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Corporate Communications

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Press Release

CSM Q1 2011 Interim Management Statement

date Diemen, the Netherlands, April 27, 2011

Increasing selling prices to compensate for higher costs has been an important focus, as is reflected by an average price increase of 6.2%. Sales increased substantially by 18.0% as a result of higher sales prices and acquisitions. CSM posted a decline in EBITA, which is mainly caused, as expected, by a short term lagging effect in passing on higher costs in increased selling prices.

Key facts

- Sales for the first quarter were € 759.8 million compared with € 644.1 million in 2010; organic growth was 3.4% (€ 22.0 million). Pricing increased by 6.2% while volumes declined by 2.8%. Currency effects had a positive impact of € 8.9 million (1.4%) largely due to a stronger US dollar. Acquisition effect amounted to € 84.8 million (13.2%) of which Best Brands, consolidated as per March 19, 2010, contributed € 82.5 million.
- EBITA excluding one-off costs in the first quarter amounted to € 43.8 million, which compares to € 46.7 million last year. This decline is mainly the result of the lagging effect in passing on increased costs in selling prices and lower volumes. The one-off costs relate to the integration costs of Best Brands and the effects of a fire in an electrical station at Purac Brazil.
- Sales volume at Bakery Supplies was negatively impacted by our initiatives to fully pass on cost increases and an early Easter in 2010 compared to 2011. Volumes decreased by 3.1% compared to Q1 2010. Despite significant price increases, EBITA development was, as anticipated, impacted by the short-term lagging effect in fully passing on higher costs.
- Net sales of Purac were 6.1% higher, driven by higher selling prices to compensate for increased costs. Volumes were 1.3% below last year. EBITA before one-offs declined by € 2.1 million due to higher costs not yet fully recovered in increased pricing and lower volumes.

Key figures

x € million	Quarter 1	
	2011	2010
Net sales	759.8	644.1
EBITA excluding one-off costs *	43.8	46.7
EBITA	37.9	40.5
*EBITA % (excl. one-off costs)***	*5.8%*	*7.3%*

*) The one-off costs in 2011 relate to the integration of Best Brands and the effects of a fire in Brazil. The one-off costs in 2010 relate to acquisition costs and IFRS adjustments Best Brands

**) EBITA as % of net sales

The figures in this press release have not been audited

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Commenting on the first quarter results, Gerard Hoetmer, CEO of CSM, said:

"The first quarter has been dominated by our commitment to increase prices in the market to compensate for higher costs. As market leader we have continued to show leadership, demonstrated by an average 6.4% and 5.2% price increase in Bakery Supplies and Purac respectively, compared to the first quarter of 2010. Our increase in product pricing, where we have responded to protect our profitability, affected our volume growth, while our sales continued to grow. Our commitment to driving growth initiatives and the strength of our product offering will improve growth over the coming periods.
We continued to invest in our strategic initiatives. We made further progress in bio-plastics, we strengthened our presence in the strategically important Out of Home/In Store channels with a launch of an extended range of American pastry products at major retailers in continental Europe, and we are investing in building our position in new markets.

The developments in the first quarter are consistent with our expectations as indicated by our outlook statement in our full year 2010 press release. Both sales and EBITA were impacted by a slow start of the year and reflect the anticipated short term lagging effect in passing on increased costs in selling prices. We expect to further recover increased input costs through price increases in the coming quarters. Furthermore, the first quarter of 2010 is a strong comparator due to Easter falling early in 2010 and strong volume growth at Purac driven by pipeline filling (16.3% in Q1 2010) after the financial crisis.

In our initiatives to protect profitability over volume at Bakery Supplies, we increased our sales by 18.0% through increased pricing (6.2%), albeit at the cost of volume (-2.8%). In addition, the acquisition of Best Brands and Classic Cakes contributed 13.2%.

In Purac the year started slowly but we witnessed demand increasing in the latter part of the quarter. Price increases drove a sales increase of 6.1% over a slightly declining volume. In line with our strategy, we continued our progress in bio-plastics and invested further in the organization to fuel future growth.

As stated with our full year 2010 results we look forward to 2011 with confidence despite the fact that we see a persisting volatile year ahead of us. We are optimistic to improve our results in 2011, although it is too early to give a specific forecast for the year."

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Business developments

Breakdown of sales growth Q1 2011 compared to Q1 2010:

	Total Growth	Organic	Volume	Price/Mix
BSNA	31.0%	*2.1%*	*-4.8%*	*6.9%*
BSEU	6.8%	*4.9%*	*0.0%*	*4.9%*
Purac	6.1%	*3.9%*	*-1.3%*	*5.2%*

Breakdown of EBITA, excluding one-offs, Q1 2011 compared to Q1 2010:

x € million	Q1 2011	Q1 2010
BSNA	26.3	22.5
BSEU	12.4	16.4
Purac	12.7	14.8
Corporate	(7.6)	(7.0)
Total	43.8	46.7

Bakery Supplies Total

x € million	Quarter 1	
	2011	2010
Net sales	656.8	547.1
EBITA excluding one-off costs Best Brands *	38.7	38.9
EBITA	34.9	32.7
*EBITA % (excl. one-off costs Best Brands) ** *	*5.9%*	*7.1%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs
Q1 2010 one off costs include acquisition costs of € 4.7 million and IFRS adjustments of € 1.5 million
**) EBITA as % of net sales

- ## Bakery Supplies North America

x US$ million	Quarter 1	
	2011	2010
Net sales	537.1	414.4
EBITA excluding one-off costs Best Brands *	36.1	31.1
EBITA	30.8	22.6
*EBITA % (excl. one-off costs Best Brands) ** *	*6.7%*	*7.5%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs
Q1 2010 one off costs include acquisition costs of US$ 6.5 million and IFRS adjustments of US$ 2.1 million
**) EBITA as % of net sales

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x € million	Quarter 1	
	2011	2010
Net sales	392.7	299.8
EBITA excluding one-off costs Best Brands *	26.3	22.5
EBITA	22.5	16.3
*EBITA % (excl. one-off costs Best Brands) ***	*6.7%*	*7.5%*

*) The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs
2010 one off costs include acquisition costs of € 4.7 million and IFRS adjustments of € 1.5 million
**) EBITA as % of net sales

Organic sales growth at Bakery Supplies North America was slightly positive at 2.1%, driven by our efforts to increase selling prices (6.9%) to compensate for higher costs. As we took the lead in driving pricing growth to protect profitability, this came at the expense of volume (-4.8%) which we expect to recover in future periods. The acquisition effect of Best Brands, although difficult to calculate in the fully integrated company, contributed an additional US$ 112.9 million to the Q1 sales. Translated to euros, the slightly stronger US dollar impacted sales positively by 1.4% (€ 4.2 million).

The increase in EBITA of US$ 5.0 million compared with the first quarter of 2010 is attributable to the acquisition effect of Best Brands, offset by the lower volumes and by costs not compensated by selling price increases. The integration costs of Best Brands in Q1 of US$ 5.3 million relate mainly to restructuring costs for the closing of two factories as announced in February 2011 (Oak Creek and La Mirada).

- ## Bakery Supplies Europe

x € million	Quarter 1	
	2011	2010
Net sales	264.1	247.3
EBITA	12.4	16.4
EBITA %	*4.7%*	*6.6%*

Prices increased by 4.9% at Bakery Supplies Europe, clearly showing leadership in the market to compensate for higher costs. Although we had a slow start of the year, volumes were stable compared to Q1 2010, despite an early Easter in 2010 compared to this year. Out of Home/In Store continued to perform well. Currency effects (mainly pound sterling) impacted sales positively by € 2.5 million (1.0%).

EBITA decreased from € 16.4 million to € 12.4 million in the first quarter of 2010, due to the lagging effect of selling price increases to compensate for the higher cost levels and due to the early Easter effect in 2010.

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Purac

x € million	Quarter 1	
	2011	2010
Net sales	103.0	97.0
EBITA before one-offs*	12.7	14.8
EBITA	10.6	14.8
*EBITA % (excluding one-offs)** *	*12.3%*	*15.3%*

* One-off costs relate to incidental costs due to a fire in Brazil

** EBITA as % of net sales

Purac saw its volumes, after a slow start, gradually improve throughout the quarter, ending at a decrease of 1.3%. Currency effects impacted sales positively by € 2.2 million (2.3%).

EBITA before one-offs decreased from € 14.8 million to € 12.7 million due to higher costs and lower volumes. Despite significant price increases, this was not yet sufficient to fully recover the increase in costs, which will remain a key focus. Furthermore Purac faced a strong comparator due to the effect of pipeline filling in Q1 2010.

During the start-up of a new electrical installation, a fire destroyed most of this installation at Purac Brazil. We were able to maintain our service levels to our customers and no sales losses have occurred; however we have incurred costs due to the impairment of the installation of € 2.1 million, which have been claimed with the insurance company. The claim has not been honoured yet.

There will be a conference call for investors and analysts at 8.30 CET.

Dial-in details
Conference call title: CSM Q1 trading update

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Background information
CSM is the largest supplier of bakery products worldwide and is global market leader in lactic acid and lactic acid derivatives. CSM produces and distributes an extensive range of bakery products and ingredients for artisan and industrial bakeries and for in-store and out-of-home markets. It also produces a variety of lactic acid applications for the food, chemical and pharmaceutical industries. CSM operates in business-to-business markets throughout Europe, North America, South America, and Asia, generates annual sales of € 3 billion and has a workforce of around 9,700 employees in 28 countries. CSM is listed on NYSE Euronext Amsterdam. For more information: www.csmglobal.com.

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