

# Press Release

## CSM Q4 and full year 2012 Trading Update

### Unaudited results

Diemen, the Netherlands, January 29, 2013

**CSM reports higher sales and EBITA before one-off costs for Q4 and for full year 2012. EBITA excluding one-off costs was up by 40% in Q4, with higher sales, further cost savings and overall margin improvements as the main contributors. The strategic transformation of CSM is progressing in line with original expectations. In order to facilitate the divestment process of the Bakery Supplies business, and in anticipation of the definitive results to be published on 13 March, CSM today announces its unaudited trading results for 2012.**

#### Key facts

- Sales for the fourth quarter increased to € 854.7 million from € 802.5 million in 2011. Organic sales growth was 2.5%, a combination of higher prices (2.0%) and higher volumes (0.5%). Currency movements had a positive impact of € 25.4 million (3.2%) due largely to the stronger US dollar. The year-on-year increase in Q4 attributable to acquisitions amounted to € 6.6 million (0.8%).
- Sales for the full year increased by 6.5%. Sales in constant currencies increased by 1.2%. Organic sales growth was 0.4%, a combination of lower volumes of 2.2%, partly offset by a positive price effect of 2.6%. The acquisition effect was 0.8%.
- EBITA excluding one-off costs in the fourth quarter amounted to € 56.3 million, an increase of € 16.0 million or 39.7% compared with the same period in 2011. The strong organic improvement in North America of € 12.9 million, at constant currency, was the main contributor.
- EBITA year-to-date excluding one-off costs amounted to € 170.4 million, an increase of 13.0% compared with 2011. Currency movements positively impacted EBITA by € 12.1 million compared with 2011.
- One-off costs in Q4 2012 amounted to € 19.5 million of which € 5.9 million was related to the Relevance restructuring program. Full year Relevance savings amounted to € 39.0 million, exceeding the 2012 target of € 30 million.
- The remaining one-off costs of € 13.6 million in Q4 were related to the divestment process, comprising mainly incentive accruals and costs for advisors. The divestment process is progressing in line with original expectations. The related costs of € 33.3 million are included in the full year one-off costs.

#### Key figures

Quarter 4		x € million	Full year	
2012	2011		2012	2011
854.7	802.5	Net sales	3,314.6	3,112.6
56.3	40.3	EBITA excluding one-off costs*	170.4	150.8
36.8	27.4	EBITA	124.4	130.2
6.6%	5.0%	EBITA % (excl. one-off costs)**	5.1%	4.8%

\*) EBITA is earnings before Interest, Tax, Amortization/Impairments, One-off costs comprise restructuring and divestment costs.

\*\*) EBITA as % of net sales

The figures in this Press Release have not been audited.



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

*"I am very pleased we have achieved a further recovery in our underlying results for the whole of 2012 and particularly in Q4 2012, despite having to contend with the ongoing challenging market environment at the same time as pursuing the strategic transformation of CSM. Numerous initiatives have been deployed throughout the organization to improve volumes and to increase profits. The success of these initiatives is evidenced by the resumption of volume growth in Bakery Supplies in Q4. The positive momentum will continue to deliver growing benefits in the coming quarters.*

*The performances of our North American Bakery Supplies businesses, Bakery Products, Caravan Ingredients and BakeMark, continued to improve in a market impacted by lower consumer spending. Volumes were almost stable in Q4, and good margin management combined with strong cost control boosted profits compared to last year. In Bakery Supplies Europe, volumes increased in Q4 compared to last year, the first increase since 2010. The decline in the artisan channel was not as pronounced as in the previous quarters. In line with our strategy, Bakery Supplies Europe successfully compensated this with significant growth in the in-store bakery channel.*

*The opportunities to exploit our biotechnology capabilities in downstream products (such as lactides and bio-plastics) and adjacent new organic acid platforms (for example succinic acid) continue to be very promising. We are making good progress in these long term innovation cycles. At the same time, we are developing one, new operating company on the foundations of both Caravan Ingredients and Purac that will be able to execute our bio-based ingredients strategy. The performance of Future CSM has to be seen in this perspective and against the background of an ongoing tough market situation. Volumes in the Food segment of Purac remain under pressure due to the subdued food market in general and low cost preservation substitutes in the US specifically, offsetting good growth at Chemicals and Pharma. Caravan Ingredients increased its market share and its overall performance was robust.*

*The savings from our Relevance restructuring program have significantly exceeded our original target, while the costs of this program have remained below the initial plan. The preliminary closing of our books indicates that a significant improvement in our net debt level, compared to the level of end 2011, was achieved.*

*2012 was an eventful year for CSM. Following a comprehensive review of the group's strategy, CSM announced in May a major next step in the evolution of our company: the transformation of CSM into a bio-based ingredients company and the divestment of our Bakery Supplies businesses. The strategic transformation of CSM is progressing according to the original expectations. I am proud of the way our people have responded to this change and are continuing to focus on serving our customers and driving our results."*

## Strategic transformation of CSM

The strategic transformation of CSM is progressing in line with original expectations. We have received initial non-binding offers for our Bakery Supplies activities and given a selected group of potential buyers access to our data room. In both Europe and North America management presentations have been held for the benefit of these selected potential buyers.

- We have decided to issue this trading update of our unaudited 2012 results so as to be able to inform the selected potential buyers of the unaudited full year results of our Bakery Supplies businesses.
- We will use the balance sheet at the end of 2012 as the closing balance sheet for the divestment. To allow sufficient time to prepare for this we have set the date for the release of our full 2012 figures to March 13, 2013. Post balance sheet events, if any, resulting from the divestment process will be evaluated in the full 2012 figures.
- Our annual General Shareholders Meeting will take place on May 6 2013.

## Key facts Q4 2012

### Breakdown of relative sales growth Q4 2012 compared to Q4 2011:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	7.4%	4.6%	2.8%	0.0%	2.8%	2.9%	-0.1%
BSEU	7.5%	1.5%	6.0%	2.4%	3.6%	1.4%	2.2%
Purac	-0.2%	0.9%	-1.1%	0.0%	-1.1%	0.2%	-1.3%

### Breakdown of sales growth 2012 compared to 2011:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	9.3%	8.3%	1.0%	0.0%	1.0%	3.4%	-2.4%
BSEU	3.7%	1.5%	2.2%	2.3%	-0.1%	2.5%	-2.6%
Purac	2.4%	3.6%	-1.2%	0.0%	-1.2%	-0.5%	-0.7%

### Breakdown of EBITA, excluding one-off costs, Q4 2012 compared to Q4 2011:

Quarter 4		x € million	Full year	
2012	2011		2012	2011
39.0	24.1	BSNA	123.2	94.9
17.0	12.8	BSEU	33.1	38.4
7.5	11.0	Purac	40.3	46.1
-7.2	-7.6	Corporate	-26.2	-28.6
<b>56.3</b>	<b>40.3</b>	<b>Total</b>	<b>170.4</b>	<b>150.8</b>

- **Bakery Supplies North America**

Quarter 4		x US\$ million	Full year	
2012	2011		2012	2011
596.8	579.1	Net sales	2,285.7	2,263.8
50.4	32.4	EBITA excluding one-off costs*	158.2	132.0
43.1	28.1	EBITA	147.3	118.4
8.5%	5.6%	ROS (excl. one-off costs) **	6.9%	5.8%

Quarter 4		x € million	Full year	
2012	2011		2012	2011
460.7	428.9	Net sales	1,779.6	1,627.6
39.0	24.1	EBITA excluding one-off costs*	123.2	94.9
33.3	20.9	EBITA	114.7	85.1
8.5%	5.6%	ROS (excl. one-off costs) **	6.9%	5.8%

\*) EBITA is earnings before Interest, Tax, Amortization/Impairments, One-off costs comprise restructuring and divestment costs.

\*\*) EBITA as % of net sales

In the strong fourth quarter, Bakery Supplies North-America was able to increase sales by \$ 17.7 million (2.8%) in a market showing a stabilizing trend. Caravan Ingredients was faced with some temporary disruption in sales as one of its larger customers filed for bankruptcy. Due to improved margins and good cost control, EBITA excluding one-off costs in the fourth quarter increased more than 50% compared to 2011 to \$ 50.4 million. The largest improvement came from our in-store bakery activities where margins recovered to more acceptable levels. Cost savings from Project Relevance more than compensated for inflationary cost increases. The one-off costs consist largely of incentive accruals related to the divestment, and to a lesser extent costs related to Project Relevance.

- **Bakery Supplies Europe**

Quarter 4		x € million	Full year	
2012	2011		2012	2011
294.8	274.2	Net sales	1,118.2	1,077.8
17.0	12.8	EBITA excluding one-off costs*	33.1	38.4
9.5	10.2	EBITA	16.9	35.8
5.8%	4.7%	ROS (excl. one-off costs) **	3.0%	3.6%

\*) EBITA is earnings before Interest, Tax, Amortization/Impairments, One-off costs comprise restructuring and divestment costs. \*\*) EBITA as % of net sales

Sales in Bakery Supplies Europe in the fourth quarter increased by 7.5%. Organic growth was 3.6%, with contributions from both from volume (2.2%) and price/mix (1.4%). In addition, acquisitions (2.4%) and currencies (1.5%) contributed positively. In line with our strategy, increased sales to retail/ISB were the main driver of this growth; the rate of decline in the artisan channel slowed down in Q4 versus earlier quarters. EBITA excluding one-off costs increased by 32.8% compared to 2011. Cost savings from the Relevance program supported the increased EBITA. The last part of the costs for Project Relevance were recorded as one-off costs in Q4. The larger part of the one-off costs is related to divestment incentive accruals.

- **Purac**

Quarter 4		x € million	Full year	
2012	2011		2012	2011
99.2	99.4	Net sales	416.8	407.2
7.5	11.0	EBITA excluding one-off costs*	40.3	46.1
6.8	7.9	EBITA	39.2	41.9
7.6%	11.1%	ROS (excl. one-off costs) **	9.7%	11.3%

\*) EBITA is earnings before Interest, Tax, Amortization/Impairments, One-off costs comprise restructuring costs.

\*\*) EBITA as % of net sales

Purac sales in the fourth quarter were almost flat compared to 2011. Within Purac, volume growth in Chemicals and Pharma almost fully compensated the volume pressure in Food. The price/mix effect was positive 0.2%. Volumes in food increased in Asia but were lower in the US, as a result of the impact of low cost in use, chemical substitutes in the meat preservation market. EBITA excluding one-off costs in Q4 was € 3.5 million lower than Q4 2011. This reflected additional costs of several growth initiatives (such as PLA, Biomass and Succinic acid). The new lactide factory in Thailand increased costs by € 1.6 million in Q4 2012. The finalization of Project Relevance resulted in some one-off costs.

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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 € 3.3 billion and has a workforce of around 10,000 employees in 25 countries. CSM is listed on NYSE Euronext Amsterdam.

For more information [www.csmglobal.com](http://www.csmglobal.com)