Press Release

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DSM reports strong 2010 results and proposes dividend increase to € 1.35

- *Vision 2010* strategy successfully completed; DSM will now drive focused growth
- Q4 operating profit from continuing operations up 17% to € 170 million
- Full-year operating profit from continuing operations up 74% to € 752 million
- Very good Nutrition performance drives Life Sciences results
- Significant improvement in Materials Sciences results
- Continued strong cash flow from operating activities of € 1.1 billion in 2010
- Dividend increase of 12.5% to € 1.35 per ordinary share proposed for 2010
- 2011 is expected to be another strong year for DSM towards achieving the 2013 targets

Commenting on the results, Feike Sijbesma, CEO/Chairman of the DSM Managing Board, said:
"I am proud to report such strong financial results for 2010, which reflect our focus on innovation and our customers across the globe as well as cost and cash management supported by an improving economic climate. Within the Life Sciences businesses, our Nutrition business continued to record very good results, whilst Pharma needs improvement. The Materials Sciences businesses delivered a significant improvement during the year with a record result for Polymer Intermediates.

"The year 2010 was the last in a period of transformation for DSM to become a focused Life Sciences and Materials Sciences company. We successfully completed our Vision 2010 *strategy, including divesting the remaining non-core assets within the promised timescale. Subsequently, through a series of important transactions we have started to build additional strong growth platforms for the next phase of our strategy 'DSM in motion:* driving focused growth' *as evidenced by the announced acquisition of Martek and the announced joint venture with Sinochem for our anti-infectives business. We are confident that 2010 has laid the foundation for achieving our new strategic growth and profitability objectives and therefore we are proposing to raise our dividend from € 1.20 to € 1.35 instead of the € 1.30 announced in September 2010."*

fourth quarter			*in € million*	full year		
2010	2009	+/-		2010	2009	+/-
			Continuing operations:			
2,082	**1,758**	*18%*	Net sales	**8,176**	**6,725**	*+22%*
276	260	*+6%*	Operating profit before depreciation and amortization (EBITDA)	1,161	834	*+39%*
170	**145**	*+17%*	Operating profit (EBIT)	**752**	**433**	*+74%*
136	137		- Nutrition	569	521	
12	16		- Pharma	7	32	
30	23		- Performance Materials	179	68	
55	11		- Polymer Intermediates	192	6	
-63	-42		- Other activities	-195	-194	
			Discontinued operations:			
120	258		Net sales	874	1,141	
14	15		Operating profit before depreciation and amortization (EBITDA)	117	83	
10	-3		Operating profit (EBIT)	86	10	
			Total DSM:			
2,202	**2,016**	*+9%*	Net sales	**9,050**	**7,866**	*+15%*
180	**142**	*+27%*	Operating profit (EBIT)	**838**	**443**	*+89%*
117	**89**		**Net profit before exceptional items**	**547**	**244**	
32	-149		Net result from exceptional items	-40	93	
149	**-60**		Net profit	**507**	**337**	
			1.			
			Net earnings per ordinary share in €:			
0.63	0.54		- before exceptional items, continuing operations	2.89	1.44	
0.89	-0.39		- including exceptional items, total DSM	3.03	2.01	

In this report:

- *'operating profit' (before depreciation and amortization) is understood to be operating profit (before depreciation and amortization) before exceptional items;*
- *'net profit' is the net profit attributable to equity holders of Royal DSM N.V.;*
- *'continuing operations' refers to the DSM operations excluding DSM Energie Holding B.V., Stamicarbon B.V., DSM Agro, DSM Melamine, DSM Special Products B.V., S.A. Citrique Belge N.V and DSM Elastomers;*
- *'discontinued operations' comprise net sales and operating profit of DSM Energie Holding B.V. up to and including Q3 2009, Stamicarbon B.V. up to and including Q4 2009, DSM Agro and DSM Melamine up to and including Q2 2010, S.A. Citrique Belge N.V. up to and including Q3 2010 and DSM Special Products B.V. and DSM Elastomers up to and including Q4 2010.*

Overview
In the strong **fourth quarter** of 2010 DSM's businesses developed as expected. In general the underlying trading conditions remained favorable. Compared to Q3 2010 there was organic sales growth of 4%, reflecting both continued volume growth and pricing strength. However, currency developments were unfavorable, due to a weaker US dollar and a very strong Swiss franc. In addition, project costs related to the implementation of DSM's new strategy increased as indicated before. All in all, Q4 operating result was equal to Q3 despite the traditionally seasonally weaker quarter and the Swiss franc exchange rate increase. Compared to Q4 2009 the operating result was 17% higher, mostly due to strong performance of the Materials Sciences businesses.

The Nutrition cluster continued its very good business performance, but was negatively affected by the development of the Swiss franc, which was 13% stronger versus the Euro in Q4 2009. Nevertheless, the cluster's operating result was similar to Q4 2009. Pharma showed some seasonal improvement in Q4, but the business dynamics in the pharmaceutical industry remained very challenging.

Most businesses in Performance Materials experienced the traditional year-end slowdown in demand. Unit margins in Q4 increased despite higher feedstock prices. Polymer Intermediates delivered its best quarter in history, reflecting excellent demand, pricing strength and a unique global presence.

Full year 2010 showed a very strong improvement compared to the downturn year 2009. All businesses, except Pharma, improved their performance. The improvement in the business environment, supported by DSM's swift actions in response to the downturn, resulted in the best ever operating result for the new DSM portfolio. For most businesses the first half of the year was stronger than the second half, due to downstream restocking and much more favorable currency exchange rates.

DSM's focus on cash remained a strong priority. Operating cash flow was € 1.1 billion. In combination with the proceeds from divestments and cautious capital expenditure this resulted in a net debt of minus € 108 million at the end of the year. This places DSM in an excellent position to pursue its strategic growth ambitions.

Net sales

in € million	**full year** 2010	2009	differ-ence	organic growth	exch. rates	other
Nutrition	3,005	2,824	6%	2%	4%	
Pharma	739	721	3%	-1%	4%	
Performance Materials	2,507	1,823	38%	31%	4%	3%
Polymer Intermediates	1,398	849	65%	59%	6%	
Other activities	527	508				
Total (continuing operations)	8,176	6,725	22%	19%	4%	-1%*
Discontinued operations	874	1,141				
Total	9,050	7,866				

* Including the effect of the deconsolidation of DSM's interest in Utility Support Group B.V. and EdeA v.o.f., which were reported in Other activities

Organic sales growth in the **fourth quarter** was 14%, evenly spread over volumes and prices. Performance Materials was the main driver for volumes, Polymer Intermediates for prices. Currency exchange rates had a 6% positive effect. Deconsolidations resulted in a 2% decrease.

Full year sales were very strong compared to 2009. Nutrition showed strong volume growth with slightly lower prices. At constant exchange rates, sales in Pharma were virtually flat.

Materials Sciences showed a very strong volume increase resulting in an operating level which was back to pre-crisis level in most businesses. Pricing was very strong especially in Polymer Intermediates.

Operating profit

Operating profit in the **fourth quarter** amounted to € 170 million, which was 17% higher than in Q4 2009. Nutrition's profit was almost equal to Q4 2009. The positive trend in the business was offset by the very strong Swiss franc. Pharma results were lower than in Q4 2009 which included orders in flu related sterile vaccines. The combined Materials Sciences businesses continued to improve volumes and margins.

Full year operating profit was € 752 million, which was 74% above 2009. After 17% operating profit growth in 2009, Nutrition delivered 9% growth in 2010. This is a reflection of Nutrition's ability to strengthen its market position based on its innovation and differentiation strategy in combination with a good operational performance. The Pharma results were lower, reflecting continuing challenges in the pharmaceutical industry and the one-off effect of flu related sterile vaccines business in 2009. The Performance Materials operating profit was substantially better than in 2009 and topped the 2008 level. Polymer Intermediates posted an excellent performance and its best year ever. In both caprolactam and acrylonitrile, margins were the driver.

Business review by cluster

Nutrition

fourth quarter		*in € million*	**full year**	
2010	2009		2010	2009
758	716	Net sales	3,005	2,824
167	174	EBITDA	702	655
136	137	EBIT	569	521
22.0%	24.3%	EBITDA margin	23.4%	23.2%

Fourth quarter organic sales development was -1% as higher sales volumes were offset by lower prices. DSM's Quali-C™ continues to command a solid premium despite increased price pressure in vitamin C. Operating profit was in line with Q4 2009 and Q3 2010 despite a negative impact of the strong Swiss franc. Performance of personal care and savory ingredients was particularly strong compared to 2009.

Full year performance was above 2009, in both sales and profitability. Organic sales growth was 2%, mainly driven by higher volumes. Operating profit of DSM Nutritional Products and DSM Food Specialties increased further, due to good market conditions, excellent manufacturing performance, good cost control and favorable currency exchange rates. The cluster remained focused on its value over volume strategy.

Pharma

fourth quarter		*in € million*	full year	
2010	2009		2010	2009
190	195	Net sales	739	721
27	34	EBITDA	65	91
12	16	EBIT	7	32
14.2%	17.4%	EBITDA margin	8.8%	12.6%

Fourth quarter sales were considerably higher than in the previous quarter, mainly due to seasonally high shipments in DSM Pharmaceutical Products. However, organic sales development compared to Q4 2009 was -8% mainly due to orders in the flu related sterile vaccines business in Q4 2009. As a consequence, operating profit was lower than in Q4 2009.

Full year organic sales development was -1%. The much lower operating result compared to 2009 was mainly due to DSM Pharmaceutical Products as it continued to face challenges as a result of low demand from pharmaceutical companies, delay in approvals and the loss of some large contracts. DSM Anti-Infectives' improved performance in its continuing business could not completely offset the loss of margin as a result of the termination of clavulanic acid production in 2009.

Performance Materials

fourth quarter		*in € million*	full year	
2010	2009		2010	2009
640	476	Net sales	2,507	1,823
59	52	EBITDA	299	174
30	23	EBIT	179	68
9.2%	10.9%	EBITDA margin	11.9%	9.5%

Fourth quarter organic sales growth was 25%, of which 10% prices and 15% volumes. All three business groups (DSM Engineering Plastics, DSM Dyneema and DSM Resins) contributed to this growth. The operating result clearly improved compared to Q4 2009. DSM Engineering Plastics and DSM Resins improved unit margins, but the further increased feedstock prices in Q4 are not yet fully reflected in pricing.

Full year organic sales growth was 31%, highlighting a very strong recovery from the depressed year 2009 in all three business groups. Prices were flat at DSM Dyneema, but clearly increased in the other two business groups. The sales increase was reflected in the operating result, which showed a significant improvement, especially in the first half of the year because of downstream restocking. The second half of the year was affected by increased feedstock prices.

Polymer Intermediates

fourth quarter 2010	fourth quarter 2009	*in € million*	full year 2010	full year 2009
382	249	Net sales	1,398	849
68	18	EBITDA	229	36
55	11	EBIT	192	6
17.8%	7.2%	EBITDA margin	16.4%	4.2%

Organic sales growth in the **fourth quarter** was 44%, mainly reflecting very strong prices. Volume growth was restricted because of capacity limitations. Although feedstock prices increased, this was clearly compensated for by better prices. This resulted in a record operating profit.

Full year organic sales growth was 59%, reflecting very strong trading conditions for caprolactam as well as acrylonitrile. These excellent trading conditions resulted in an unprecedented operating profit.

Other activities

fourth quarter 2010	fourth quarter 2009	*in € million*	full year 2010	full year 2009
112	122	Net sales	527	508
-45	-18	EBITDA	-134	-122
-63	-42	EBIT	-195	-194
		of which:		
-13	-17	- defined benefit plans	-63	-70
-17	-11	- Innovation Center	-61	-54
-33	-14	- other	-71	-70

The lower **fourth quarter** result in Other activities compared to Q4 2009 was, as expected, a result of additional project expenses related to the announced strategy (including investments in internationalization and branding as well as M&A related costs). An impairment loss was recognized for the Emerging Business Area (EBA) Specialty Packaging. Share based payments costs increased following the higher DSM share price.

Full year operating result stayed at the same level as in 2009. Additional project related costs were compensated for by higher results from some remaining non-core businesses.

Exceptional items

Exceptional items in the **fourth quarter** amounted to +€ 46 million (+€ 32 million after tax). Included were pre-tax gains in relation to the disposal of the Sarlink® business of DSM Elastomers (+€ 10 million) and the reversal of the remaining, previously recognized impairment of the cash generating unit DSM Anti-Infectives (+€ 55 million). Furthermore releases of pension provisions related to disposals (+€ 19 million) and one-time non-cash charges (-€ 13 million) in connection with the change of the Dutch pension plan to a defined contribution plan were recognized. Impairments in the Linz (Austria) operations (Intermediates and DSM Pharmaceutical Products) resulted in a pre-tax charge of -€ 26 million.

Full year exceptional items after tax amounted to a loss of € 40 million.

Net profit

Net finance costs in the **fourth quarter** increased by € 6 million compared to Q4 2009 and reached a level of € 27 million, mainly due to unfavorable exchange and interest rate developments as well as a non-recurring gain on a disposal of other participations in Q4 2009.

Net finance costs for the **full year** amounted to € 93 million, which is € 18 million lower than in 2009.

The *effective tax rate* for the full year (continuing operations) amounted to 24%.

Net profit before exceptional items in the **fourth quarter** increased by € 28 million compared to Q4 2009 and stood at € 117 million. *Total net profit* in the fourth quarter increased by € 209 million compared to Q4 2009, which included the impairment of the goodwill of Catalytica (€ 154 million).

Net profit before exceptional items for the **full year** amounted to € 547 million, which was € 303 million higher than in 2009. *Total net profit* increased by € 170 million compared to 2009 and reached a level of € 507 million.

Full year *Net earnings per share* amounted to € 3.03 in 2010 versus € 2.01 in 2009.

Cash flow, capital expenditure and financing

As a result of DSM's strong focus on cash, *Cash flow from operating activities* amounted to € 1,103 million for the **full year** 2010. Operating cash flow for the **fourth quarter** amounted to € 413 million (Q4 2009 € 326 million).

Operating working capital (continuing operations) in % of net sales decreased from 18.6% at the end of 2009 to 17.9% at the end of 2010.

Total cash used for *Capital expenditure* was € 416 million for the **full year** of 2010, which was € 41 million lower than the previous year (2009 € 457 million). Total cash used for capital expenditure in the **fourth quarter** was € 165 million (Q4 2009 € 120 million).

Compared to year-end 2009 *Net debt* decreased by € 938 million and resulted in a net debt of minus € 108 million. At the end of 2010 € 837 million was invested in higher yielding term deposits (duration 3 to 6 months), which are shown in the cash flow statement as 'current investments'.

Dividend

DSM's dividend policy is to provide a stable and preferably rising dividend. In September 2010 DSM indicated that it would propose a dividend increase of € 0.10 per ordinary share from € 1.20 to € 1.30 for 2010. In view of the strong financial results achieved in 2010 and the company's confidence that the foundations are in place to achieve its new strategic growth and profitability objectives, DSM now proposes to increase the dividend by € 0.15 (12.5%) to € 1.35 per ordinary share. This will be proposed to the Annual General Meeting of Shareholders to be held on 28 April 2011. An interim dividend of € 0.40 per ordinary share having been paid in August 2010, the final dividend would then amount to € 0.95 per ordinary share. The dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder. Dividend in cash will be paid after deduction of 15% Dutch dividend withholding tax. The ex-dividend date is 2 May 2011.

DSM reiterates that for the coming years the company intends to further increase the dividend to at least € 1.50 per ordinary share, barring unforeseen circumstances and assuming that DSM will be able to fulfill its growth aspirations.

Workforce

At year-end 2010 the workforce stood at 21,911. This represents a decrease of 827 compared to year-end 2009. This decrease was mainly due to the divestment of the Base Chemicals and Materials activities.

Vision 2010

The time frame of DSM's *Vision 2010 – Building on Strengths* strategy has ended. In summary, this strategy built on the company's track record of portfolio transformation and sharpened its focus on Life Sciences and Materials Sciences at an increased pace, fueled by key global societal trends.

A key element of the strategy was to establish Life Sciences and Materials Sciences as business areas that offer attractive growth potential, not just individually but also in combination. The cross-fertilization potential between Life Sciences and Materials Sciences is high. DSM is convinced that biotechnology, traditionally associated with Life Sciences, will increasingly play a role in developing new, greener and cleaner (bio-based) materials while at the same time performance materials will increasingly be used in medical applications in the field of Life Sciences.

The Emerging Business Areas (EBAs) create growth platforms that are based on the strengths and synergies of DSM's positions in Life Sciences and Materials Sciences.

The main building blocks of DSM's Accelerated *Vision 2010* transformation, announced in September 2007, included reshaping the portfolio at an increased pace, setting ambitious new targets, introducing measures related to DSM's shareholders and reinforcing DSM's Triple P focus.

Reshaping the portfolio

In the past three years, DSM has transformed itself into a focused Life Sciences and Materials Sciences company by divesting non-core businesses and making selective acquisitions.

Divestments

In 2008 DSM Anti-Infectives sold DSM Deretil in a management buy-out. In 2009 DSM completed the divestment of Stamicarbon, DSM Energy and DSM's interest in Noordgastransport.

In 2010 DSM completed the sale of DSM Agro and DSM Melamine, S.A. Citrique Belge N.V., DSM Special Products B.V. and the business unit DSM Thermoplastic Elastomers (Sarlink®), part of the business group DSM Elastomers.

DSM also reached an agreement regarding the sale of the remaining part of DSM Elastomers to LANXESS. The intended sale is expected to close in the first few months of 2011, subject to regulatory and other customary approvals and notifications.

The announced divestment of DSM Elastomers represents the final stage of the transformation of DSM. Total divestment proceeds – including the proceeds from the intended sale of the remaining part of DSM Elastomers – are expected to be about € 1.2 billion. The selling process for the Maleic Anhydride and Derivatives business is underway.

In addition to divestments, DSM also rationalized a number of production sites. In Sweden DSM closed its solvent-borne alkyd resin production site in Landskrona. In Wuxi (China) DSM closed the Citric Acid production site following a request from the local government to relocate the plant. DSM Anti-Infectives closed its clavulanic acid production site in Sweden and also closed its production site in Egypt.

Acquisitions
From the announcement of Accelerated *Vision 2010* until the end of the strategy period, DSM completed a number of acquisitions, although the company has been cautious about making acquisitions during the financial crisis and economic downturn.

In 2007 DSM acquired Pamako Engineering and Pentapharm. In 2008, DSM acquired The Polymer Technology Group, Valley Research and Soluol. In 2009 DSM acquired Biopract and DSM Composite Resins completed two joint venture agreements with BÜFA.

In 2010 DSM acquired full control of the polyamide 6 polymerization facility of Nylon Polymer Company and DSM Engineering Plastics completed the acquisition of Mitsubishi Chemical Corporation's Novamid™ polyamide business in exchange for DSM's Xantar® polycarbonate business. DSM Biologics acquired the assets and associated business of the Rhobust™ technology and DSM Nutritional Products acquired Microbia.

Measuring performance
In the period 2006-2010 DSM gave its portfolio a greater and clearer focus and it successfully completed its *Vision 2010* strategy, despite the most severe economic downturn of the last 70 years.

The targets in the Accelerated *Vision 2010* strategy were set assuming that there would be no adverse general economic and trading conditions affecting DSM specifically.

DSM achieved the targets set out in Accelerated *Vision 2010*, except for the EBITDA margin targets for Performance Materials due to the economic downturn and Pharma which faced considerable challenges in a changing market place. Polymer Intermediates is currently above the target though on average over the period the target could not be achieved.

The following table shows the *Vision 2010* targets compared to the results in 2010:

Vision 2010 targets	Actual 2010	Target 2010
Organic sales growth[1)]	*19%*	> 5% per year on average
EBITDA / net sales margin per cluster:		
Nutrition	*23.4%*	> 18%
Pharma	*8.8%*	> 19%
Performance Materials	*11.9%*	> 17%
Polymer Intermediates[2)]	*16.4%*	> 13%
Growth from innovation	*€ 1.3 billon*	€ 1 billion
Sales in China	*USD 1.6 billion*	USD 1.5 billion
CFROI[3)]	9.2%	WACC (7.5%) + 100 bp
Sustainability	*all achieved*	
- retaining top position in important sustainability rankings - achieving leadership in industrial (white) biotechnology - continuously improving eco-footprint - increasing diversity of workforce - reducing energy usage per unit of product by 8% over the period 2005-2010		
Total shareholder return	130% vs. 146% for peer group[4)]	Above peer group average

1) Average over the period 2006-2010*: 5%*

2) On average over the period 2006-2010: 9.2%

3) Achieved in 4 out of 5 years during the *Vision 2010* period

4) Total Shareholder Return 2006-2010 DSM: 131%, peer group: 151%.The peer group consists of AkzoNobel, BASF, Clariant, Danisco, DuPont, EMS Chemie Holding, Kerry, LANXESS, Lonza Group, Novozymes, Rhodia and Solvay

Market-driven growth and innovation was a key driver of DSM's *Vision 2010* strategy and contributed significantly to growth. Organic sales growth from continuing operations in 2010 amounted to 19%, of which 13% as a result of higher volumes and 6% due to higher prices. Over the period 2006-2010, average organic sales growth amounted to 5%.

DSM is proud to have clearly exceeded its *Vision 2010* target of generating an additional € 1 billion in sales from innovation by 2010 compared to 2005. In 2010 innovation-driven sales were about € 1,280 million compared to about € 810 million in 2009.

DSM continued its growth in emerging economies. As a percentage of total revenues, sales in emerging economies (Central and Eastern Europe, Latin America, China and Emerging Asia Pacific) increased from 32% in 2009 to 36% in 2010. In 2005 this percentage was 20%.

In China, DSM has had a significant presence for a number of years. China is changing very rapidly, transforming from the world's manufacturing base into one of the world's leading economies with the highest growth rates and with innovation playing an increasing role. China has become one of the largest markets in the world, accompanied by an increasing demand for Life Sciences and Materials Sciences products.

Economic prosperity and strong domestic demand, driven by a fast-rising income level, are expected to fuel economic growth for the coming decades. In 1998, DSM reported less than USD 100 million in sales in China. In 2005 sales had increased more than six fold to over USD 600 million.

Over the last few years DSM has been experiencing growth rates in China of around 20% per year on average. Sales in China in 2010 amounted to USD 1,631 million, 37% more than in 2009 and a new record for the company. DSM is proud that it exceeded the sales target of USD 1.5 billion that it had set for 2010. The target was increased from USD 1.0 billion in 2007.

In response to the economic downturn in 2009, DSM implemented tough measures to manage cash and working capital and to reduce costs. This involved the reduction of the global workforce by approximately 1,200 positions and cost savings of more than € 200 million per year.

DSM in motion: ***driving focused growth***

DSM in motion: *driving focused growth* marks the shift from an era of intensive portfolio transformation to a strategy of maximizing sustainable and profitable growth of 'the new DSM'. The current businesses compose the new core of DSM in Life Sciences and Materials Sciences.

DSM's focus on Life Sciences (Nutrition and Pharma) and Materials Sciences (Performance Materials and Polymer Intermediates) is fueled by three societal trends: *Global Shifts, Climate and Energy* and *Health and Wellness*. The main underlying drivers of these trends are the world's population growth and increasing life expectancy on the one hand, and increasing economic prosperity and consumption in the high growth economies on the other. DSM aims to meet the unmet needs resulting from these societal trends with innovative and sustainable solutions.

It is DSM's ambition to fully leverage the unique opportunities in Life Sciences and Materials Sciences, using four growth drivers (*High Growth Economies, Innovation, Sustainability* and *Acquisitions & Partnerships*) and bringing all four drivers to the next level. At the same time DSM aims to make maximum use of the potential of all four growth drivers to mutually reinforce each other.

The Emerging Business Areas (EBAs) provide strong, long-term growth platforms, which optimally combine the available competences in Life Sciences and Materials Sciences. DSM has formulated an ambitious growth perspective for the EBAs DSM Bio-based Products & Services, DSM Biomedical and DSM Advanced Surfaces. The focus on the EBA programs Personalized Nutrition and Specialty Packaging will be reduced and they will be partnered, exited or transferred to other parts of DSM.

Regional organizations, functional excellence groups and shared services enhance the performance of the business groups which together create 'One DSM'. DSM will capture regional business opportunities and synergies and implement excellence throughout the global organization.

The culture change program that is currently in progress (focusing on external orientation, accountability for performance and inspirational leadership) will be further anchored with an emphasis on collaboration and speed of execution to support this strategy. All this is based on sustainability as DSM's core value and its belief in diversity, including internationalization.

DSM has set itself ambitious targets for the next strategy period. With the transformation completed, DSM can now focus on, and accelerate, growth. The company has high aspirations, based on an assessment of the opportunities, particularly in high growth economies.

Profitability targets 2013	
EBITDA	€ 1.4 - 1.6 bn
ROCE	> 15%
Sales targets 2015	
Organic sales growth	5-7% annually
China sales	from USD 1.5 bn to > USD 3 bn
High Growth Economies sales	from ~32% towards 50% of sales
Innovation sales	from ~12% to 20% of sales
Aspiration regarding the Emerging Business Areas (EBA) for 2020	
EBA sales	> € 1 bn

The agreement with Sinochem Group to form a 50/50 global joint venture for the business group DSM Anti-Infectives is one of the first major milestones of DSM's new strategy.

In December 2010 DSM announced the intended acquisition of Martek, a US based producer of high value products from microbial sources that promote health and wellness through nutrition. This transaction will be the first major acquisition by DSM after its successful transformation into a Life Sciences and Materials Sciences company.

The intended acquisition of 51% in AGI Corporation (Taiwan) will allow DSM to not only strengthen its UV technology platform, an innovative and environmentally friendly technology, but also expand its position in high growth economies. It is therefore consistent with all four growth drivers.

As announced in January 2011 DSM's strategic cooperation with Russia-based KuibyshevAzot OJSC will result in two joint ventures. In both of these, DSM Engineering Plastics will hold a majority share. In addition, KuibyshevAzot will be granted a license under DSM Fibre Intermediates' technology for the production of cyclohexanone.

DSM announced in February 2011 an agreement to acquire the majority shareholding in Shandong ICD High Performance Fibre Co Ltd. ("ICD"), based in Laiwu, Shandong province, China. Closing of this transaction is expected in the course of 2011. The acquisition of the majority share in ICD will bring complementary manufacturing and technology assets to DSM in addition to strengthening DSM's presence in this key market.

Sustainability

DSM believes sustainability will be a key differentiator and value driver over the coming decades. The company has met all the sustainability targets it had set as part of its *Vision 2010* strategy. In 2010 both total energy consumption and greenhouse-gas emissions (in CO_2 equivalents) decreased by 22%. The decrease was mainly due to divestments. Energy efficiency in 2010 was 8% better than in 2005, meeting the target set.

In 2010 DSM executed its third worldwide Employee Engagement Survey. The results showed a 3 percentage point improvement in the level of engagement of employees (the percentage scoring favorable) compared to the second survey in 2009. The engagement score takes DSM within an 8 percentage point range of the external engagement benchmark of high-performing companies (scoring 79% favorable), which is the league DSM wants to be part of.

In 2010, 89% of DSM's innovations were ECO+[1] solutions. This compares to 78% in 2009. DSM was once again ranked the global number one in sustainability in the chemical sector of the Dow Jones Sustainability Index in 2010, just as in 2004, 2005, 2006 and 2009.

As part of its new strategy, DSM in motion: *driving focused growth*, DSM has formulated the ambition to go to the next level in sustainability: *from responsibility to a business driver*.

Sustainability aspirations 2011-2015

- Dow Jones Sustainability Index: Top ranking (SAM Gold Class)
- ECO+ (innovation): 80%+ of pipeline is ECO+
- ECO+ (running business): from ~34% towards 50%
- Energy efficiency: 20% improvement in 2020, compared to 2008
- Greenhouse-gas emissions: -25% (absolute) by 2020, compared to 2008
- Engagement Survey: towards High Performance Norm
- Diversity & People: to be defined in 2011

As from 2011, DSM will report on a number of sustainability metrics. With the publication of the annual results 2010 the company is also publishing its first Integrated Annual Report, combining the Annual Report with the Triple P report. The transparency of DSM's reporting on sustainability has once again been recognized, as is evidenced by the achievement of GRI A+ status for the Integrated Annual Report.

DSM brand

As the transformation of DSM into a Life Sciences and Materials Sciences company active in health, nutrition and materials is complete, a new corporate brand is a logical step. The new DSM brand demonstrates very clearly – to customers, suppliers, shareholders, the communities in which the company works as well as to DSM employees – that DSM has turned a page. The new brand is a symbol of the company's transition to 'the new DSM': a Life Sciences and Materials Sciences company addressing key global societal trends.

[1] ECO+ solutions are products and services that, when considered over their whole life cycle, offer clear ecological benefits (in other words, a clearly lower eco-footprint) compared to the mainstream solutions they compete with. These ecological benefits can be created at any stage of the product life cycle − from raw material through manufacturing and use to potential re-use and end-of-life disposal. ECO+ solutions, in short, create less environmental impact on human health, ecosystem quality, and resources. The qualification ECO+ is based upon internal expert opinions where various impact categories are evaluated, for a growing number of products supported by Life Cycle Assessments.

The new brand is a reflection of the overall positioning – internal and external – of the company. It stands for the newly created DSM (the Life Sciences and Materials Sciences company) and the DSM culture (adapting to the new portfolio). In addition, it represents the values and the One DSM philosophy and fits with the mission to create brighter lives for people today and generations to come.

Outlook
The consensus economic outlook for 2011 is positive. High growth economies, in particular China, are continuing to drive global growth, whilst the US and Western European economies are expected to continue their gradual recovery. It is therefore anticipated that the end-markets that are relevant for DSM will show continued growth.

Inflation, however, is expected to increase during the year, resulting in higher prices for energy and certain raw materials compared to 2010 as is already seen today. DSM will actively seek to offset these through price increases. Currency exchange rates are expected to remain volatile in 2011; especially the current rate of the Swiss franc is unfavorable for the Nutrition cluster.

The Nutrition cluster is expected to achieve sustained good performance. The Nutrition cluster’s results are expected to be positively impacted by the acquisition of Martek. The focus within the Pharma cluster will be on the strategy execution such as the announced anti-infectives joint venture with Sinochem. Business conditions are expected to be similar to 2010.

The Performance Materials cluster is expected to benefit significantly from continued global growth in the relevant end-markets such as automotive, electronics and packaging. There are early signs of recovery in the building and construction markets for the second half of the year. Polymer Intermediates is expected to continue its excellent performance in 2011 in view of very favorable trading conditions.

In connection with the new collective labor agreement in the Netherlands the Dutch pension plan was changed from a defined benefit plan into a defined contribution plan with a fixed premium. In this new scheme the financial risks related to the pension plan will be borne by the pension fund and its (former) participants. DSM’s cash contribution to the pension plan will be similar to the contribution in 2010. The change will, however, have a negative accounting effect (non-cash) of € 33 million on operating profit from 2011 onward compared to 2010.

The tax rate for continuing operations excluding exceptional items is expected to be considerably lower going forward at a level of about 21% - even including US-based Martek - compared to 24% for 2010. This is mainly caused by a different geographic spread of results after the divestments and acquisitions, but also due to the application of preferential tax regimes.

Based on the above, 2011 is expected to be another strong year. This gives DSM confidence that it will meet the 2013 EBITDA target of € 1.4 to 1.6 billion, with ROCE expected to exceed 15%.

Additional information
Today DSM will hold a conference call for the media from 08.15 AM – 08.45 AM CET and a conference call for investors and analysts from 09.00 AM - 09.45 AM CET. Details on how to access these calls can be found on the DSM website, www.dsm.com. Also, information regarding DSM's full-year 2010 results can be found in the Presentation to Investors, which can be downloaded from the Investors section.

Condensed consolidated statement of income for the fourth quarter

fourth quarter 2010			*in € million*	fourth quarter 2009		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
2,202		2,202	net sales	2,016		2,016
290	-27	263	operating profit before depreciation and amortization (EBITDA)	275	26	301
180	46	226	operating profit (EBIT)	142	-141	1
10	12	22	operating profit from discontinued operations	-3	33	30
170	34	204	operating profit from continuing operations	145	-174	-29
-27		-27	net finance costs	-21		-21
1		1	share of the profit of associates	-3		-3
144	34	178	profit before income tax expense	121	-174	-53
-31	-12	-43	income tax expense	-29	2	-27
113	22	135	net profit from continuing operations	92	-172	-80
10	10	20	net profit from discontinued operations	-2	23	21
123	32	155	profit for the period	90	-149	-59
-6		-6	non-controlling interests	-1		-1
117	32	149	net profit	89	-149	-60
117	32	149	net profit	89	-149	-60
-3		-3	dividend on cumulative preference shares	-3		-3
114	32	146	net profit used for calculating earnings per share	86	-149	-63
110	-73	37	depreciation and amortization	133	167	300
		170	capital expenditure			150
		3	acquisitions			-3
			net earnings per ordinary share in €			
0.69	0.20	0.89	- net earnings, total DSM	0.53	-0.92	-0.39
0.63	0.14	0.77	- net earnings, continuing operations	0.54	-1.06	-0.52
		165.2	average number of ordinary shares (x million)			162.7
		166.5	number of ordinary shares, end of period (x million)			163.0
		21,911	workforce (headcount) at end of period			22,738
		6,754	of which in the Netherlands			7,331

Condensed consolidated statement of income full year

full year 2010			*in € million*	full year 2009		
before exceptional items	exceptional Items	total		before exceptional items	exceptional Items	total
9,050		9,050	net sales	7,866		7,866
1,278	-52	1,226	operating profit before depreciation and amortization (EBITDA)	917	274	1,191
838	-36	802	operating profit (EBIT)	443	92	535
86	-48	38	operating profit from discontinued operations	10	318	328
752	12	764	operating profit from continuing operations	433	-226	207
-93		-93	net finance costs	-111		-111
5		5	share of the profit of associates	-4		-4
664	12	676	profit before income tax expense	318	-226	92
-162	-4	-166	income tax expense	-73	14	-59
502	8	510	net profit from continuing operations	245	-212	33
63	-48	15	net profit from discontinued operations	-2	305	303
565	-40	525	profit for the period	243	93	336
-18		-18	non-controlling interests	1		1
547	-40	507	net profit	244	93	337
547	-40	507	net profit	244	93	337
-10		-10	dividend on cumulative preference shares	-10		-10
537	-40	497	net profit used for calculating earnings per share	234	93	327
440	-16	424	depreciation and amortization	474	182	656
		427	capital expenditure			472
		49	acquisitions			-5
			net earnings per ordinary share in €			
3.27	-0.24	3.03	- net earnings, total DSM	1.44	0.57	2.01
2.89	0.05	2.94	- net earnings, continuing operations	1.44	-1.30	0.14
		164.0	average number of ordinary shares (x million)			162.4
		166.5	number of ordinary shares, end of period (x million)			163.0
		21,911	workforce (headcount) at end of period			22,738
		6,754	of which in the Netherlands			7,331

Consolidated balance sheet: assets

in € million	year-end 2010		year-end 2009	
intangible assets	1,070		1,053	
property, plant and equipment	2,943		3,477	
deferred tax assets	326		322	
prepaid pension costs	1		282	
associates	25		18	
other financial assets	270		233	
	--------		--------	
non-current assets		**4,635**		**5,385**
inventories	1,340		1,359	
trade receivables	1,361		1,321	
other receivables	116		89	
financial derivatives	134		88	
current investments	837		7	
cash and cash equivalents	1,453		1,340	
	--------		--------	
		5,241		4,204
assets to be contributed to joint ventures		317		
other assets held for sale		287		25
		--------		--------
current assets		**5,845**		**4,229**
		--------		--------
total assets		**10,480**		**9,614**

Consolidated balance sheet: equity and liabilities

in € million	year-end 2010		year-end 2009	
shareholders' equity	5,481		4,949	
minority interests	96		62	
	--------		--------	
equity		**5,577**		**5,011**
deferred tax liabilities	155		115	
employee benefits liabilities	297		298	
provisions	93		103	
borrowings	1,992		2,066	
other non-current liabilities	33		49	
	--------		--------	
non-current liabilities		**2,570**		**2,631**
employee benefits liabilities	24		26	
provisions	33		102	
borrowings	105		138	
financial derivatives	219		61	
trade payables	1,277		1,169	
other current liabilities	512		469	
	--------		--------	
		2,170		1,965
liabilities to be contributed to joint ventures		104		
other liabilities held for sale		59		7
		---------		--------
current liabilities		**2,333**		**1,972**
		---------		--------
total equity and liabilities		**10,480**		**9,614**
capital employed *		5,468		5,673
equity / total assets*		53%		52%
net debt*		-108		830
gearing (net debt / equity plus net debt)*		-2%		14%
operating working capital, continuing operations		1,487		1,306
OWC / net sales, continuing operations		17.9%		18.6%

***** Before reclassification to held for sale

Condensed consolidated cash flow statement

in € million		full year 2010		2009
Cash and cash equivalents at beginning of period		1,340		601
operating activities:				
- earnings before interest, tax, depreciation and amortization	1,226		1,191	
- change in working capital	73		568	
- other	-196		-483	
cash provided by operating activities		1,103		1,276
investing activities:				
- capital expenditure	-416		-457	
- acquisitions	-61		-16	
- disposal of subsidiaries and businesses	363		279	
- disposal of other non-current assets	14		8	
- change in fixed-term deposits	-832		-	
- other	-32		-87	
cash used in investing activities		-964		-273
dividend	-206		-205	
other cash from/used in financing activities	45		-64	
cash used in financing activities		-161		-269
changes exchange differences		135		5
Cash and cash equivalents at end of period		1,453		1,340
current investments at 31 December		837		7
Cash, cash equivalents and current investments at end of period		2,290		1,347

Condensed consolidated statement of comprehensive income

in € million	full year 2010	full year 2009
exchange differences on translation of foreign operations	301	2
actuarial gains and losses and asset ceiling	-357	104
other changes	78	89
income tax expense	108	-43
	---------	---------
other comprehensive income	130	152
profit for the period	525	336
	---------	---------
Total comprehensive income	655	488

Condensed consolidated statement of changes in equity

in € million	full year 2010	full year 2009
Total equity at beginning of period	5,011	4,695
Changes:		
- total comprehensive income	655	488
- dividend	-207	-207
- proceeds from reissue of ordinary shares	95	18
- other changes	23	17
	---------	---------
Total equity at end of period	5,577	5,011

full year 2010 (in € million)

	Continuing operations							Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Other activities	Elimina-tion	Total continuing operations			
net sales	3,005	739	2,507	1,398	527		8,176	874		9,050
supplies to other clusters	52	14	42	395	20	-472	51	100	-151	
total supplies	3,057	753	2,549	1,793	547	-472	8,227	974	-151	9,050
operating profit before depreciation and amortization	702	65	299	229	-134		1,161	117		1,278
operating profit	569	7	179	192	-195		752	86		838
total assets	4,648	1,367	2,794	966	10,337	-9,632	10,480			10,480
workforce (headcount) at end of period	7,409	4,079	4,918	1,361	3,726		21,493	418		21,911

full year 2009 (in € million)

	Continuing operations							Discon-tinued operations	Elimina-tion	Total
	Nutrition	Pharma	Perform-ance Materials	Polymer Interme-diates	Other activities	Elimina-tion	Total continuing operations			
net sales	2,824	721	1,823	849	508		6,725	1,141		7,866
supplies to other clusters	61	11	25	256	45	-349	49	140	-189	
total supplies	2,885	732	1,848	1,105	553	-349	6,774	1,281	-189	7,866
operating profit before depreciation and amortization	655	91	174	36	-122		834	83		917
operating profit	521	32	68	6	-194		433	10		443
total assets	4,233	1,250	2,555	793	10,171	-9,388	9,614			9,614
workforce (headcount) at end of period	7,110	4,374	4,633	1,321	3,620		21,058	1,680		22,738

Notes to the financial statements

The full financial statements of DSM are included in the Integrated Annual Report 2010 that is available on www.dsm.com as of today.

Accounting policies
The consolidated financial statements of DSM for the year ended 31 December 2010 were prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as of the balance sheet date.

Heerlen, 23 February 2011

The Managing Board

Feike Sijbesma, Chairman/CEO
Rolf-Dieter Schwalb, CFO
Nico Gerardu
Stephan Tanda

Important dates

Annual General Meeting of Shareholders	Thursday, 28 April 2011
Report for the first quarter	Wednesday, 27 April 2011
Report for the second quarter	Tuesday, 2 August 2011
Report for the third quarter	Tuesday, 1 November 2011

DSM – Bright Science. Brighter Living.™

Royal DSM N.V. 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. DSM's 22,000 employees deliver annual net sales of around € 9 billion. The company is listed on NYSE Euronext. More information can be found at www.dsm.com.

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