

# Presentation to Investors

H1 2024 results

July 30, 2024

dsm-firmenich 

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.

More details on dsm-firmenich's H1 2024 financial performance can be found in the H1 2024. 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 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').. Pro forma" includes the Firmenich results as if the merger had occurred as of the beginning of 2023. The pro forma figures represent the results from continuing operations - please also refer to the section Definitions in the H1 2024 Press Release.

# Highlights

## H1 2024

- Strong improvement of financial results
- Synergies and vitamin transformation program on track, with €95 million delivered in the first six months
- Mid-term strategy defined, including financial targets and sustainability ambitions
- Portfolio fine-tuning progressing with divestments of yeast extracts and marine lipids already announced
- Animal Nutrition & Health separation well advanced

## Q2 2024

- Very strong growth in P&B, including good contribution from recovery in Ingredients
- Strong performance of TTH
- HNC returned to volume growth on higher demand for dietary supplements
- Significantly improved results in ANH with strong growth in Performance Solutions and higher vitamin profitability

## FY 2024 outlook increased

- Adjusted EBITDA around €2 billion

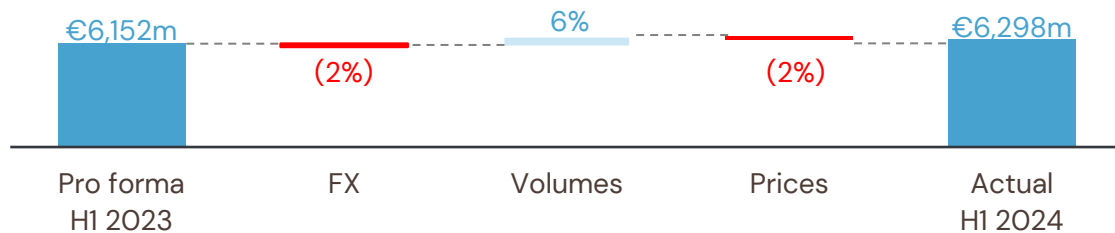


# H1 2024 Group financial highlights

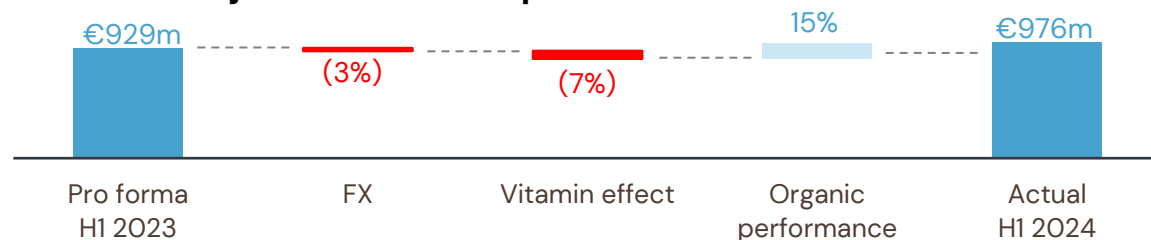
## Key financials

in €m	Actual H1 2024	Pro forma H1 2023 <sup>1</sup>	% Change
Sales	6,298	6,152	2
Organic sales growth (%)	4		
Adj. EBITDA	976	929	5
Adj. EBITDA margin (%)	15.5	15.1	

## H1 2024 sales development



## H1 2024 Adj. EBITDA development



## Improving business momentum

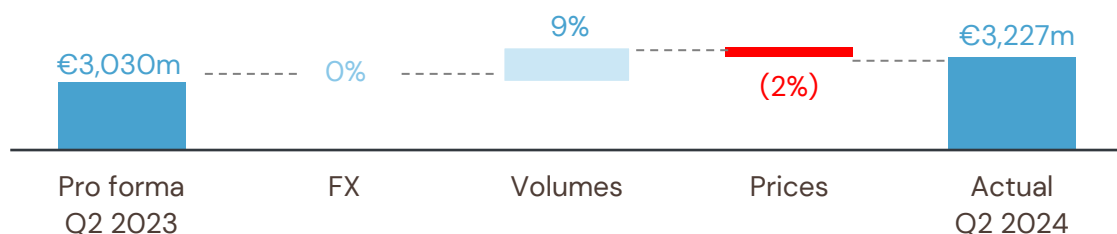
- P&B: strong performance
- TTH: good performance
- HNC: gradually improving business conditions
- ANH: increased profitability
- **Adj. EBITDA:** up 5% with a contribution of €95m from the vitamin transformation program and cost synergies. Adj. EBITDA still impacted by a negative vitamin effect, estimated at €65m, and by negative FX estimated at about €25m
- **Adj. EBITDA margin:** 15.5% (40bps increase vs prior year)

# Q2 2024 Group financial highlights

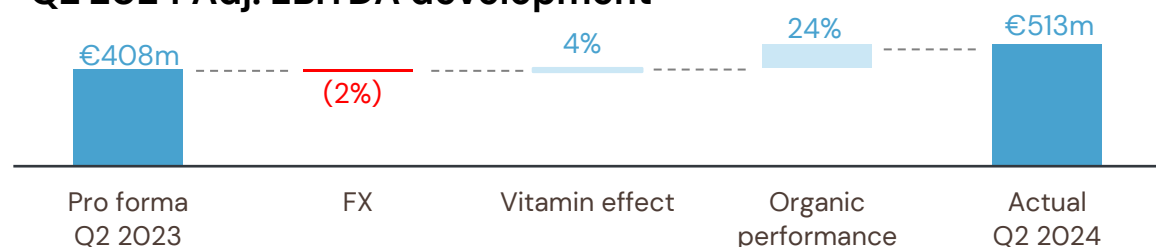
## Key financials

in €m	Actual Q2 2024	Pro forma Q2 2023 <sup>1</sup>	% Change
Sales	3,227	3,030	7
Organic sales growth (%)	7		
Adj. EBITDA	513	408	26
Adj. EBITDA margin (%)	15.9	13.5	

## Q2 2024 sales development



## Q2 2024 Adj. EBITDA development



P&B and TTH: strong performance  
HNC and ANH: improved momentum

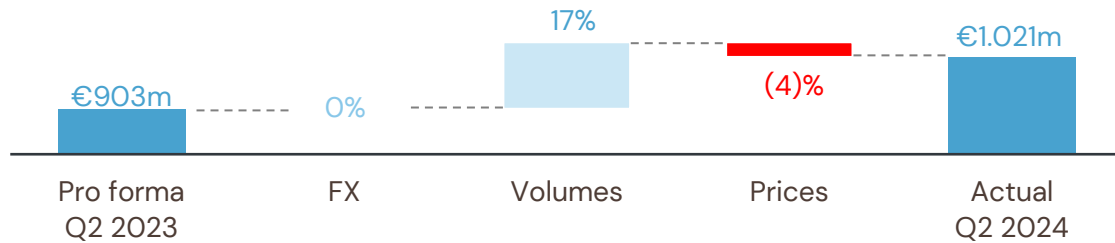
- Overall: strong **organic sales growth**
  - ✓ P&B: very strong results across all its three business lines, with a good demand recovery in Ingredients
  - ✓ TTH: further acceleration following a good Q1, driven by higher demand for both Taste and Ingredient Solutions
  - ✓ HNC: improvement in demand for dietary supplements. Early Life Nutrition saw continued customer destocking
  - ✓ ANH: Performance Solutions delivered another strong quarter, while profitability in vitamins started to improve
- **Adj. EBITDA: up 26% with:**
  - ✓ €50m contribution from the vitamin transformation program and cost synergies
  - ✓ Improved vitamin profitability, estimated at about €15m
  - ✓ FX effect, estimated at about minus €10m
- **Adj. EBITDA margin: 15.9%**

# Q2 2024 Perfumery & Beauty

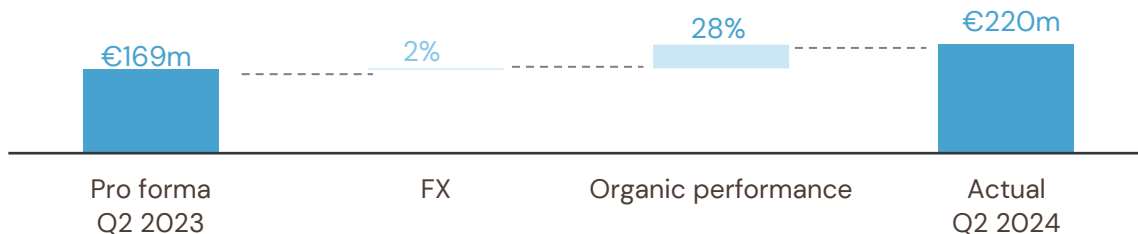
## Key financials

in €m	Actual Q2 2024	Pro forma Q2 2023 <sup>1</sup>	% Change
Sales	1,021	903	13
Organic sales growth (%)	13		
Adj. EBITDA	220	169	30
Adj. EBITDA margin (%)	21.5	18.7	

## Q2 2024 sales development



## Q2 2024 Adj. EBITDA development



Exceptionally strong, including good contribution from recovery in Ingredients

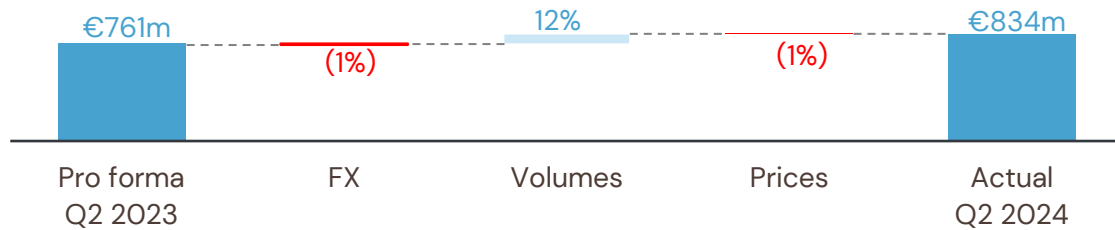
- **Organic sales growth** of 13%, with 17% higher volumes (including a 2% negative effect from Pinova), partly offset by lower pricing from product mix effects and some pass-through of lower input costs
- Very strong result with double-digit volume growth across all 3 business lines:
  - Perfumery: continued good growth in Fine Fragrances, while demand for Consumer Fragrances was exceptionally strong
  - Ingredients: strong demand across all end-use segments
  - Beauty & Care: continued positive momentum for both its beauty actives and for its hair, skin, and sun offerings, supported by sales synergies
- **Adj. EBITDA** up 30%, driven by higher volumes, lower costs, and the contribution from synergies
- **Adj. EBITDA margin** up 280 bps to 21.5%, supported by strong sales, somewhat impacted by negative product mix effects and one-off costs

# Q2 2024 Taste, Texture & Health

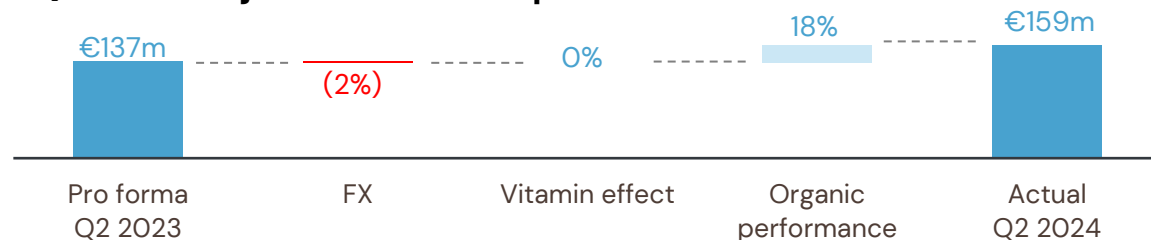
## Key financials

in €m	Actual Q2 2024	Pro forma Q2 2023 <sup>1</sup>	% Change
Sales	834	761	10
Organic sales growth (%)	11		
Adj. EBITDA	159	137	16
Adj. EBITDA margin (%)	19.1	18.0	

## Q2 2024 sales development



## Q2 2024 Adj. EBITDA development



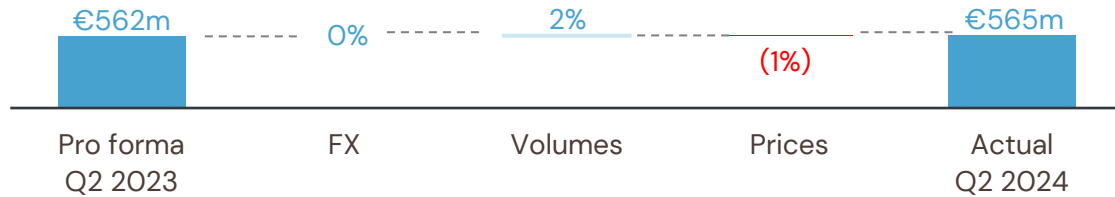
Strong results, further acceleration following a good Q1

- **Organic sales growth:** 11% with volumes were up 12%, and double-digit growth in both Taste and Ingredient Solutions, on a strong customer demand driven by catch up effects after destocking last year and with first benefits from sales synergies. Pricing was broadly stable
- **Adj. EBITDA:** up 16% driven by the strong volume growth and the benefit from synergies
- **Adj. EBITDA margin:** up 110bps to 19.1%

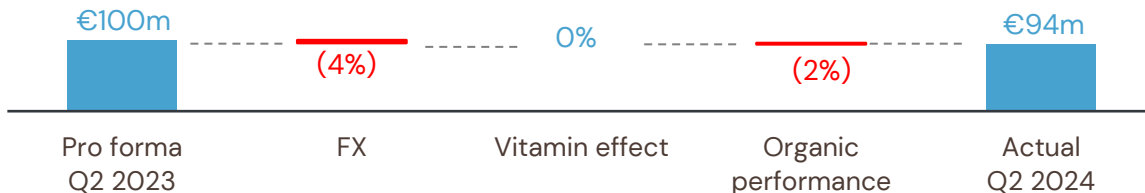
# Q2 2024 Health, Nutrition & Care

in €m	Actual Q2 2024	Pro forma Q2 2023 <sup>1</sup>	% Change
Sales	565	562	1
Organic sales growth (%)	1		
Adj. EBITDA	94	100	-6
Adj. EBITDA margin (%)	16.6	17.8	

## Q2 2024 sales development



## Q2 2024 Adj. EBITDA development



Improvement in demand for dietary supplements.  
Continued customer destocking in ELN

- **Organic sales growth:** turning positive (+1%), with 2% volume growth. The quarter saw improving business conditions in dietary supplements. Volume growth in this segment was still largely offset by ongoing destocking in early life nutrition. i-Health performed well. Overall, pricing was stable
- **Adj. EBITDA:** down 6% as the positive contribution from volume growth, cost synergies and the vitamin transformation program was more than offset by higher costs (especially for fish oils) and negative foreign exchange effects
- **Adj. EBITDA margin:** 120bps lower to 16.6%

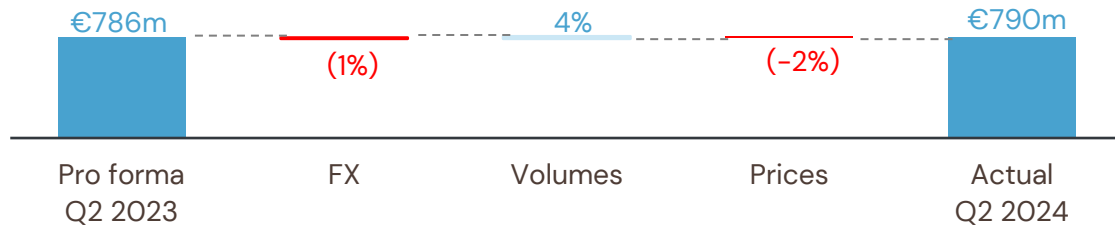


# Q2 2024 Animal Nutrition & Health

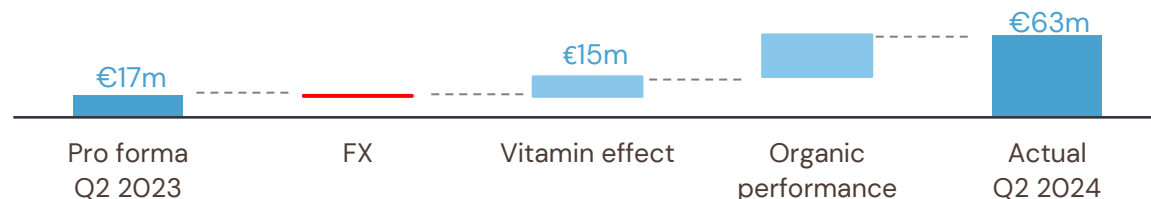
## Key financials

in €m	Actual Q2 2024	Pro forma Q2 2023 <sup>1</sup>	% Change
Sales	790	786	1
Organic sales growth (%)	2		
Adj. EBITDA	63	17	271
Adj. EBITDA margin (%)	8.0	2.2	

## Q2 2024 sales development



## Q2 2024 Adj. EBITDA development



Significantly improved results with strong growth in Performance Solutions & higher vitamin profitability

- **Organic sales growth:** turned positive in the quarter driven by volumes (+4%) from strong growth in Performance solutions, a solid growth in premixes, and limited growth from vitamins. Lower prices (-2%) were due to mix effects in the quarter with vitamin prices being overall stable
- **Adj. EBITDA:** increased to €63 million, driven by volume growth, and including about €20 million from the cost synergies and the vitamin transformation program, and about €15 million from improved vitamin profitability
- **Adj. EBITDA margin:** 8.0%

# Strong step-up in H1 Core Adj. EPS

in €m	Actual H1 2024	Pro forma H1 2023 <sup>1</sup>	% Change
<b>Sales</b>	<b>6,298</b>	<b>6,152</b>	<b>2</b>
<b>Adj. EBITDA</b>	<b>976</b>	<b>929</b>	<b>5</b>
<i>-/- D&amp;A</i>	<i>(451)</i>	<i>(470)</i>	
<b>Core Adj. EBIT</b>	<b>525</b>	<b>459</b>	<b>14</b>
<i>-/- Finex</i>	<i>(36)</i>	<i>(89)</i>	
<b>Core Adj. Profit before Income Tax</b>	<b>489</b>	<b>370</b>	<b>32</b>
<i>-/- Income tax</i>	<i>(122)</i>	<i>(134)</i>	
<i>-/- Share of Profit of Associates / joint control</i>	<i>(2)</i>		
<b>Core adj. net profit</b>	<b>365</b>	<b>236</b>	<b>55</b>
<i>-/- non-controlling interest</i>	<i>(8)</i>	<i>(5)</i>	
Net Profit shareholders dsm-firmenich	357	231	
Average number of shares outstanding	265.0	265.2	
<b>Core adj. Earnings Per Share (EPS) in €</b>	<b>1.35</b>	<b>0.87</b>	<b>55</b>

## Commentary

- Core Finex was positively impacted in H1 2024 by the effect of energy derivatives
- 2024 H1 Core tax rate was 25% while the IFRS tax rate was 26%. The difference is driven by the PPA
- Core net profit H1 2024 is €365m, a 55% step-up compared to proforma H1 2023 (€236m)
- Core EPS H1 2024 is €1.35

# Continued commitment to our cash ambitions

in € millions	H1 2024	Pro forma H1 2023
<b>Adj. gross operating free cash flow</b>	<b>460</b>	<b>285</b>
Operating working capital (OWC)	3,968	4,089
OWC as % of sales – end of period	30.7	33.7
Total working capital (WC)	3,280	3,201
Total WC as % of sales – end of period	25.4	26.4

## Commentary

- In H1 2024, the Adj. gross operating free cash flow was up €175m versus prior year H1, representing a cash conversion ratio of 7% on Sales
- OWC improved to 30.7% of Sales from 33.7% in prior year, reflecting discipline in managing operational efficiency and continued commitment to progress on our cash ambitions

# Outlook for FY 2024 increased

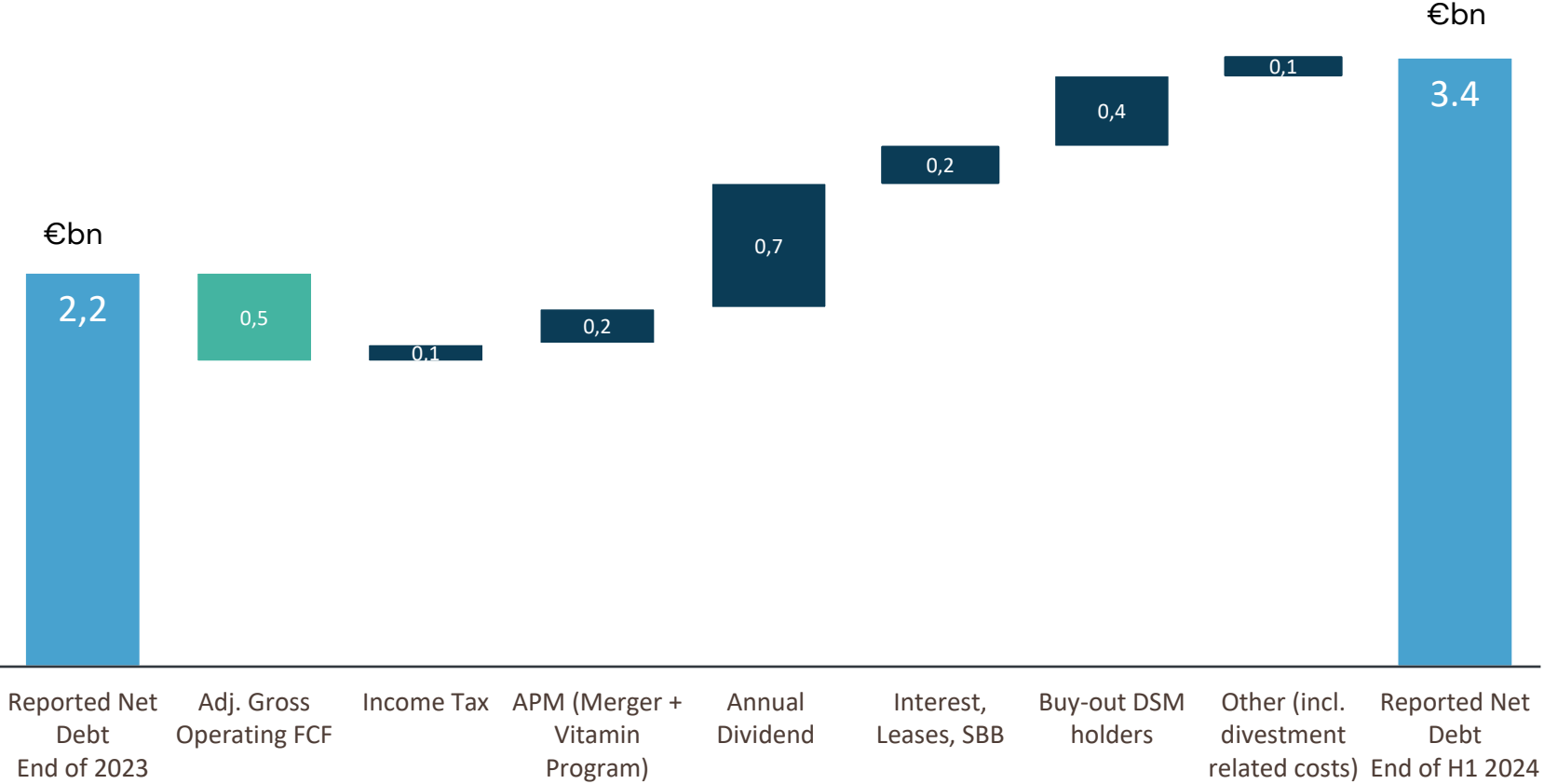
The company increases its full year outlook based on the positive business momentum continuing into the third quarter and our commitment to deliver a €200 million Adj. EBITDA contribution from a combination of synergy delivery and the vitamin transformation program, while we should remain cautious about the general economic conditions in which our customers operate

**The company estimates for FY 2024 an Adj. EBITDA of around €2 billion in FY 2024**

## 2024 'housekeeping'

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

# Net Debt increased due to Buy-out and dividend. Expected to reduce to around €3.0bn by YE 2024



**Net Debt/Adj. EBITDA H1 2024: 1.7x**

## Commentary

- Large outflows in H1 2024:
  - ✓ dividend payment
  - ✓ Buy-out former DSM shareholders
  - ✓ APMs Merger + Vitamin transformation program: €0.2bn
- Seasonal increase operating cash generation in H2 2024
- Reminder for H2 2024/2025:
  - ✓ €0.2bn remainder Buy-out former DSM shareholders (paid in July)
  - ✓ €0.1bn remainder APMs merger + vitamin transformation program
  - ✓ ANH separation & transaction costs: first estimate ~ €0.1bn
- Per IFRS definition, Net Debt excludes the €750m “Hybrid Note”

# Sustainability as business driver and core responsibility

Aiming for best-in-class ESG performance with our own operations & maximum positive impact on people & planet, together with our customers and partners



## People

Impact at work and across our value chain

- ✓ Engagement, DE&I and safety key elements of remuneration targets
- ⊖ New progress commitments to be set around healthy lives and thriving people



## Planet

Climate targets submitted for validation by SBTi

- ✓ Scope 1&2 42% and Scope 3 25% reduction in CO2e versus 2021
- ✓ Net-zero by 2045 across all scopes
- ✓ 100% purchased renewable electricity by 2025
- ⊖ Nature positive targets to be set in 2024: High value/risk ecosystems, water and waste

New progress commitments to be launched

Partnerships with

BILL & MELINDA GATES foundation

World Vision

unicef



World Food Programme

Broad contribution to SDGs



# H1 2024 Highlights on Sustainability (ESG)



## People

Impact at work and across our value chain

	H1 2024	2023
<b>Safety</b>		
Frequency index of recordable incidents - all	0.28	0.31
<b>Engagement</b>		
Employee Engagement	80%	82%
Value Awareness	83%	77%



## Planet

Climate targets submitted for validation by SBTi

	H1 2024	2023
<b>GHG Absolute reduction versus 2021<sup>1</sup></b>		
Scope 1 and 2 <sup>2</sup>	21%	-
<b>Purchased renewable electricity</b>	<b>92%</b>	<b>88%</b>

- dsm-firmenich takes its responsibility to accelerate climate action, as climate change is the most pressing environmental issue affecting biodiversity, nature, and society at large
- science-based targets submitted for validation by SBTi, 1.5°C ambition, aiming to achieve net-zero by 2045
- good progress on GHG reduction program, scope 3 reductions delivered by our suppliers and optimizing our product/supplier mix (25% of spend covered by our suppliers with SBTi targets) aligning with our ambition
- projects on waste valorisation, water savings, and other energy savings

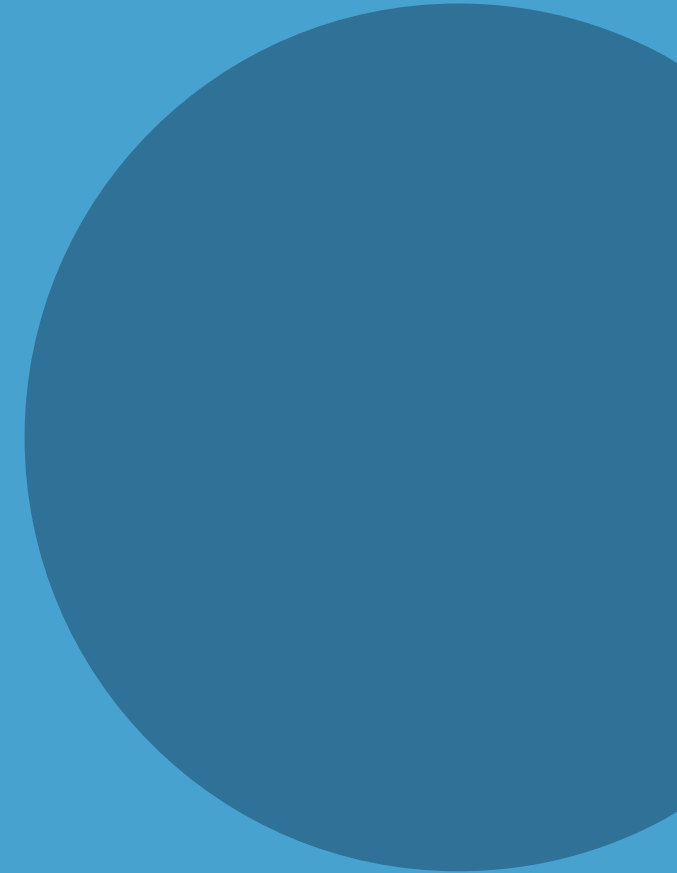
## Progress



strong ESG ratings gained



# Strategy





# Our journey towards bringing progress to life

## Dream



Bringing progress to life

By combining the Essential, Desirable & Sustainable

## Merge



2 iconic companies coming together

## Focus



Full focus on building a leading consumer company in Nutrition, Health & Beauty

Separating Animal Nutrition & Health

## Tune



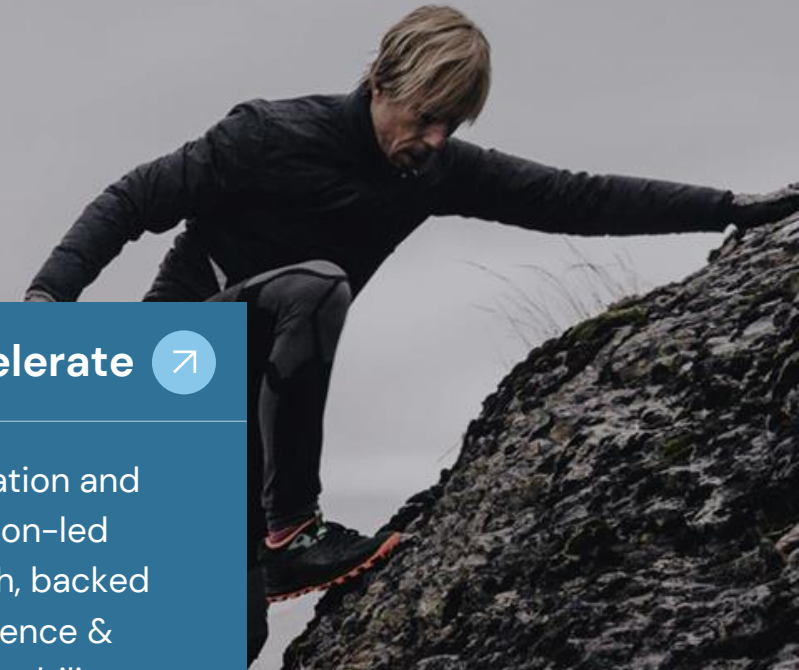
Prioritization of high growth, high margin segments with a calibrated steering approach

## Accelerate



Innovation and Creation-led growth, backed by science & sustainability

A Category of One



# We have been operating in a challenging macro environment...

Unprecedented dynamics in vitamins

High inflation environment

Changing geopolitical dynamics

Weak demand / Destocking

# ... and we took decisive and immediate actions



## Integration acceleration

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Seamless operations with one common Operating Model & culture

Acceleration of total run rate synergies of €350m



## Vitamin transformation

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Simpler 'Go-to Market model'

Capacity, cost and cash focus expected to contribute €200m



## Portfolio review

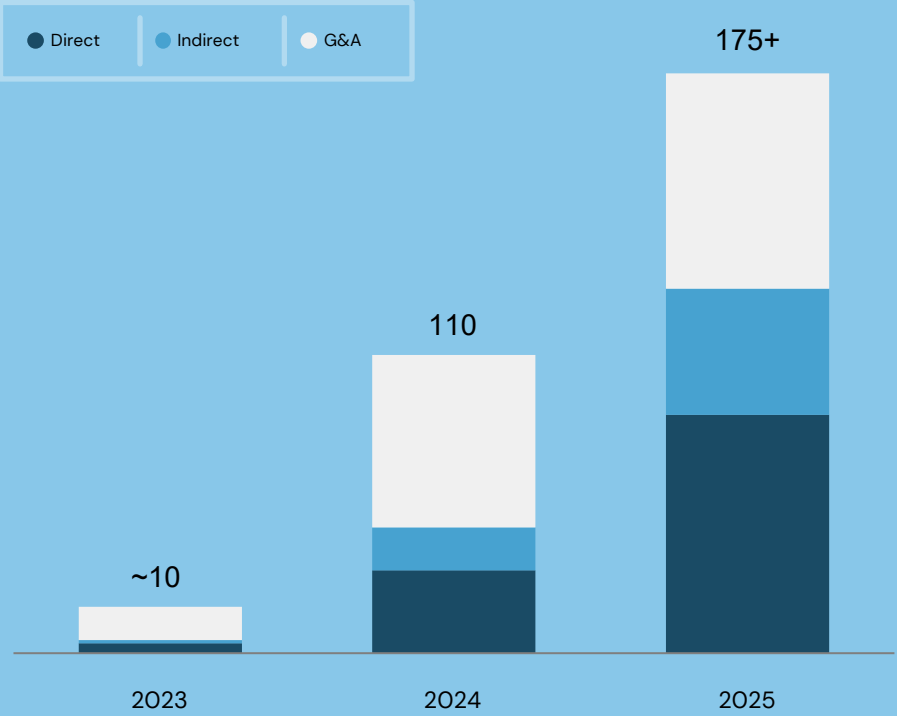
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Prioritization of high growth / higher margin segments

Separation of Animal Nutrition & Health

# Cost synergy delivery with target delivery of €175+ million

## Cumulative cost synergies, € million



## Cost synergy implementation ahead of planning

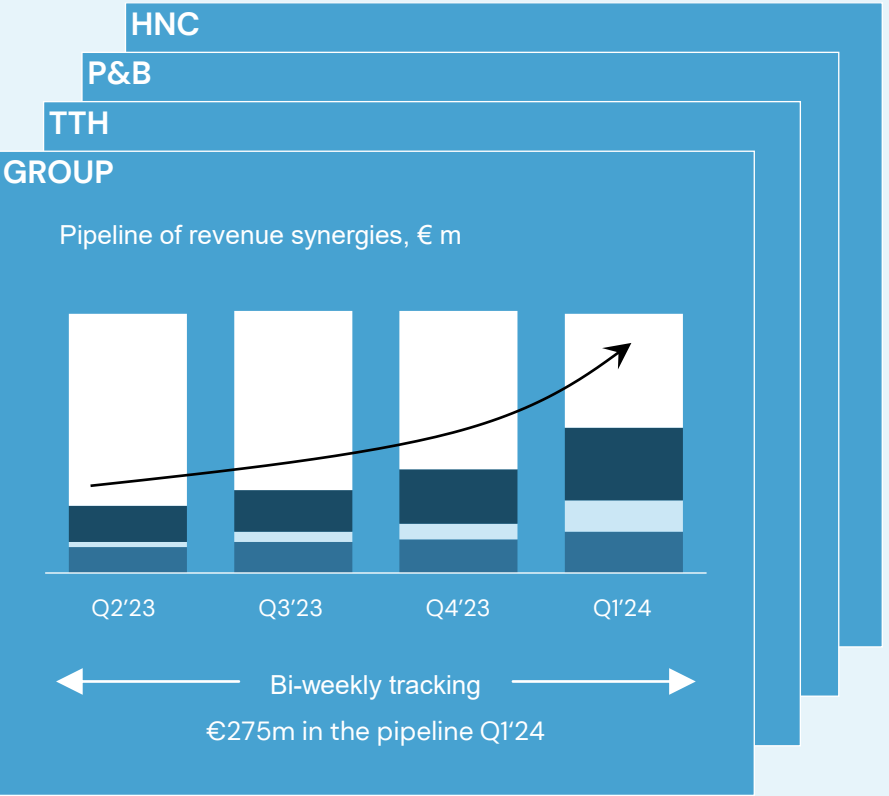
Examples include

- 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

# Strong progress on revenue synergy with customers

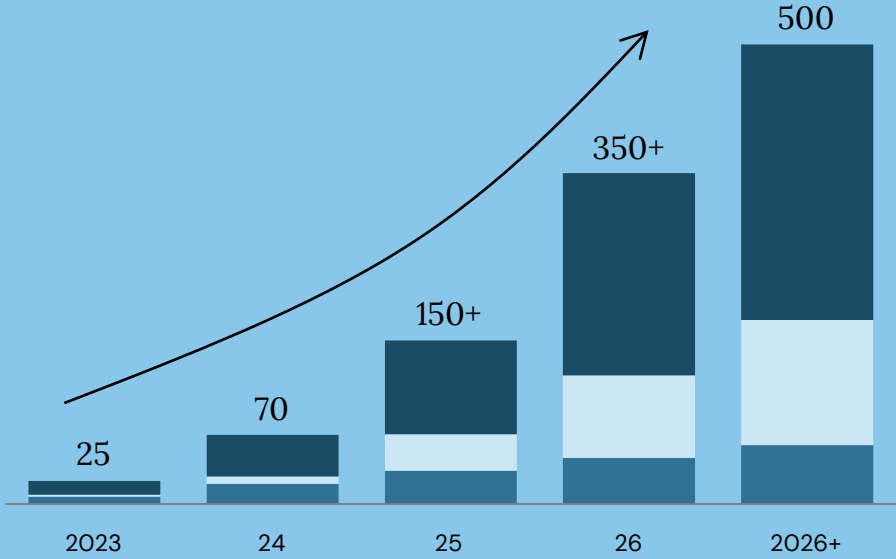


## Strong pipeline of revenue synergies...



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

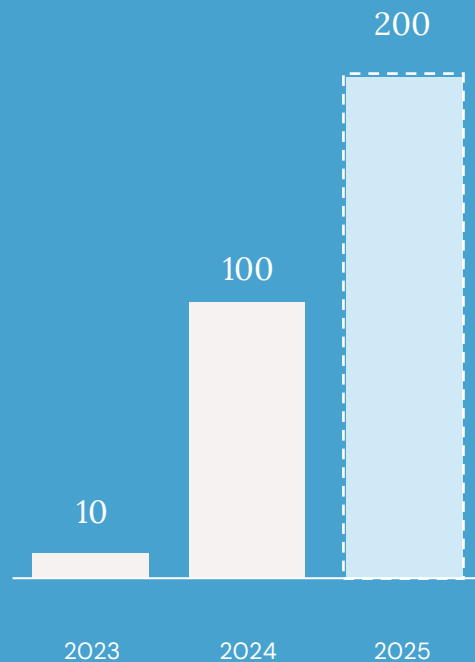
Revenue growth synergies, € m



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

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

## Cumulative profit improvement, € million



### 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

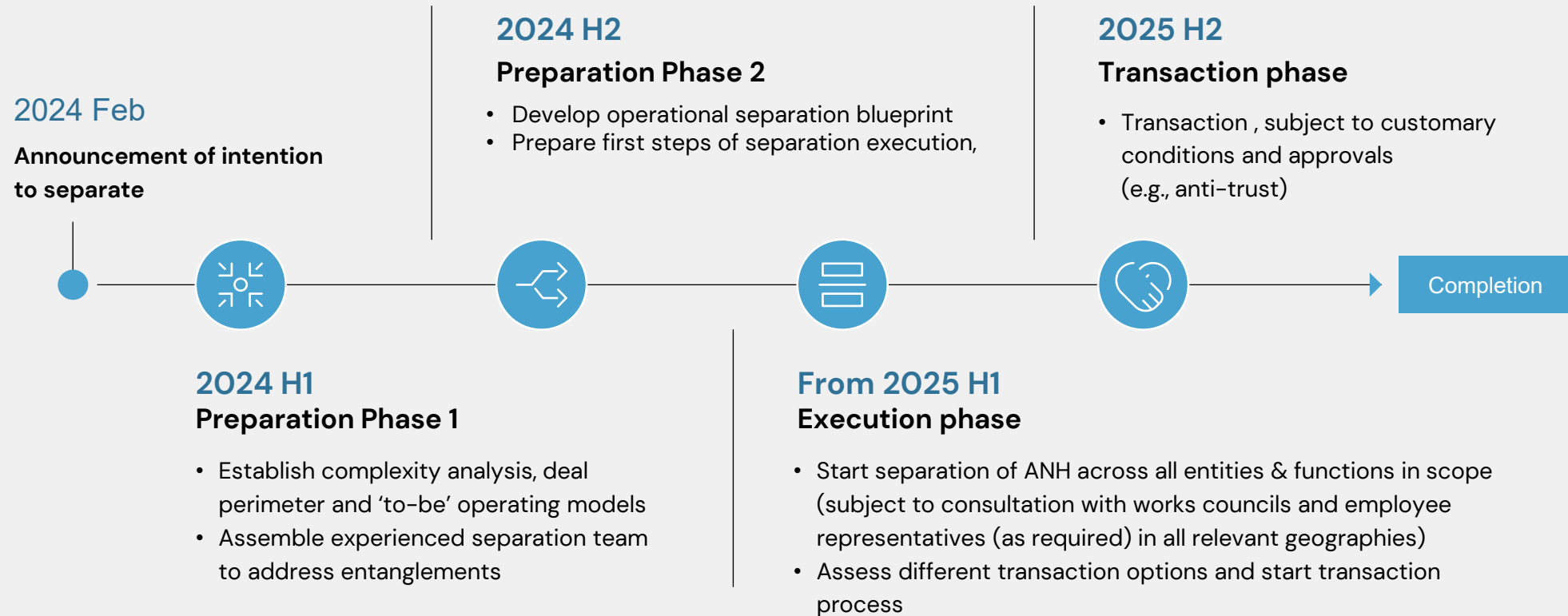


### Improved cash management

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

# ANH transaction in the course of 2025.

## With ANH team focusing on delivering strong results



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

# Macro-trends give rise to holistic well-being, fueling market opportunities

## Increasing focus on Lifespan vitality

Driven by growing older population (“>60s” from 12% to 22% by 2050) as well as by younger population

## Growing awareness for Preventative healthcare

Fueling need for self-care amongst rising group of non-compromise consumers looking for clinically-proven, natural, convenient and sustainable solutions

## Rising expectations around well-being

Further accelerated from a growing middle-class (>50% of world population by 2030) that commands increasing purchasing power



Of global consumers attribute high importance to a healthy, natural & clean diet, influencing the **Nutrition** space



Share of spend on preventative **Health** vs curing is expected to increase from 20% today to 50% in the future



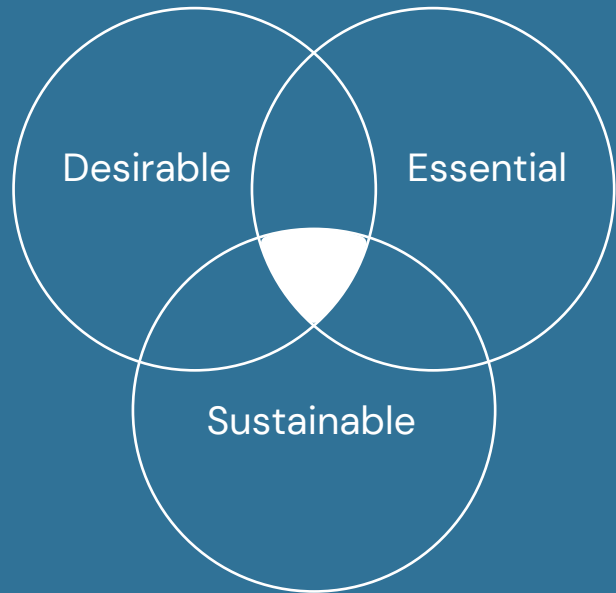
Demand for Fragrances & **Beauty** accelerating, with higher spend amongst younger generation – 73% of consumers saying scent is a purchase driver

Our purpose is to bring progress to life, combining what is essential, desirable and sustainable.

We live and feel that

# We are a Category of One

We bring progress to life



We are innovators and creators in well-being

Nutrition



Health



Beauty



Fueled and backed by Science



# Post separation, we will strengthen our leadership position in Nutrition, Health and Beauty

## Well-being

Nutrition



Health



Beauty



Fueled and backed by Science

**€9 bn**

Sales

**3**

Complementary BUs

**~21,000**

Employees

**~5%**

OSG CAGR<sup>1,2</sup>

**~20%**

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

**~7%**

Sales in R&D

**60**

Countries

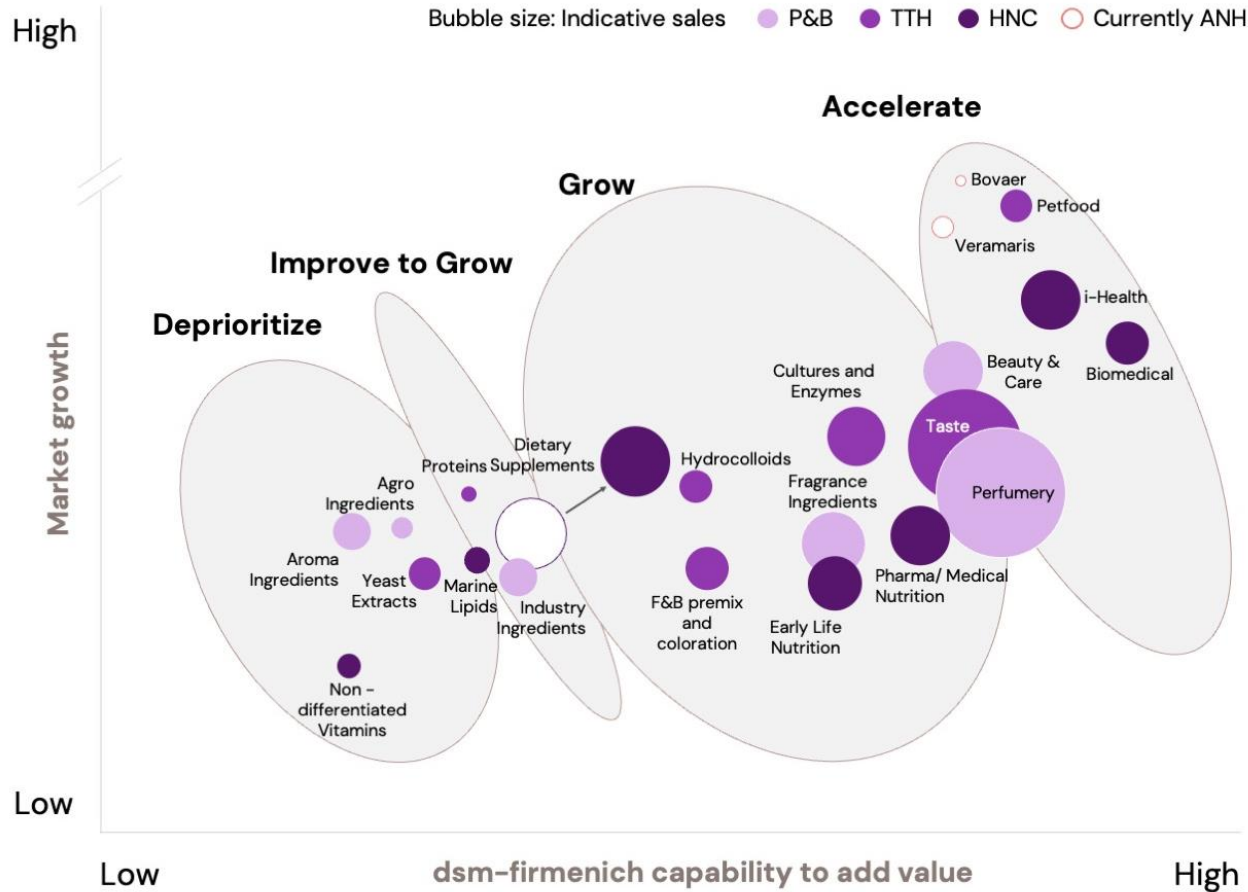
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Research hubs

1. Organic Sales Growth  
2. Pro forma numbers, L10Y

Leading consumer company in Nutrition, Health & Beauty

# We focus on high growth, high margin segments with proven capability to add value



## Calibrated portfolio steering

- Accelerated portfolio review to focus on high growth, high margin segments
- Thorough assessment of Market Attractiveness, Right to Win and Capital Efficiency
- Cornerstone of differentiated portfolio management going forward

# We deprioritize several businesses across our portfolio

Non-differentiated  
Vitamins



>€100m

Aroma  
Ingredients



~€170m

Agro  
Ingredients



~€40m

Yeast  
Extracts



~€120m

Marine  
Lipids



~€170m



Total sales

>€600m

Organic Sales Growth

**Low growth**

Adj. EBITDA Margin

**~10%**

# 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%

■ Organic sales growth, mid-term   ■ Adj. EBITDA Margin, mid-term

# Committed to our mid-term objectives



## Mid-Term Financial Objectives

Sales →

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

EBITDA →

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

Cash →

- Cash-to-sales conversion of >10%



## ESG Targets

People →

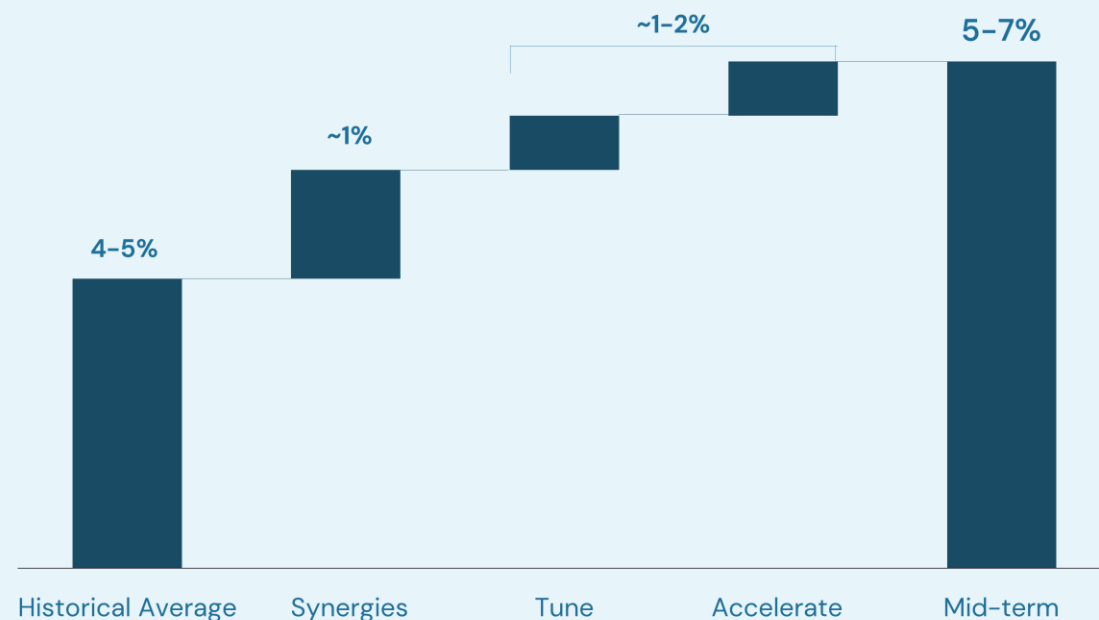
- 36% female or non-binary colleagues / 41% of ethnically diverse leaders
- <0.25 for the total recordable incident rate
- Employee engagement score above 80%

Planet →

- Net-zero emission (i.e. Scope 1, 2, and 3) by 2045
- Absolute emission reduction of 42% for Scope 1 and 2, and 25% for Scope 3, by 2030 from a 2021 baseline, without the use of carbon offsets

# Pathway to achieve 5-7% Organic Sales Growth

## Pro forma Organic Sales Growth Bridge, %

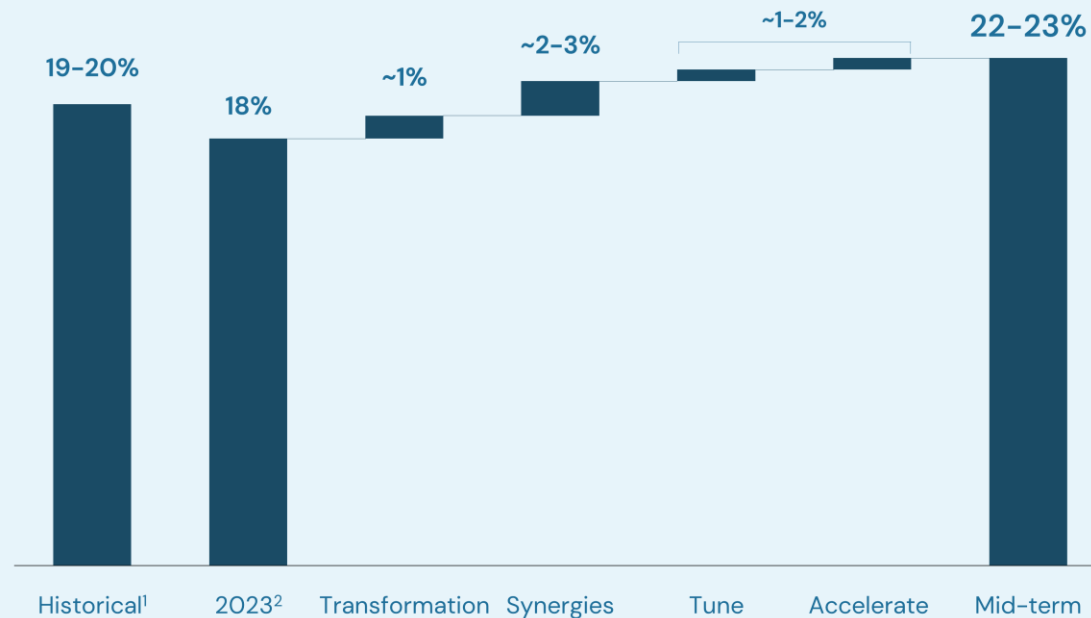


## Overview

- 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, %



1. L10Y 2. Excluding ANH

## 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**

# Accelerating growth as a Category of One

## Where?

In the right space

The rise of holistic well-being fuels new market opportunities in Nutrition, Health, and Beauty at the intersection of

Lifespan Vitality | Preventative Health | Well-being



Of global consumers attribute high importance to a healthy, natural & clean Nutrition



Share of spend on preventative Health vs curing is expected to increase to 50% vs 20% today



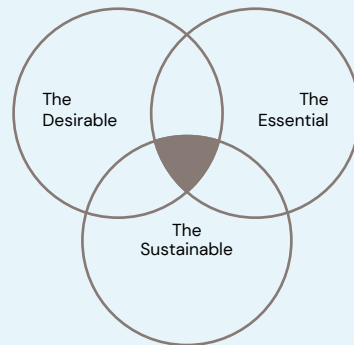
Demand for fragrances & Beauty accelerating, with higher spend amongst younger generation – 73% of consumers saying scent is a purchase driver

## Why?

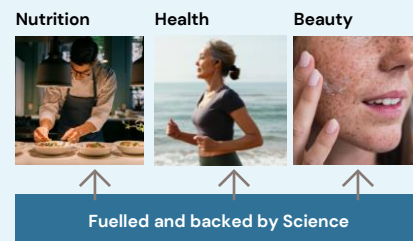
We bring progress to life

We capture these as a consumer company in Nutrition, Health & Beauty in a Category of One

We bring progress to life



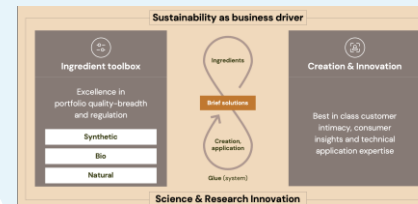
We are Creators and Innovators in well-being



## How?

Unique business model

We operate from a common, customer-focused business model, backed by science



## What?

Our mid-term targets

We have confidence in achieving our mid-term objectives

Organic Sales Growth	5-7%
Adj. EBITDA margin	22-23%
Cash-to-Sales conversion	>10%
People	Diverse GMT TRIR < 0.25 EES > 80%
Planet	-42% Scope 1 and 2 and -25% Scope 3 by 2030



**We bring progress to life™**