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Press Release

CSM Q3 2012 Interim Management Statement

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CSM reports higher sales and EBITA before one-off costs in the third quarter of 2012 compared to the third quarter of 2011. EBITA excluding one-off costs amounted to € 40.4 million, an increase of € 10.1 million. Our focus on margin improvement and cost reductions paid off and was the most important factor in the recovery of our EBITA before one-off costs. Positive currency effects supported both sales and EBITA. One-off costs related to initiatives for structural cost reduction and the strategic transformation of CSM.

Key facts

- Sales for the third quarter were € 834.2 million compared with € 784.8 million in 2011. Organic sales growth was - 2.7%, a combination of higher prices (0.7%) and lower volumes (- 3.4%). Currency movements had a positive impact of € 63.9 million (8.1%) largely due to a stronger US dollar. The year-on-year increase in Q3 2012 attributable to acquisitions amounted to € 6.9 million (0.9%).
- Sales year-to-date increased by 6.5%. Sales in constant currencies increased by 0.4%. Organic sales growth was -0.4%, a combination of lower volumes of 3.1%, partly offset by a positive price effect of 2.7%. The acquisition effect was 0.8%.
- EBITA excluding one-off costs in the third quarter amounted to € 40.4 million, an increase of € 10.1 million or 33.3% compared with the same period in 2011. A strong improvement in North America of € 5.9 million at constant currency and positive exchange rate differences of € 4.2 million were the main factors behind this increase.
- EBITA year-to-date excluding one-off costs amounted to € 114.1 million, an increase of 3.3% compared with 2011. Currency movements positively impacted EBITA by € 9.5 million compared with 2011.
- The strategic transformation of CSM is progressing according to the timeline set. Related costs of € 18.5 million incurred so far are included in the one-off costs.

Key figures

Quarter 3		x € million	Year To Date Q3	
2012	2011		2012	2011
834.2	784.8	Net sales	2,459.9	2,310.1
40.4	30.3	EBITA excluding one-off costs*	114.1	110.5
20.9	28.3	EBITA	87.6	102.8
4.8%	*3.9%*	*EBITA % (excl. one-off costs)***	*4.6%*	*4.8%*

*) The one-off costs in 2012 relate to the restructuring program Relevance and to strategic transformation of CSM.
The one-off costs in 2011 relate to the integration of Best Brands and the effects of a fire in our plant in Brazil.
**) EBITA as % of net sales
The figures in this press release have not been audited.

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

"Despite the ongoing challenging trading environment I am pleased we have achieved a further recovery of the underlying results of our company. Based on improved margins and the effects of our improvement program Relevance, our EBITA excluding one-off costs in the third quarter of 2012 increased compared to the third quarter of 2011.

I am especially pleased with the development of our results in our North American Bakery Supplies businesses; Bakery Products, Caravan Ingredients and BakeMark were all able to improve their EBITA in a market impacted by lower consumer spending.

In Europe, the consumer trend to switch to lower priced sales channels continued in the Bakery market, impacting our artisan business. In line with their strategy, Bakery Supplies Europe is successfully targeting growth in the out-of-home and in-store bakery channels, while sales in Continental Europe benefited from the experience and know-how of our UK and US activities in these areas. However, this growth could not mitigate the impact of declining volumes in the artisan market, where our objective is to further improve our market shares.

At Purac, total volumes declined slightly due to a small volume decline in the Food activities which was not fully offset by the volume growth in the Chemicals & Pharma unit. The Food activities are still impacted by a decline in the sale of natural meat preservation solutions in especially low cost meat products, due to legislation changes in 2011 which allowed the use of cheaper chemical based alternatives. The growth achieved in the other food segments could not fully compensate for this decline.

The performance of Future CSM, consisting of Purac and Caravan Ingredients, was satisfactory against a background of ongoing tough market situation. EBITA at both Purac and Caravan Ingredients increased in Q3 compared to Q3 2011.

We have covered most of our raw materials for the remainder of 2012. We will continue to respond to changing consumer preferences towards lower cost/better value products. Our Relevance restructuring program is on track and is contributing to the improved results. As announced previously, savings in full year 2012 will exceed the original target of € 30 million of savings in 2012.

The recently announced joint venture with BASF to develop a market leader position in bio-based succinic acid is an important step forward in the execution of our strategy to develop CSM into a bio-based ingredients company.

I want to express my sincerest thanks and appreciation to all the employees who are continuing to focus on serving our customers and driving results in these challenging times and also adapting successfully to major changes in our organization."

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Strategic transformation of CSM

The strategic transformation of CSM is developing according to plan with the Information Memorandum regarding the Bakery Supplies activities being sent out to selected potentially interested parties as of today.

The Information Memorandum includes both historical and forward looking information. The forward looking statements for the business intended to be sold show consistent sales growth for the Bakery Supplies business for the next few years, at least in line with expected growth of the bakery markets. We expect the European and North American bakery markets to continue to grow approx. in line with GDP, and in the emerging markets to grow faster than GDP.

Margins for the business intended to be sold are expected to strengthen, particularly in our North American business. As a result of our Relevance program and continued strict cost control, expenses expressed as a percentage of sales are expected to decrease in the next few years. Expense control and efficiency improvements are supported by capital investments. Working capital and capital expenditure requirements are expected to remain in line with recent years.

Business developments

Breakdown of relative sales growth Q3 2012 compared to Q3 2011:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	*11.1%*	*12.7%*	*-1.6%*	*0.0%*	*-1.6%*	*1.2%*	*-2.8%*
BSEU	*0.3%*	*2.2%*	*-1.9%*	*2.5%*	*-4.4%*	*1.2%*	*-5.6%*
Purac	*3.4%*	*5.8%*	*-2.4%*	*0.0%*	*-2.4%*	*-0.8%*	*-1.6%*

Breakdown of relative sales growth Year To Date 2012 compared to Year To Date 2011:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	*10.0%*	*9.6%*	*0.4%*	*0.0%*	*0.4%*	*3.5%*	*-3.1%*
BSEU	*2.5%*	*1.5%*	*1.0%*	*2.2%*	*-1.2%*	*2.9%*	*-4.1%*
Purac	*3.2%*	*4.4%*	*-1.2%*	*0.0%*	*-1.2%*	*-0.7%*	*-0.5%*

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Breakdown of EBITA, excluding one-off costs, Q3 2012 compared to Q3 2011.

Quarter 3		x € million	Year To Date Q3	
2012	2011		2012	2011
28.9	18.7	BSNA	84.2	70.8
6.7	7.0	BSEU	16.1	25.6
11.5	10.2	Purac	32.8	35.1
-6.7	-5.6	Corporate	-19.1	-21.0
40.4	**30.3**	**Total**	**114.1**	**110.5**

- **Bakery Supplies Total**

Quarter 3		x € million	Year To Date Q3	
2012	2011		2012	2011
727.7	681.8	Net sales	2,142.3	2,002.3
35.6	25.7	EBITA excluding one-off costs*	100.3	96.4
29.7	23.7	EBITA	88.8	89.8
4.9%	*3.8%*	*ROS (excl. one-off costs) ***	*4.7%*	*4.8%*

*) The one-off costs in 2012 relate to restructuring program Relevance and to the strategic transformation of CSM.
For 2011 these relate to the integration of Best Brands.
**) EBITA as % of net sales

- **Bakery Supplies North America**

Quarter 3		x US$ million	Year To Date Q3	
2012	2011		2012	2011
562.6	572.3	Net sales	1,688.9	1,684.7
36.1	26.6	EBITA excluding one-off costs*	107.8	99.6
32.5	23.7	EBITA	104.2	90.3
6.4%	*4.6%*	*ROS (excl. one-off costs) ***	*6.4%*	*5.9%*

Quarter 3		x € million	Year To Date Q3	
2012	2011		2012	2011
450.2	405.1	Net sales	1,318.9	1,198.7
28.9	18.7	EBITA excluding one-off costs*	84.2	70.8
26.1	16.7	EBITA	81.4	64.2
6.4%	*4.6%*	*ROS (excl. one-off cost) ***	*6.4%*	*5.9%*

*) The one-off costs in 2012 relate to restructuring program Relevance and to the strategic transformation of CSM.
For 2011 these relate to the integration of Best Brands.
**) EBITA as % of net sales

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Net sales decreased compared to last year as a result of lower volumes sold. Lower consumer spending across all channels negatively impacted sales, Based on available market data we believe that we are at least maintaining market share. Organic growth was -1.6% as a result of a negative volume effect of 2.8% and a positive price/mix effect of 1.2%.

EBITA excluding one-off costs improved strongly compared to Q3 last year by US$ 9.5 million. The EBITA effect of lower volumes was compensated by better margins, growth of our EBITA was subsequently realized by lower warehousing and distribution costs as well as lower SG&A costs. Our initiatives to reduce the overall cost level through the Relevance program are paying off.

- **Bakery Supplies Europe**

Quarter 3		x € million	Year To Date Q3	
2012	2011		2012	2011
277.5	276.7	Net sales	823.4	803.6
6.7	7.0	EBITA excluding one-off costs*	16.1	25.6
3.6	7.0	EBITA	7.4	25.6
2.4%	*2.5%*	*ROS (excl. one-off cost) ** *	*2.0%*	*3.2%*

*) The one-off costs in 2012 relate to restructuring program Relevance and to the strategic transformation of CSM.

**) EBITA as % of net sales

Sales in Bakery Supplies Europe increased in the 3rd quarter by € 0.8 million (0.3%) compared to last year. Organic growth was negative 4.4% as a result of a negative volume effect of 5.6% and a positive price/mix effect of 1.2%. Our sales are in line with the trend in the market with volume decreases in the artisan and industry channels whereas out-of-home and in-store bakery increased. The lower volume reflected a combination of a continued tough market environment and a non-recurring push in targeted promotional activities in the artisan channel in September 2011. This resulted in a temporary boost to Q3 2011 volumes. The impact on sales from acquisitions was € 6.9 million.

EBITA excluding one-off costs was € 0.3 million lower than Q3 2011. We are still confronted with the impact on EBITA from lower sales as a result of lower demand in especially our profitable artisan channel. This effect and inflationary cost increases are largely compensated by better margins and the cost savings from the Relevance program.

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- **Purac**

Quarter 3		x € million	Year To Date Q3	
2012	**2011**		**2012**	**2011**
106.5	103.0	Net sales	317.6	307.8
11.5	10.2	EBITA excluding one-off costs*	32.8	35.1
11.5	10.2	EBITA	32.4	34.0
10.8%	*9.9%*	*ROS (excl. one-off cost) ** *	*10.3%*	*11.4%*

*) The one-off costs in 2012 relate to restructuring program Relevance, for 2011 to the effects of a fire in our plant in Brazil.
**) EBITA as % of net sales

Q3 sales increased by 3.4% (€ 3.5 million) compared to 2011. Currency effects impacted sales positively by 5.8%. Organic growth was -2.4% as a result of a negative volume effect of 1.6% and a negative price/mix effect of 0.8%. Increased volumes in Chemicals and Pharma partly compensated the decrease in our Food activities. Meat preservation sales are still under pressure due to the allowance to using cheaper chemical based alternatives.

EBITA excluding one-off costs increased by € 1.3 million compared to 2011. A better sales mix, Relevance savings and positive currency effects more than compensated increased costs incurred to support various growth initiatives, for example our lactide factory in Thailand and increased FTEs in marketing and innovation.

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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 as well as 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 € 3.1 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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