANH

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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



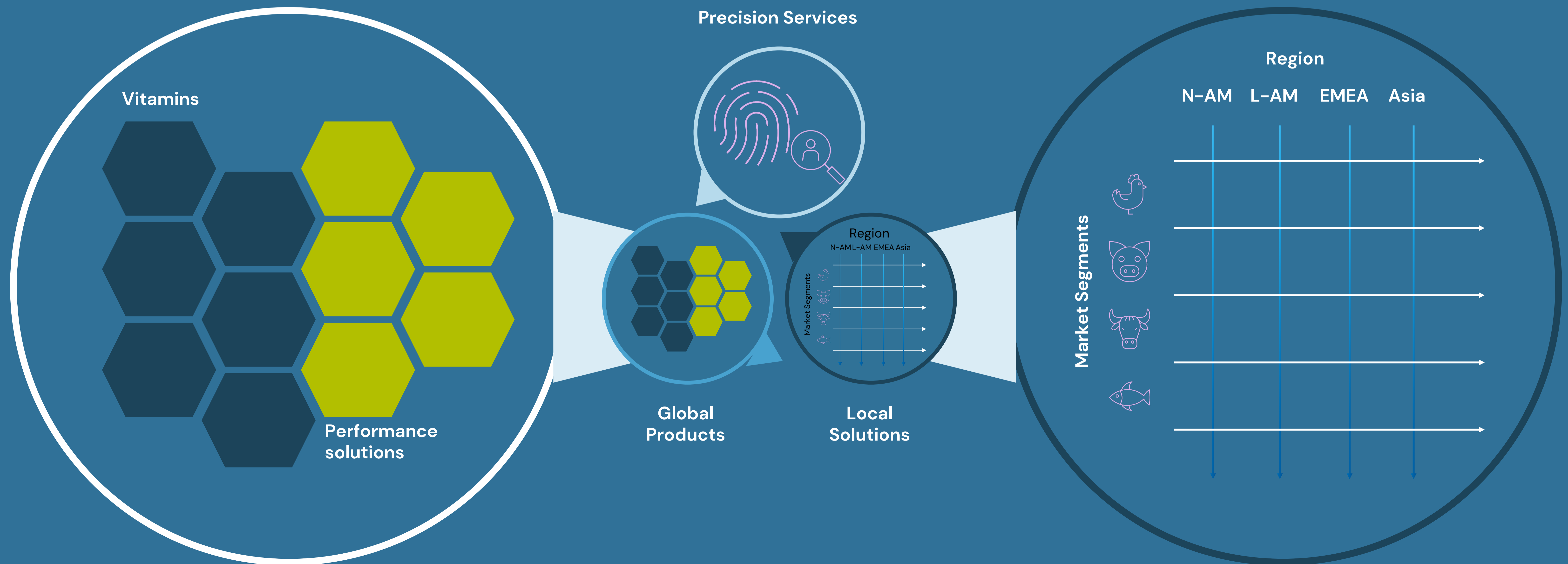
Strengthens distinctive position as a global leader with unique, integrated combination of vitamins, premixes, performance solutions and precision nutrition

# ANH is a global leader in animal nutrition with a unique, integrated business model

Innovation leader with the most complete portfolio, largest R&D team in industry

Unique business model with customer-focused local solutions and backward integrated portfolio

Global market coverage with local presence for customer intimacy and only non-Chinese producer of full vitamin portfolio



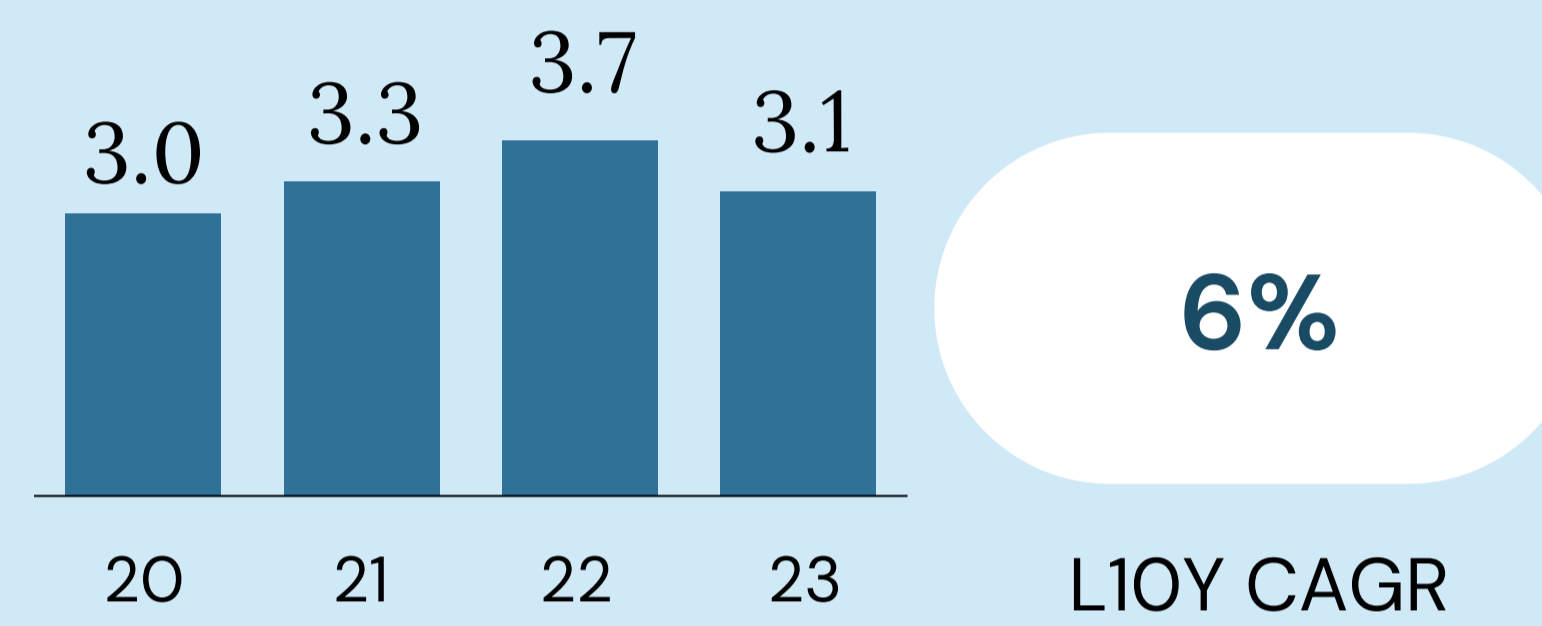
# ANH integrates diverse businesses that offer significant future potential

## ANH Group

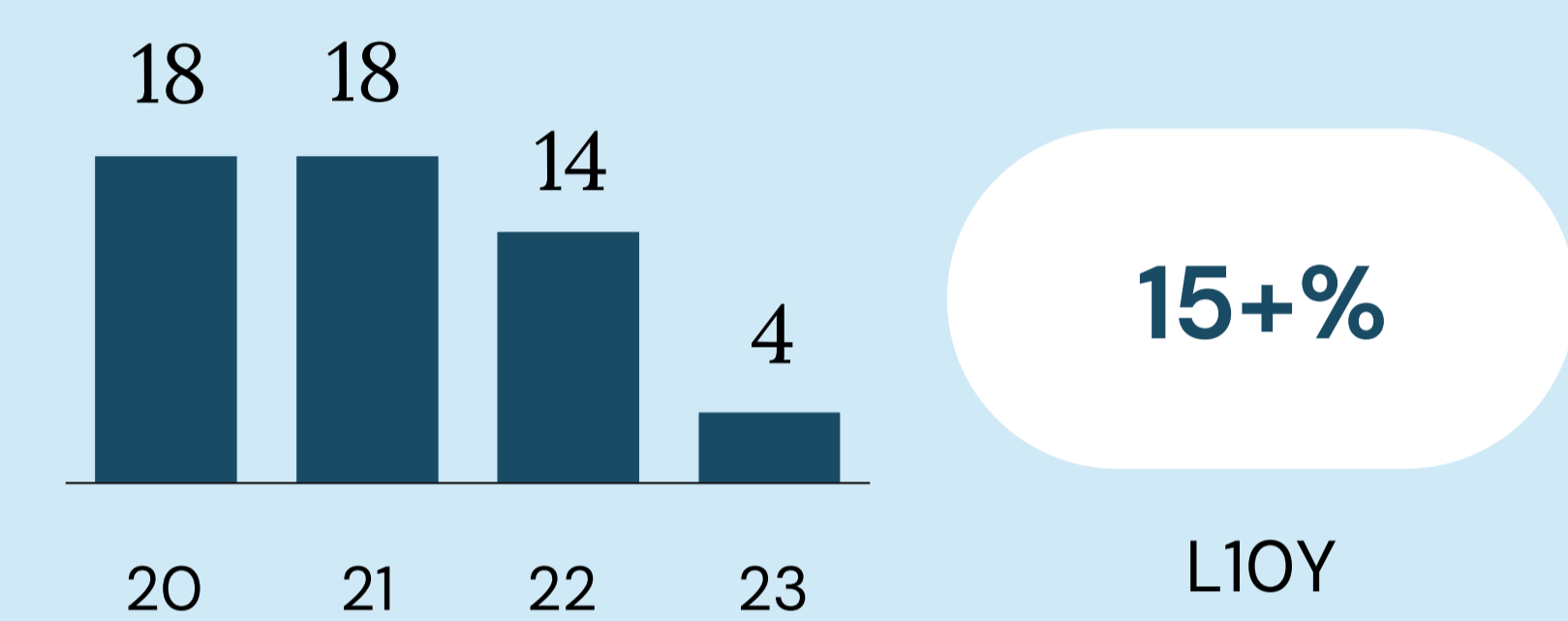
Mid-to-high single digit sales growth over midterm, supported by expected market recovery

Strong cash generation potential

### Sales, € bn



### Adj. EBITDA margin, %



## Performance Solutions & Precision Services

Broad portfolio with leading position in each category

Deep innovation and science capabilities

Exposure to trends fuelling growth in agriculture

## Premix

Distinctive business model with backward integration

Stable, through-cycle volume growth and mixing premium

Including Ruminants Brazil business

## Vitamins

Only non-Chinese producer of full vitamin portfolio, ensuring access to essential ingredients

Core of transformation program, with procurement and fixed production cost reduction, on plan

High single digit

Organic Sales Growth

Low-Mid single digit

20+%

Adj. EBITDA margin

10+%

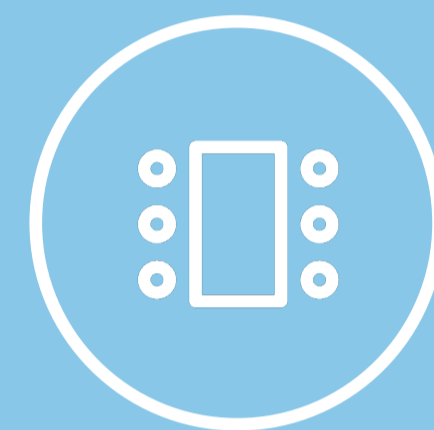
1. Excluding Bovaer® and Veramaris

# Proven track record in navigating separations and capturing value



## Strong track record in successful separations

Experience in divestments and minimizing stranded costs, e.g. sale of the Materials businesses



## Dedicated management team

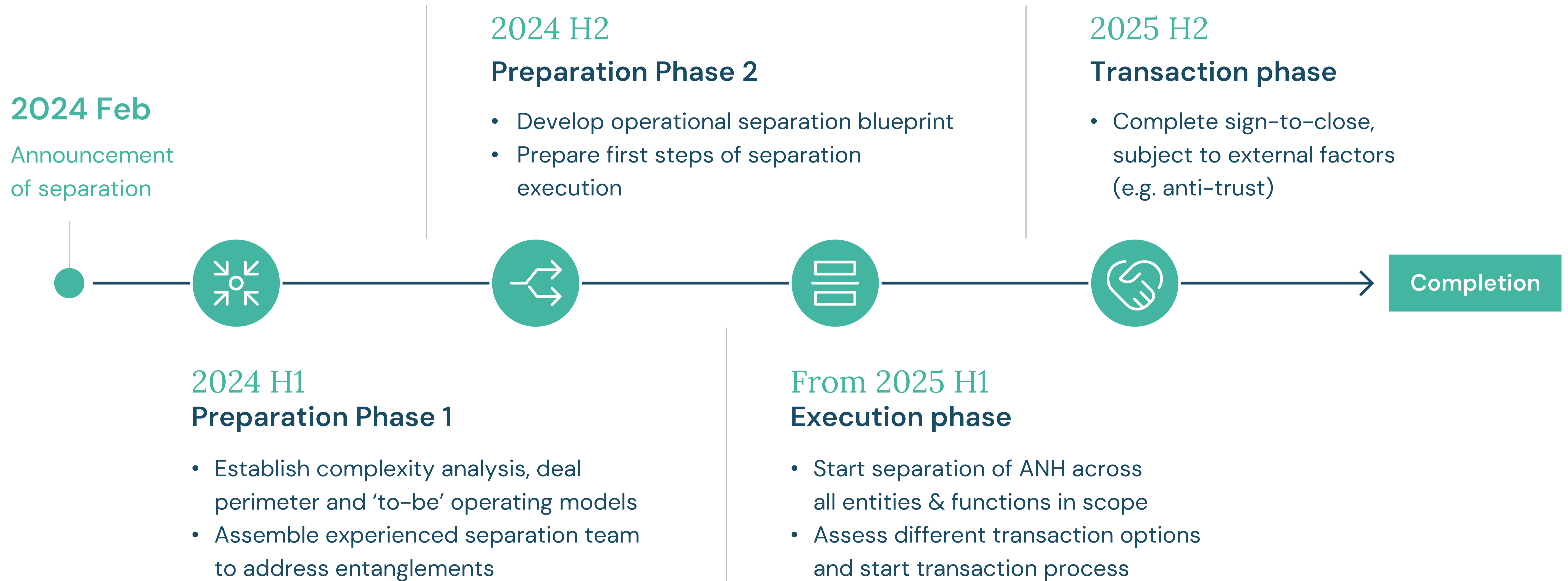
Experienced management team including multiple leaders involved in prior separations



## Staged separation plan

Focus on planning and separation blueprint in 2024. Execution of separation and new ownership structure by 2025

# ANH transaction in the course of 2025. With ANH team focused on delivering strong results



Separation & Transaction costs: First estimate of cost to complete separation and transaction is around ~€100 mn

# A focused group consisting of 3 complementary Business Units

dsm-firmenich, building a company with over **€10 bn sales**

## Perfumery & Beauty



5-6%

22-24%

## Taste, Texture & Health



6-8%

21-23%

## Health, Nutrition & Care



4-6%

21-23%

# Mid-term targets<sup>1</sup> for sales and Adj. EBITDA margin as well as cash conversion

Organic Sales Growth

5-7%

Adj. EBITDA margin

22-23%

Cash-to-Sales conversion<sup>2</sup>

>10%

Dividend pay-out average 40-60% of adjusted net core earnings

Stable 1.5x-2.5x Net debt/Adj. EBITDA

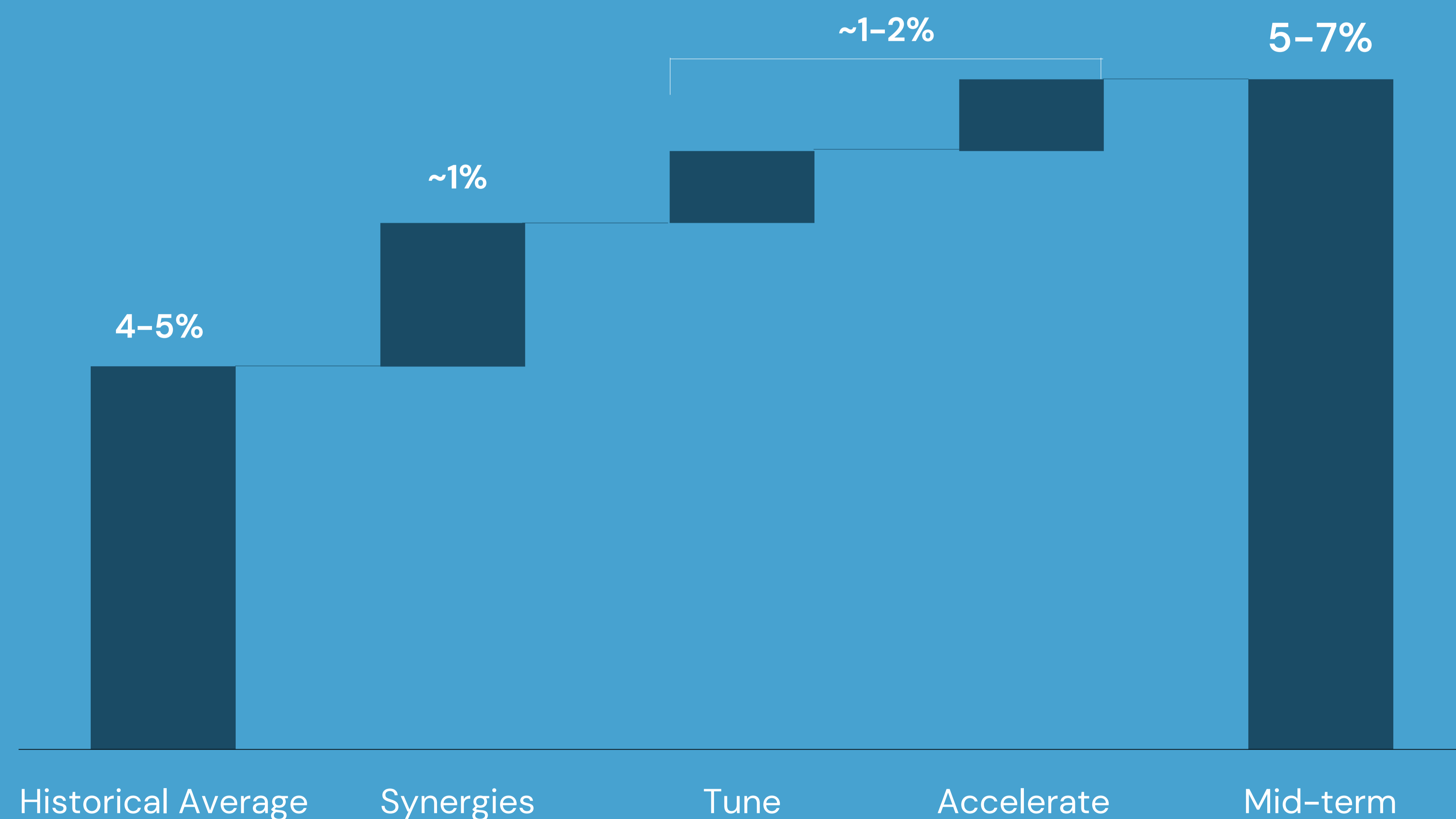
1. For the new group dsm-firmenich

2. Adjusted gross operating free cash flow = Adj. EBITDA – CAPEX – Delta WC



# Pathway to achieve 5-7% Organic Sales Growth

## Pro forma Organic Sales Growth Bridge, %



## Overview

Historically, Group has been delivering **sustainable organic growth of 4-5%**

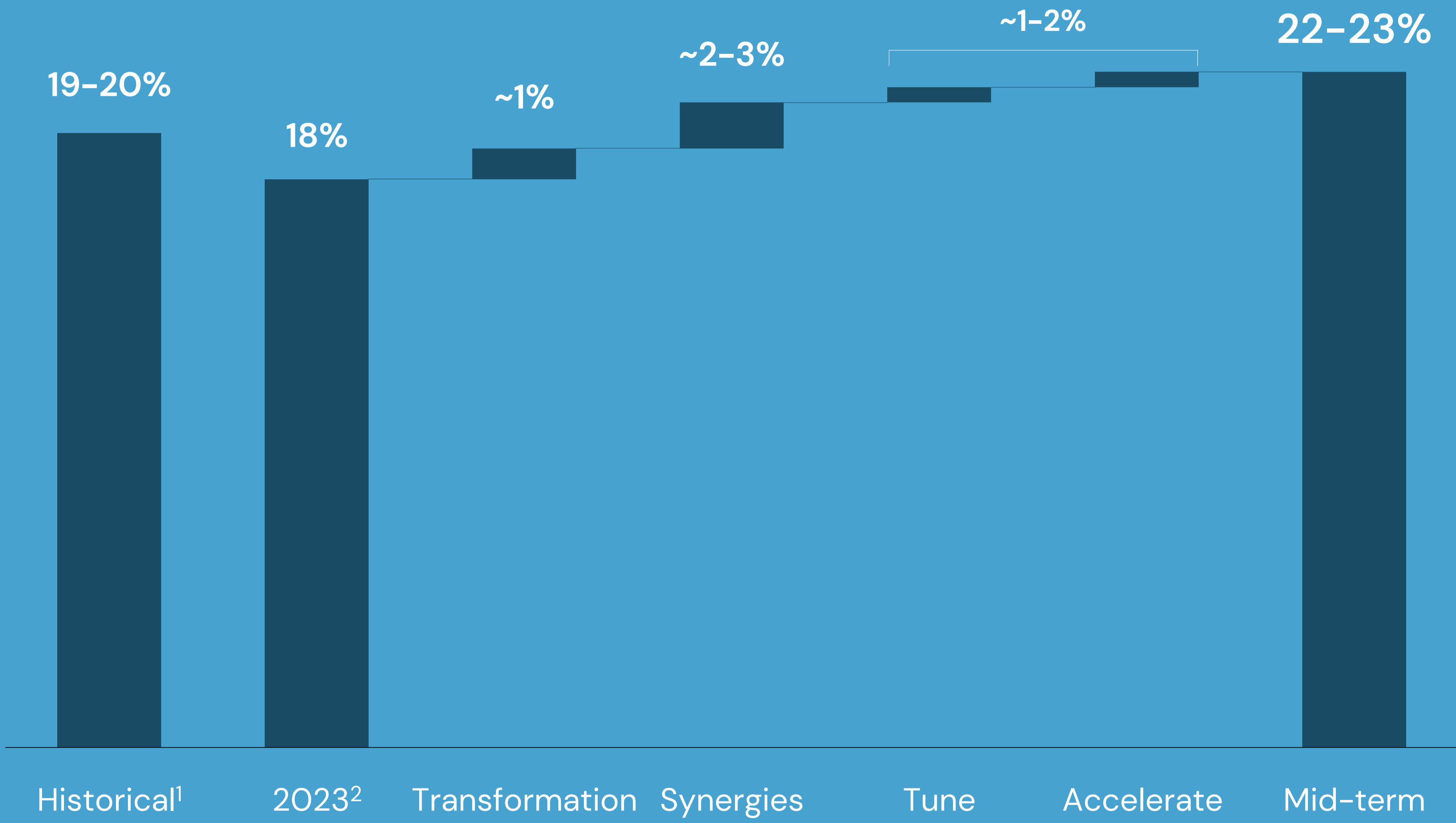
Delivery of **revenue synergies** will contribute **~1pp** to yearly organic sales growth in foreseeable future

Tune and acceleration growth will contribute **additional ~1pp across the 3 BUs**, following portfolio tuning

Together, group to reach **mid-term ambition of 5-7%** as a focused Category of One

# Pathway to achieve 22–23% Adj. EBITDA Margin

## Pro forma Adj. EBITDA Margin Bridge, %



## Overview

Historically, Group has been delivering **19–20% Adj. EBITDA margin %**

**2023 margin of 18%** will benefit from **Vitamin transformation to gain ~1pp**, mainly in HNC and to lesser extent in TTH

Delivery of **synergy** will add benefits and is expected to contribute **~2–3pp in foreseeable future**, while **tune/acceleration** across 3 BU's will deliver **another 1–2pp combined**

Combined, **all 3 business units** are ready with plans to deliver Adj. EBITDA performance in line with group ambition to **reach mid-term ambition of 22–23%** as a focused Category of One

1. L10Y 2. Excluding ANH

# Mid-term target of >10% Cash-to-sales conversion based on strict cash management while maintaining growth investment

## Metric Guidance

Adj. EBITDA margin 22-23%

Operating Working Capital, as a % of Sales ~28%

CAPEX, as a % of Sales 5-6%



Target Cash-to-Sales conversion<sup>1</sup>

>10%

## Overview

Cash improvement as priority for dsm-firmenich

Aim to maintain **Operating Working Capital ~28%** based on disciplined management and normalized inventories

To invest **~6% of Sales into Capex** to support long-term growth and capacity build. Normalizing over time to 5% with strict and targeted allocation (>60% of Capex dedicated to growth investments)

Together with aspired Adj. EBITDA growth in line with mid-term targets, **achievement of Adjusted Operating Free Cash Flow of >10% of Sales**

1. Adjusted gross operating free cash flow = Adj. EBITDA – CAPEX – Delta WC

# Other financial metrics



Core ROCE

**+100** bps/year

Excluding PPA,  
post carve out Goodwill,  
divestments

Mid-term  
guidance

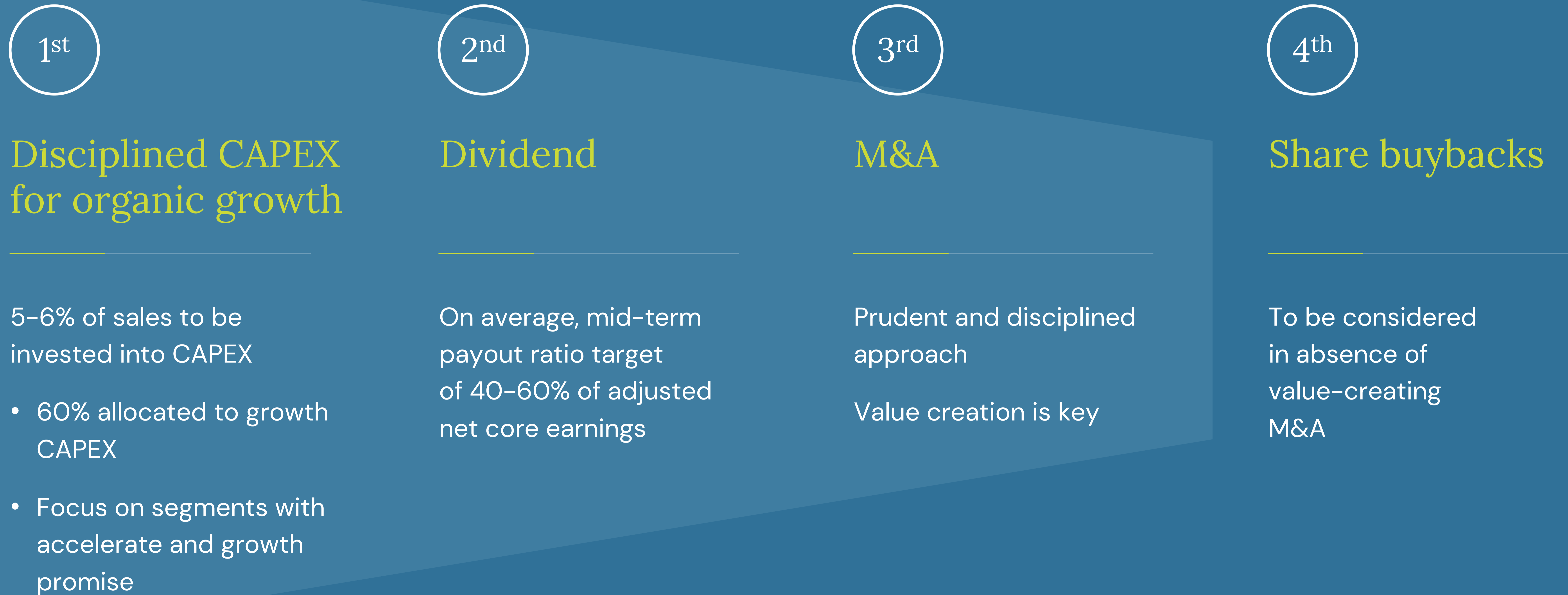


Effective tax rate

**21-22%**

versus 24% in 2023  
tax estimate

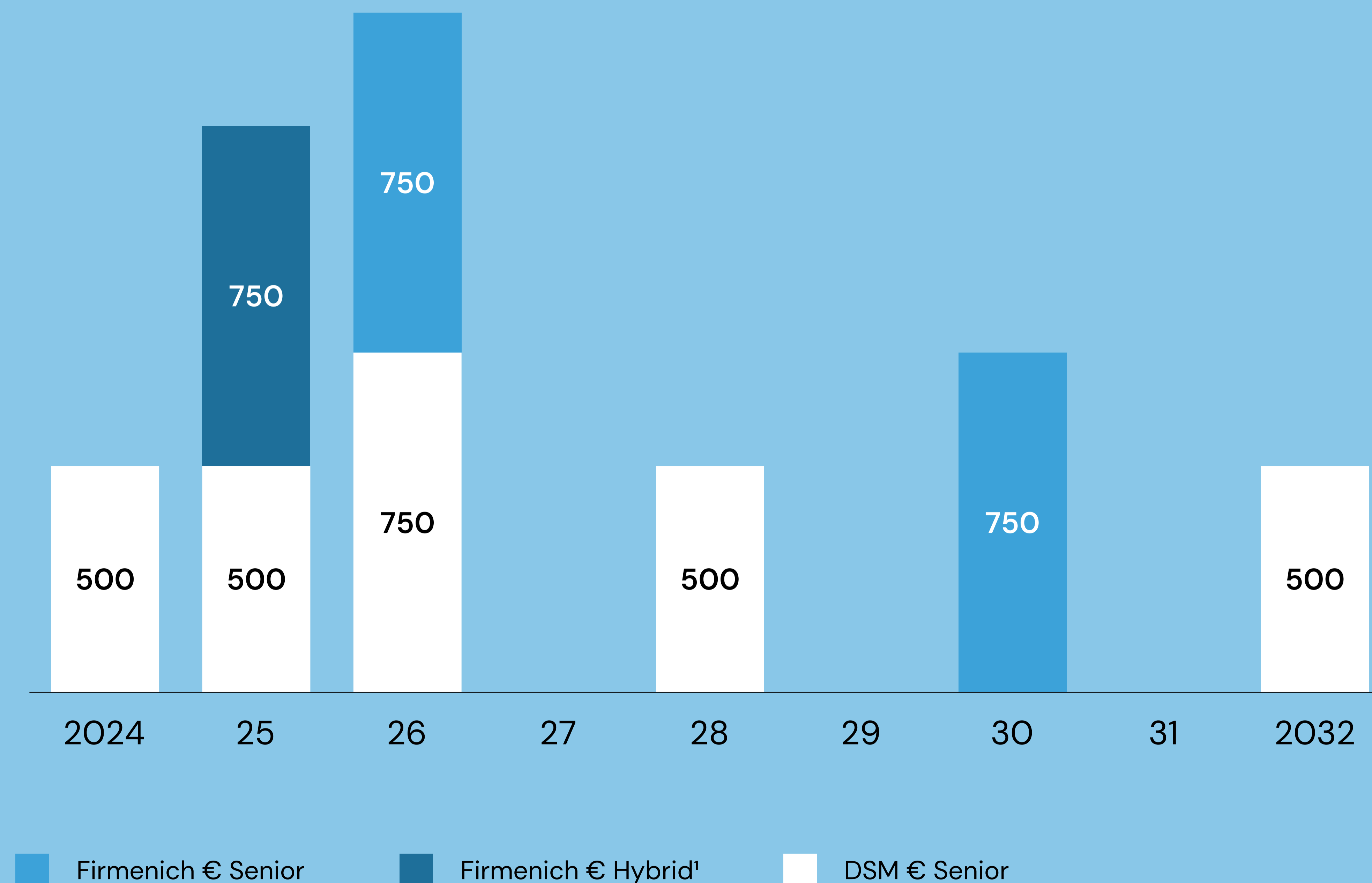
# Capital allocation policy



<p>Mid-term capital structure Stable 1.5x–2.5x Net debt/Adj. EBITDA</p>	<p>Committed to maintaining a strong investment credit rating</p>
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# Strong balance sheet enables sustained organic growth

Group debt maturity profile, € mn



1. First hybrid bond call date in September 2025

## Commentary

### Strong investment grade credit ratings

- Moody's: A3 (stable)
- S&P: A- (stable)

### Prudent financing strategy

- Strong liquidity position at 2024 Q1 (€2.1 bn)
- €1.75 bn revolving credit facilities in place
- Additional €1 bn bridge facility in place

### Centralized financing structure in place

- Centralized financing structure with new debt raised at dsm-firmenich level
- New senior bonds are issued on a *pari passu* basis, applying a cross guarantee structure

# Confident in delivering our ambition



## Dream



2 iconic companies coming together

## Merge



Synergy delivery according to plan, confidence in outcomes of Vitamin Transformation

## Focus



Leadership position in Nutrition, Health and Beauty – backed by Science

## Tune



High quality portfolio with proven ability to add value

## Accelerate



Innovation-led growth in high growth, high margin segments

5-7%

Organic Sales Growth

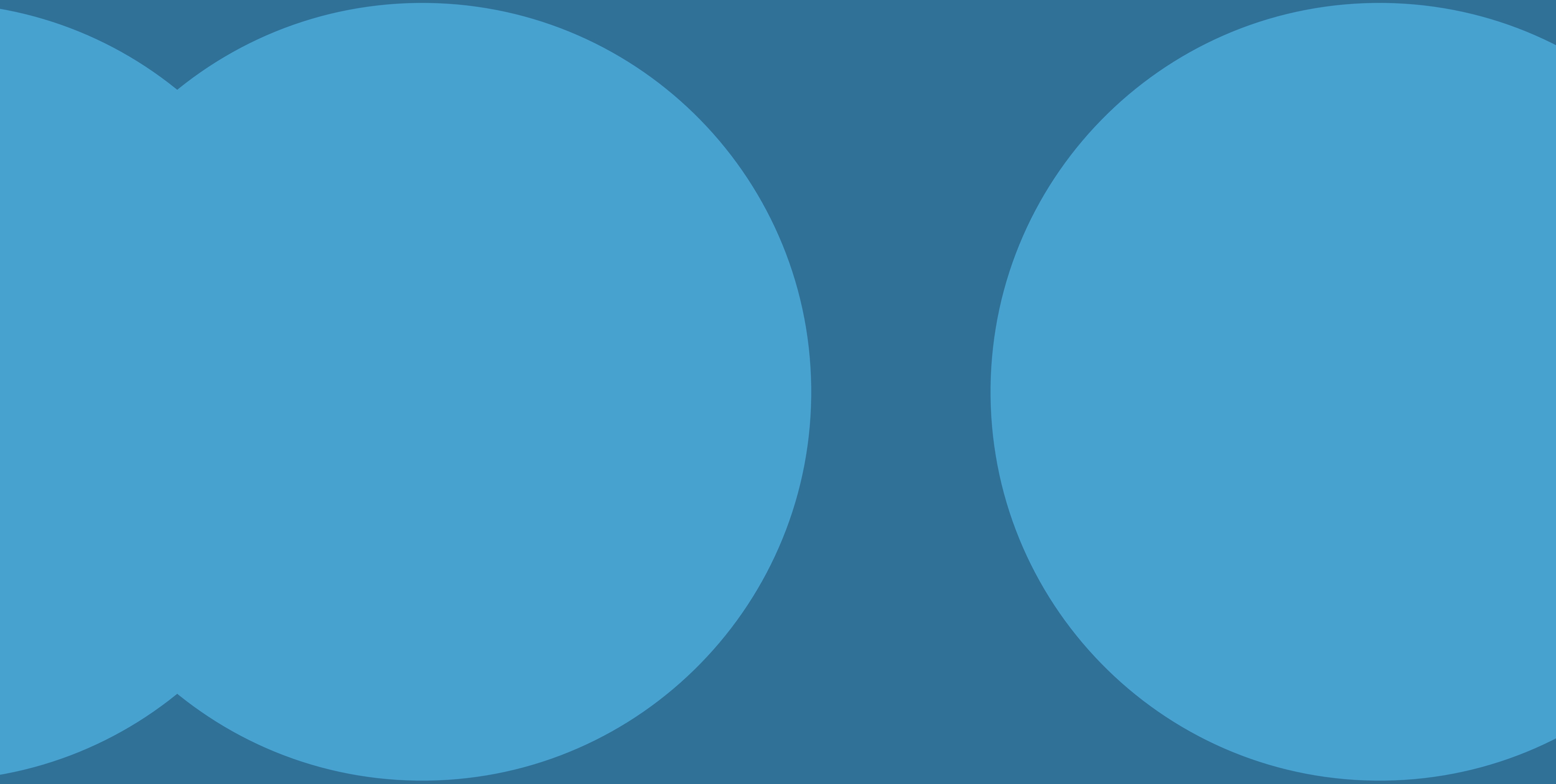
22-23%

Adj. EBITDA margin

>10%

Cash-to-Sales Conversion

# Fact slides





# Animal Nutrition & Health in a glance

3.2 bn

€ Revenues<sup>1</sup>

6%

Organic Sales Growth<sup>2</sup>

15%

Adj. EBITDA Margin<sup>2</sup>

7,000

Employees worldwide

55 premix

5 R&D

locations

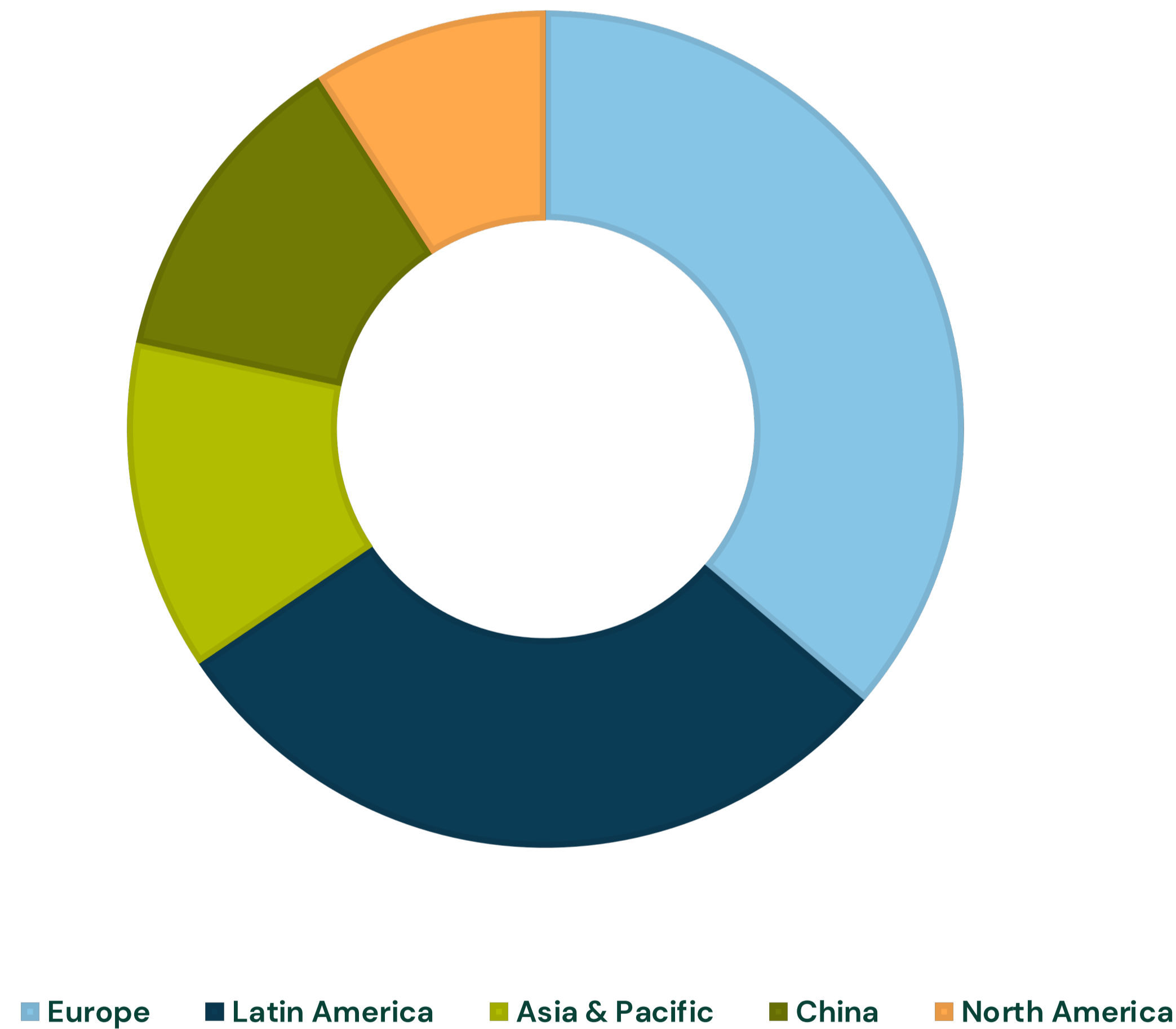
Feeding the planet without costing the Earth

1) 2023 Actuals

2) Time period last 10 years

# Global Presence

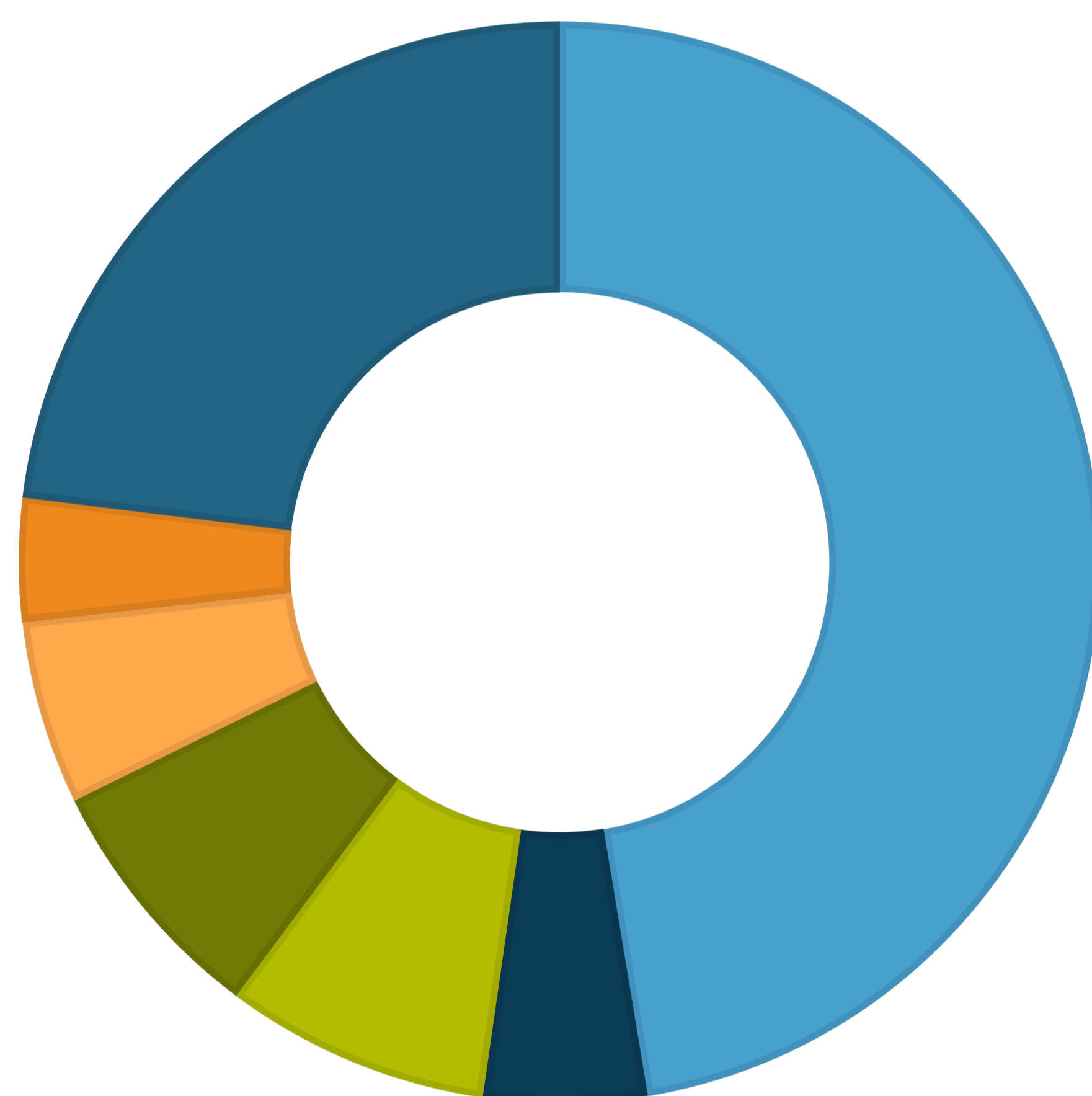
ANH €3.2 bn  
2023 Sales by destination (%)



ANH has a well-balanced global presence with more than 50 premix and blending facilities

# Key products

ANH €3.2 bn  
2023 Sales by Product (%)\*



- Vitamins
- Carotenoids
- Enzymes
- Eubiotics
- MTX
- Minerals
- Sourced Ingredients

## Vitamins

Vitamins are essential for well-being and good health. They play many crucial roles in farm animals such as bone formation, disease resistance, feed efficiency, growth, fertility, and egg production. dsm-firmenich' portfolio includes all vitamins from A to Z

## Carotenoids

Carotenoids are essential ingredients that are important in nutrition and reproduction. Providing sufficient carotenoids increases animal performance across species. Carotenoids also ensure consistent pigmentation of eggs and fish such as salmon

## Premix Solutions

We offer our clients regional and segment-specific premix solutions: a broad network of 55 premix facilities allows us to offer tailor-made, localized customer-driven solutions

## Feed enzymes

Enzymes help unlock nutrient potential in feed driving feed cost optimization while at the same time improved ecological footprint of animal protein production. They allow a more efficient use of natural resources and increase animal welfare

## Gut Health -Eubiotics

Play an essential role in supporting animal performance and welfare by supporting gut health. Good gut health is a prerequisite for efficient and environmentally sound farm animals. The correct balance of microflora in the intestinal tract is essential for optimal gut performance

## Mycotoxin Risk Management

Mycotoxins are secondary metabolites of molds, contaminating a wide range of crop plants and fruits. Such contaminated crops are toxic to humans and animals.

## Formulations

A broad range of technologies transform 85% of our Nutritional ingredients into formulations, for example a fat-soluble vitamin oil into a powder form  
This increases performance in terms of stability, shelf-life, heat resistance, bio-availability, physical properties

## Minerals

Minerals are needed in very small amounts in feed. Animals need certain minerals for instance to build strong bones and turn the feed into energy. As with vitamins, a healthy balanced diet should provide all the minerals needed to work properly

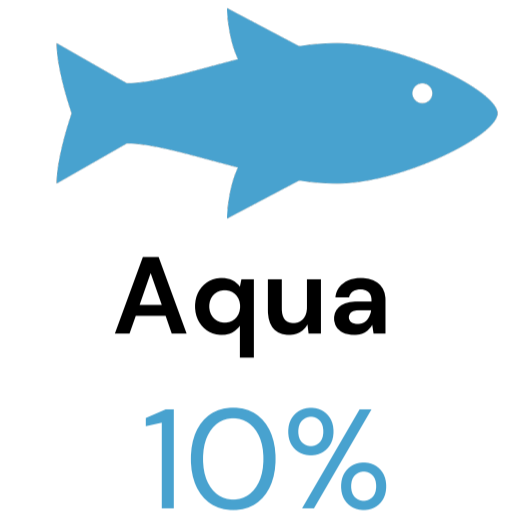
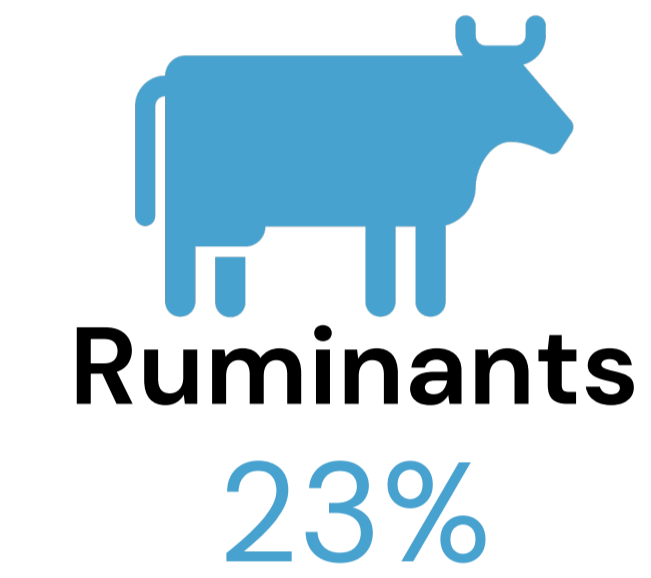
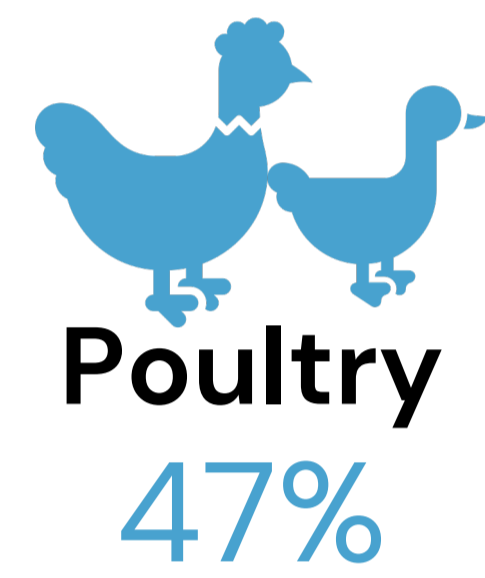
## Precision

Sustainability service that combines the most advanced environmental foot printing calculation tool with expert sustainability, animal production and nutritional knowledge to create tailor-made solutions that enhance the environmental sustainability and profitability of animal farming.

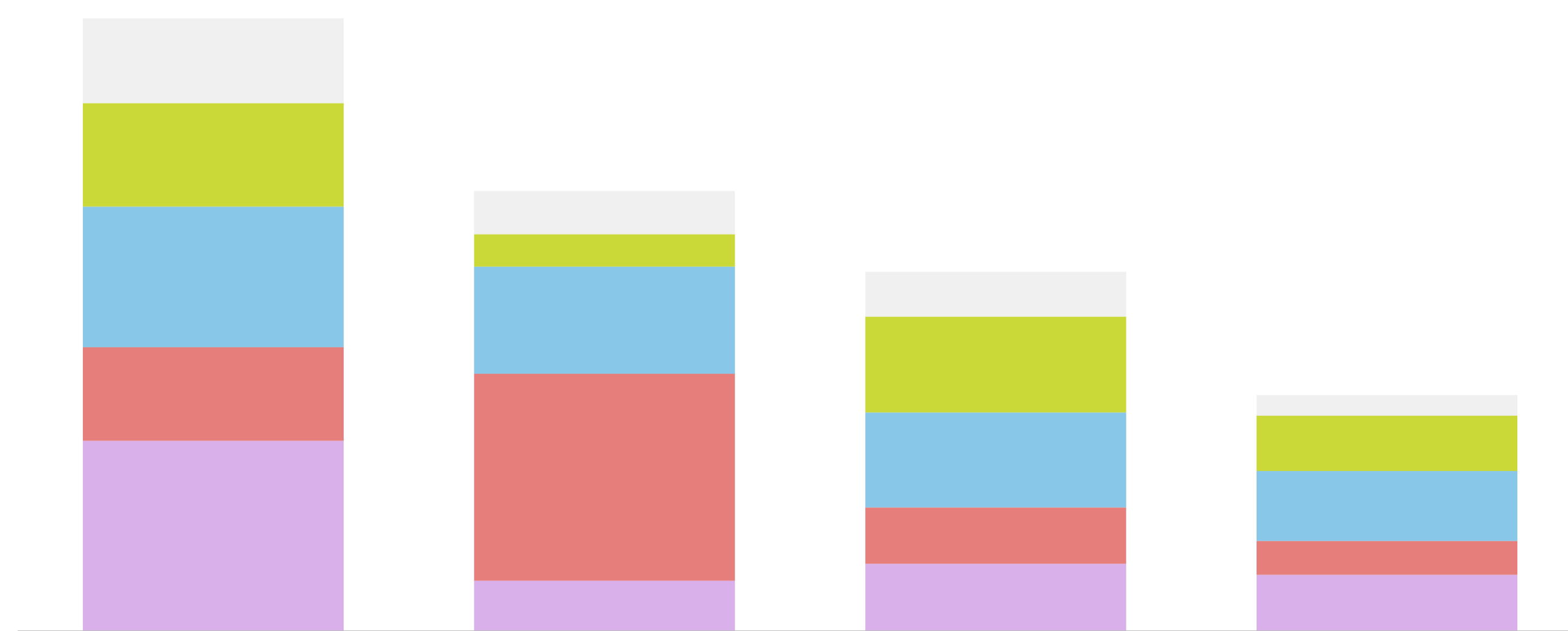
\* Including ingredients sold via premix

# End-Markets – strong basis across all species

Split ANH 2023 sales by specie

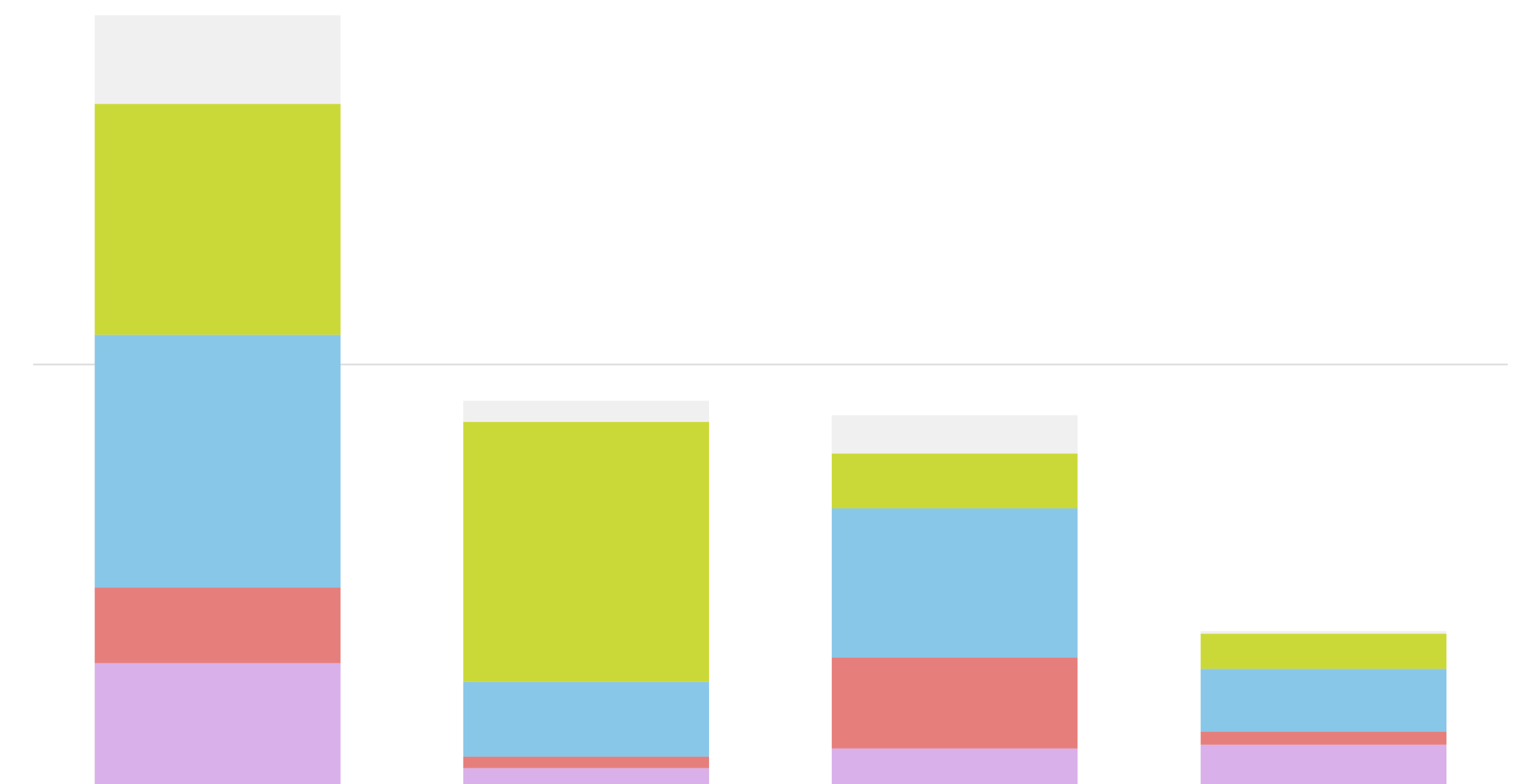


Global Animal Protein Production 2023\*  
(million of tonnes)



Asia & Pacific China EMEA Latam North America

dsm-firmenich 2023 ANH Sales  
(€ m)



Asia & Pacific China EMEA Latin America North America

\*Source UN FAO October 2023

# Productivity & sustainability drive demand for feed solutions

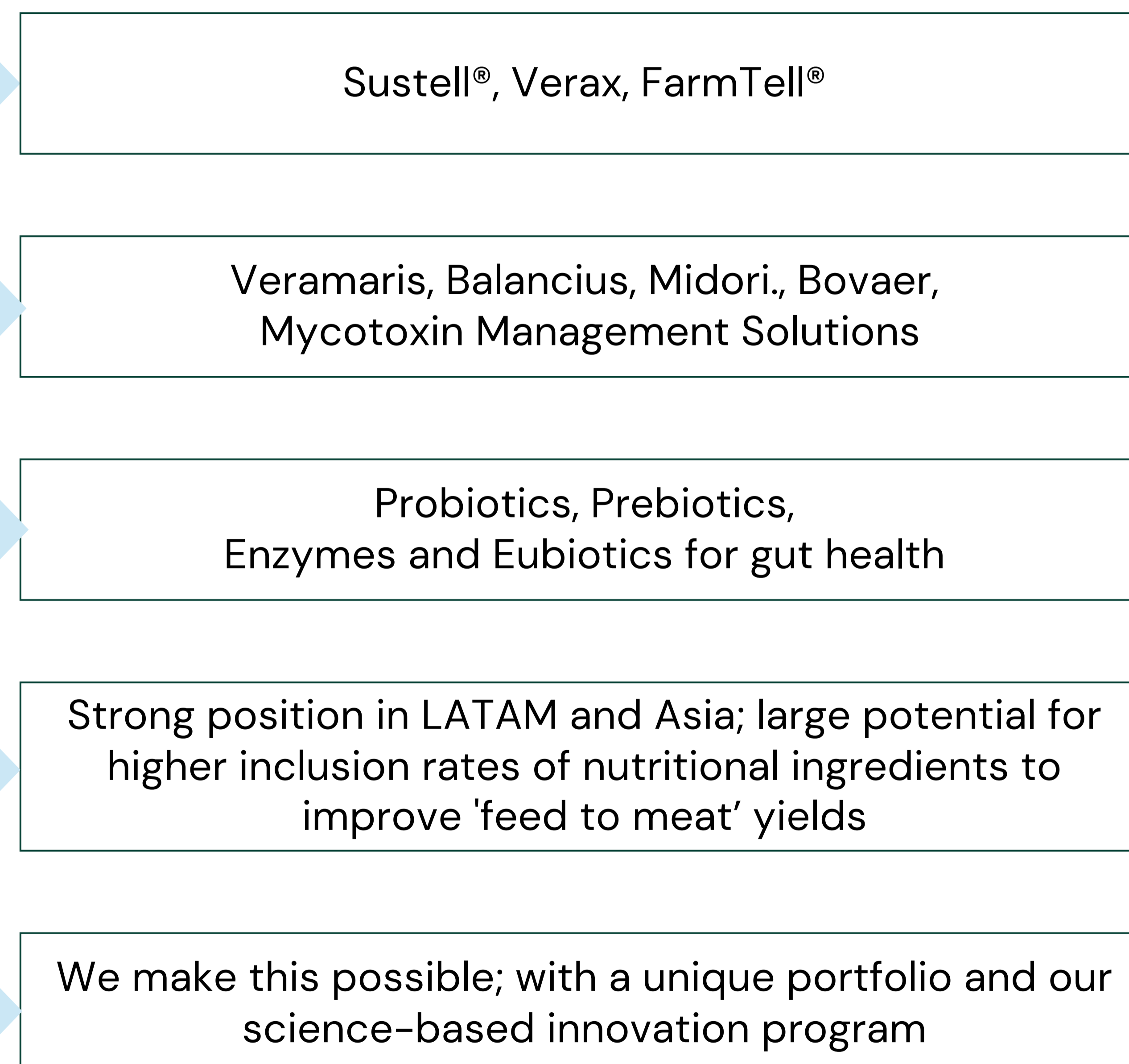
## Key trends



## Offering new opportunities ...



## ... for which dsm-firmenich is uniquely positioned



This presentation contains forward-looking statements with respect to dsm-firmenich's future (financial) 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. Also, for a variety of reasons including many factors outside the control of dsm-firmenich, there can be no guarantee that the proposed separation of ANH will be decided and completed within the expected time frame or at all. Nor can there be any guarantee that dsm-firmenich or a separate ANH business will be able to realize any of the potential strategic benefits, synergies or opportunities or any guarantee that shareholders will achieve any particular level of return in relation thereto. dsm-firmenich has no obligation to update the statements contained in this presentation, unless required by law. The English language version of this press release prevails over other language versions.

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) as well as in the companies Integrated Annual Report 2023.

This presentation 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').

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