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Press Release

CSM Q1 2012 Interim Management Statement

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In a difficult trading environment, CSM increased its sales by 5.1%. Organic growth in the first quarter of 2012 increased with 1.8% mainly by further improving pricing to cover raw material cost increases. Volumes in Bakery Supplies were lower compared to the same quarter last year, due to continuing weakness in consumer spending. However, the rate of decline was less than in the second half of last year. In Purac, after two successive quarters of declining volumes, volumes in Q1 2012 increased. We are adapting our cost base to a lower level through the CSM-wide "Relevance" restructuring program. Group EBITA excluding one-off costs in Q1 2012 amounted to €32.3 million, a decline of 26.3% compared to Q1 last year. The restructuring actions being taken will increase profitability over the course of 2012.

Key facts

- Sales for the first quarter were € 798.7 million compared with € 759.8 million in 2011; organic sales growth amounted to 1.8% (€ 13.4 million). Pricing increased by 5.1% while volumes declined by 3.3%. Currency effects had a positive impact of € 20.8 million (2.7%) largely due to a stronger US dollar. The year-on-year increase in Q1 2012 attributabe to acquisitions amounted to € 4.7 million (0.6%).
- Organic sales growth was 4.5% at Purac and 1.4% at Bakery Supplies.
- Volumes at Purac increased by 3.5%, volumes at Bakery Supplies declined by 4.4%. Demand in Bakery Supplies was negatively impacted by lower consumer spending in both Europe and the US. There was a notable decline in volumes in the artisan channel in Europe.
- EBITA excluding one-off costs in the first quarter amounted to € 32.3 million, a decline of € 11.5 million or 26.3% compared with the same period in 2011. Exchange rate differences had a positive impact of € 1.2 million.

Key figures

x € million	Quarter 1	
	2012	2011
Net sales	798.7	759.8
EBITA excluding one-off costs *	32.3	43.8
EBITA	29.0	37.9
*EBITA % (excl. one-off costs)***	*4.0%*	*5.8%*

*) The one-off costs in 2012 relate to the restructuring program Relevance. The one-offs in 2011 relate to the integration of Best Brands and the effects of a fire in Brazil.

**) 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 actions we announced at our full year results in February 2012 following our Business review are being implemented with vigor. The changes to the Bakery Supplies portfolio in Europe are being executed on schedule. We are monitoring closely the progress being made to restore margins, particularly in Bakery Supplies Europe where results have not progressed satisfactorily.

The cost savings from the Relevance restructuring program were € 7.8 million in the first quarter, mostly in BSNA. We are on track to realize more than the € 30 million of cost savings for 2012 which were promised in 2011. The cost savings will gradually increase during the year, especially in BSEU. The one-off cost of the Relevance program in the income statement for Q1 was € 3.3 million. We expect a higher one-off charge for Relevance program costs in the second quarter income statement, mostly related to BSEU.

In 2011, selling price increases lagged higher raw material costs which severely impacted our added value per ton sold, especially in Q2 and Q3 2011. As a result of price increases, we are almost back to the added value per ton of Q1 2011. Since we have covered most of our raw materials costs for the remainder of 2012, we expect improved added value per ton compared to the corresponding quarters of 2011.

In the first quarter of 2012, volumes were lower in both Bakery Supplies divisions, although the rate of decline was less than in the second half of last year. Based on available information, most of the volume decline is driven by lower consumer demand, not by deteriorating market shares. Volumes at Purac grew again after two consecutive quarters of decline.

The developments in BSNA were in line with our expectations. Despite the decline in volumes in a challenging market, we were able to raise prices to further compensate the increased raw material costs. Good cost control helped by the Relevance savings partly compensated for the effects of lower volumes. The reported result was supported by a favorable euro/dollar exchange rate.

We are not satisfied with the development of the results in BSEU. In particular, we had to contend with lower volumes in both the artisan bakery and the industry channels. These negative developments have further strengthened our commitment to a significant and necessary reshaping of our BSEU business portfolio. Meanwhile, we continue to strengthen our presence in the strategically important out-of-home/in-store channels by rebalancing activities and resources. Two small add-on acquisitions in these channels were made since the start of 2012 for a total cash cost of approx. € 6 million, which will contribute approx. € 25 million in annual sales.

Purac's first quarter results were supported by growth in all channels, especially in the Chemicals & Pharma unit. The Food unit experienced continuing pressure from low cost preservation substitutes in the US, but this was offset by our expanded product portfolio and commercial success in other geographies. EBITA excluding one-off costs was slightly lower compared to last year, due to higher costs related to strategic projects such as the lactide plant in Thailand, and higher organizational costs for the development of Bioplastics.

2012 is a transitional year for CSM. The trading environment remains challenging. For the moment we see very little change in consumer behavior. For the first half of 2012, we continue to expect a tough comparison with last year. We expect year-on-year comparisons to ease during the second half of 2012, usually our stronger period of the year. Additionally, the benefits from the Relevance program will gradually increase during the year, contributing to our 2012 results. To address the challenges to improve long term profitability, we are considering further actions beyond the disposals announced in February.

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Business developments

Breakdown of sales growth Q1 2012 compared to Q1 2011:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	6.5%	*4.4%*	2.1%	*0.0%*	2.1%	*6.3%*	*-4.2%*
BSEU	2.4%	*0.5%*	1.9%	*1.8%*	0.1%	*4.8%*	*-4.7%*
Purac	6.7%	*2.2%*	4.5%	*0.0%*	4.5%	*1.0%*	*3.5%*

Breakdown of EBITA, excluding one-off costs, Q1 2012 compared to Q1 2011.

x € million	Quarter 1	
	2012	2011
BSNA	23.0	26.3
BSEU	4.8	12.4
Purac	10.3	12.7
Corporate	-5.8	-7.6
Total	**32.3**	**43.8**

The lower corporate costs were due to a lower cost base following the Relevance restructuring actions effects within the holding company.

Bakery Supplies Total

x € million	Quarter 1	
	2012	2011
Net sales	688.8	656.8
EBITA excluding one-off costs *	27.8	38.7
EBITA	24.9	34.9
*EBITA % (excl. one-off costs) ** *	*4.0%*	*5.9%*

*) The one-off costs in 2012 relate to restructuring program Relevance, for 2011 one-off costs relate to the integration of Best Brands.
**) EBITA as % of net sales.

- **Bakery Supplies North America**

x US$ million	Quarter 1	
	2012	2011
Net sales	548.1	537.1
EBITA excluding one-off costs *	30.1	36.1
EBITA	30.1	30.8
*EBITA % (excl. one-off costs) ** *	*5.5%*	*6.7%*

*) The one-off costs in 2011 relate to the integration of Best Brands.
**) EBITA as % of net sales.

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x € million	Quarter 1	
	2012	2011
Net sales	418.4	392.7
EBITA excluding one-off costs *	23.0	26.3
EBITA	23.0	22.5
*EBITA % (excl. one-off costs) ** *	*5.5%*	*6.7%*

*) The one-off costs in 2012 relate to restructuring program Relevance, for 2011 one-off costs relate to the integration of Best Brands.

**) EBITA as % of net sales

Net sales increased by US$ 11.0 million (2.1%) at Bakery Supplies North America. This is fully attributable to the organic sales growth following our efforts to increase selling prices (6.3%), partly offset by a volume decline of 4.2%. Price increases and the weak economy led to softer volumes compared to Q1 last year. The volume decline occurred mostly in our distribution business and more specifically in traded third-party products where we are focusing on maintaining margins.

EBITA excluding one-off costs decreased by US$ 6.0 million compared with the first quarter of 2011 which was largely attributable to the lower volumes. In the first quarter, the savings from the Relevance program were partly offset by inflation in costs including fuel and freight.

- **Bakery Supplies Europe**

x € million	Quarter 1	
	2012	2011
Net sales	270.4	264.1
EBITA excluding one-off costs *	4.8	12.4
EBITA	1.9	12.4
*EBITA % (excl. one-off costs) ** *	*1.8%*	*4.7%*

*) The one-off costs in 2012 relate to restructuring program Relevance.

**) EBITA as % of net sales.

Net sales increased by € 6.3 million (2.4%) compared to 2011. The acquisition effects of Classic Cakes (2011) and The Cookie Man (2012) contributed € 4.7 million (1.8%). Currency effects boosted sales by € 1.3 million (0.5%). Net organic growth was 0.1%, with the average sales price increase of 4.8% almost fully offset by a volume decline of 4.7%. Most of this volume decline was due to the artisan and industry channels. The lower demand in the artisan business in particular had a negative impact on margins. The volume declines and inflationary cost pressure, only partly compensated by the initial Relevance savings, led to an EBITA excluding one-off costs of € 4.8 million compared to € 12.4 million in the first quarter of 2011.

Purac

x € million	Quarter 1	
	2012	2011
Net sales	109.9	103.0
EBITA excluding one-off costs *	10.3	12.7
EBITA	9.9	10.6
*EBITA % (excl. one-off costs) ** *	*9.4%*	*12.3%*

*) The one-off costs in 2012 relate to restructuring program Relevance, for 2011 one-off costs relate to a fire in Brazil.

**) EBITA as % of net sales.

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Net sales of Purac increased by 6.7% to € 109.9 million compared to 2011.The main contributors to the increased sales were higher volumes (3.5%) and higher selling prices (1%). Currency effects impacted sales positively by € 2.3 million (2.2%). The Chemicals & Pharma unit and, to a lesser extent, the Food unit both contributed to the volume growth. The Food unit continued to experience competition from low cost chemical substitutes in the meat preservation segment. This is being countered by the newly developed, broader range of Purac products.

EBITA excluding one-off costs decreased by € 2.4 million as a result of higher fixed costs due to the costs of strategic projects such as the new lactide factory in Thailand and additional organizational costs for the development of Bioplastics. In the first quarter, the first orders for lactides were produced at our factory in Thailand. The utilization of the factory is low in its first quarter of operation, and we are focusing on increasing utilization as quickly as possible.

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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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