



# Q2 and HY 2011 Results

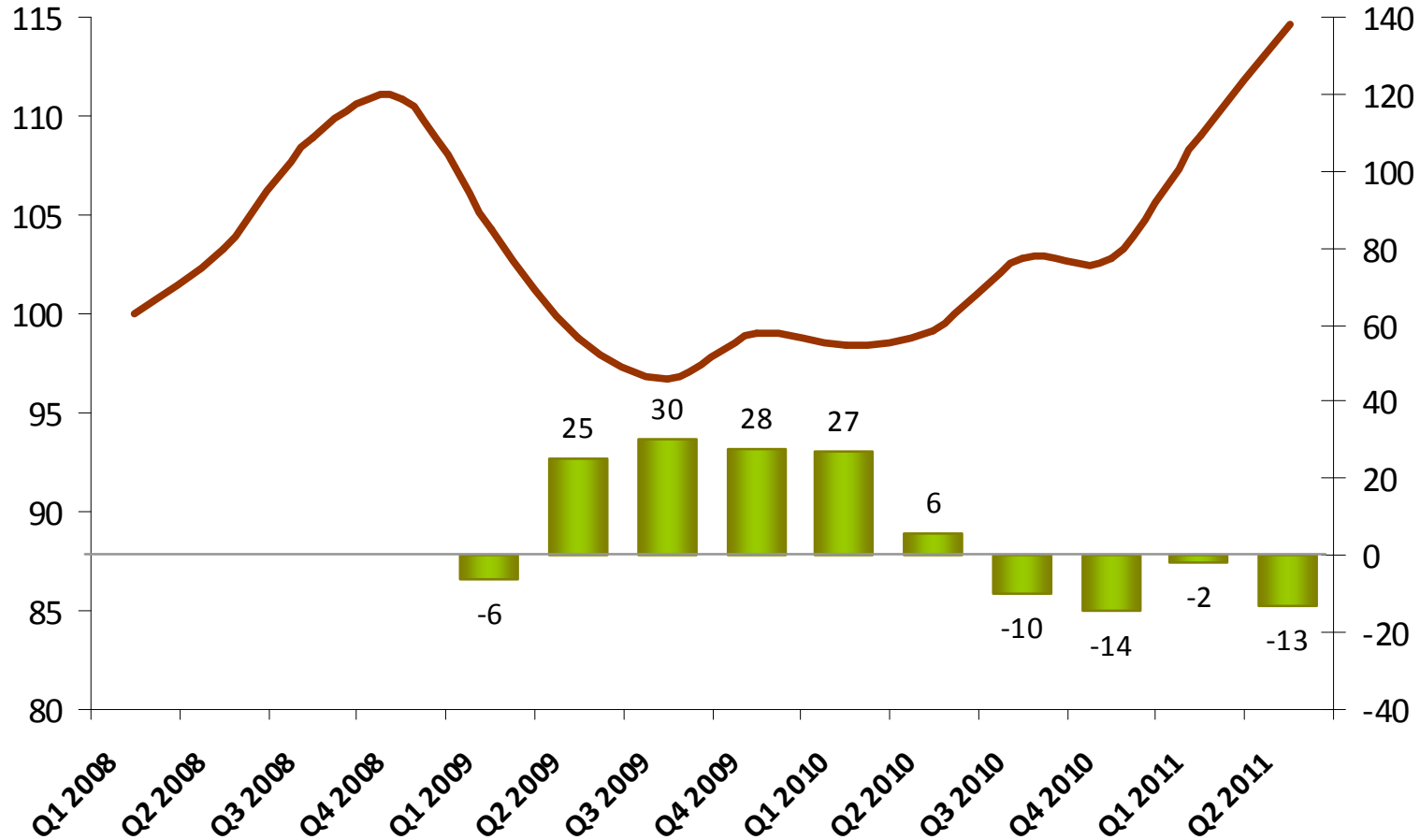


August 10, 2011

# Key highlights H1 2011

- Highest priority: Increase selling prices
  - Continued rise in raw material costs required additional price increases in Q2
  - Average price increases H1: 7.4%; Q2: 8.4%; June: 10% (vs 2010)
- Price leadership created short term volume losses:
  - Volume development: BSEU stable; BSNA -5.3%, Purac stable
- Time-lag in adjusting selling prices impacted EBITA
  - Negotiations and reformulations took time and were challenging
- Continued to invest in strategic initiatives, while reducing operational costs

# Balancing selling prices- raw material costs



Pricing minus Raw Materials effect compared with the same Quarter Previous Year



Average COGS per Ton



# Volume development H2 with pricing in place

- Bakery Supplies Europe gained contracts with key accounts in ISB a.o.
  - Carrefour
  - Metro/ Makro
- Best Brands integration into CSM Bakery Products
  - Revenue synergies in progress
- Purac
  - Meat segment US challenging, however expanded portfolio supports growth
  - Chemicals and pharma continue to grow strongly
- Growth in new geographies
  - Investments made in resources and plans being rolled out with successes
- Product innovations and renovations

# CSM's key growth opportunities in the market



**Changing consumer behavior**



**Changing customer needs**



**Untapped sustainability value**



**New geographies**



## Changing consumer behavior

- Consumers remain hesitant in turbulent times
  - North America: consumer spending on grocery down in current economic climate
- Artisan channel in Europe
  - Trend towards Out-of-home/ In store continues at cost of artisanal
- Customer responding to polarizing consumer trend:
  - Choosing for low cost in use versus indulgent/ premium products



## Changing customer needs

- **Grow Key accounts**
  - Breakthroughs at In Store Bakery in Continental Europe
  - Increased market share in In Store Bakery in UK
    - In Store Sales grew by 10% organically, 21% including Classic Cakes
  - Focus to increase penetration/ share of wallet customers North America
    - Extended portfolio of CSM Bakery Products
    - Exploiting Caravan Ingredients' leading market position



## Changing customer needs

Purac's focus on market functionality pays off

- Preservation specialist
  - Market trend polarizing towards either economizing with recently allowed chemical derived products or premium quality
  - Extending offering to capture opportunities in broad range of food market from low cost in use products to premium full natural ferments
  
- Green Building blocks
  - PLA
  - Succinic acid



## Untapped sustainability value

- PLA accelerating prospects
  - PLA plant at Synbra producing high quality products
  - Indorama testing high quality PLA on plant scale
  - Customers received development products ex Synbra and carry out trials
  - Purac co-financing new pilot plant facility being built at Sulzer Chemtech
  - Lactide plant Thailand on schedule
  
- Succinic acid- BASF alliance
  - Plant scale volumes produced
  - Commercial samples available
  - Negotiation full joint venture
  - In market latest 2013, aiming to be first with commercial volumes



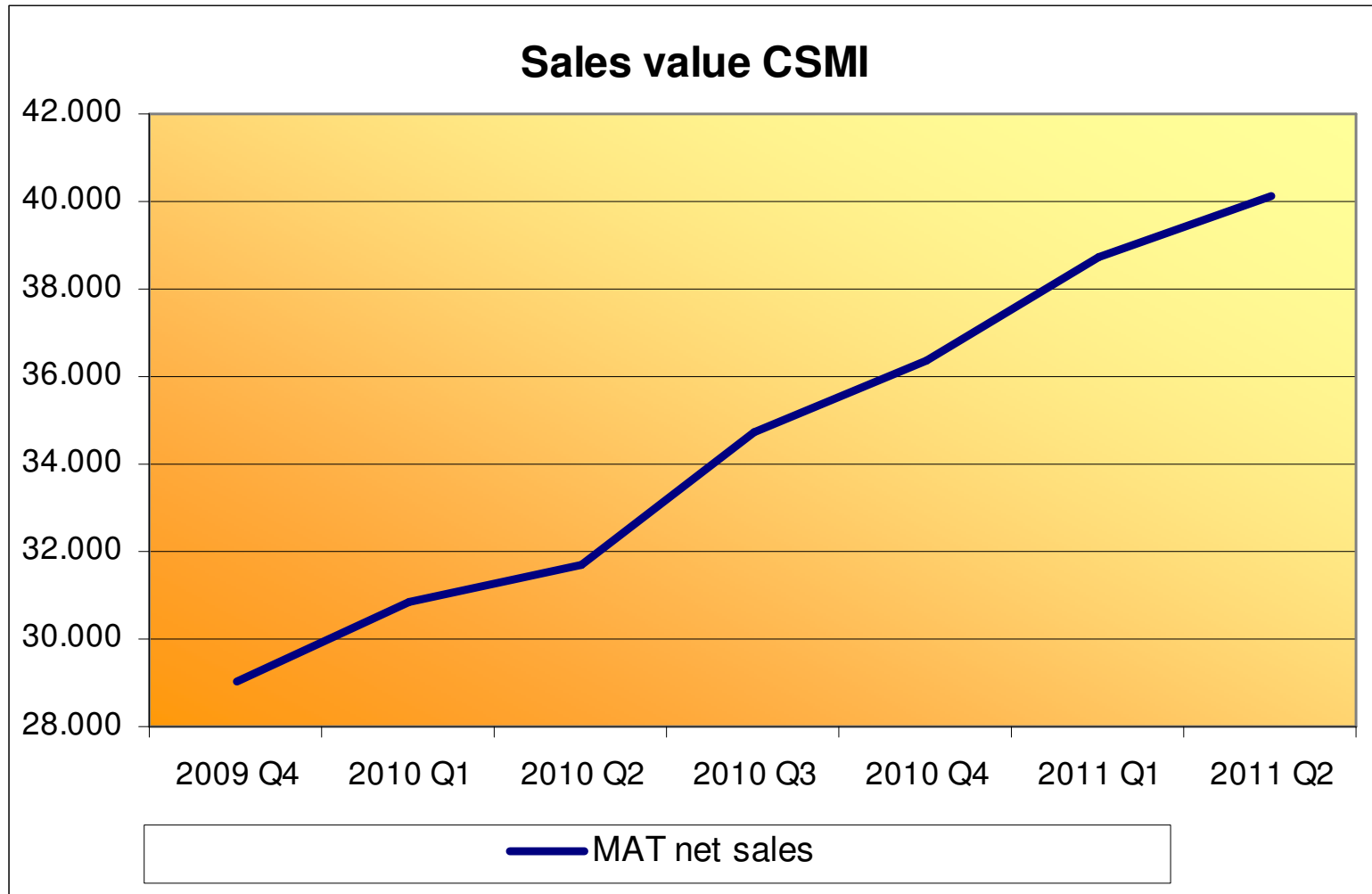
## New geographies

- Presence established:
  - China
  - Turkey
  - Tunisia
  - Japan
- Resources CSM International
  - 2008: 10 FTE's
  - 2010: 49 FTE's
  - 2011: 90 FTE's  
(Excl. Tunisia)





## New geographies



# Cost Development

- Strategic actions
  - Operational Excellence
  - Optimizing manufacturing footprint
  - CSM BP synergy effects
  - Shared services
- Operational actions
  - Increase efficiency
  - Reduce SGA (such as travel and consultancy)
  - Continued procurement savings
  - New hires only by executive approval

# Focus in H2

- Pricing in place
- Key priority volume development
- Cost and capex tightness continues to be reinforced
- Shareholder value creation drivers are key :
  - Cash flow generation
  - Maintain dividend policy



# Financials



August 10, 2011

# Key group financials Q2 and HY1 2011

- Sales Q2 excluding currency effects up by 5.5%, due to organic growth of 5.1% and a small acquisition effect
- Sales for the 1st half year excluding currency effects up by 10.6%, due to organic growth of 4.3% and acquisition effects
- EBITA Q2 before one-offs down by 34.8% (down 29.7% at constant currency)
- EBITA for the 1st half year before one-offs down by 21.8% (down 18.9% at constant currency)
- EBITA % for the 1st half year before one-offs of 5.3% (2010 7.2%), ROCE for the 1st half year before one-offs of 7.3% (2010 9.8%)
- Net Debt position at 2.6 x EBITDA
- Net Income for the 1st half year € 29.9 M

# Profit & Loss statement

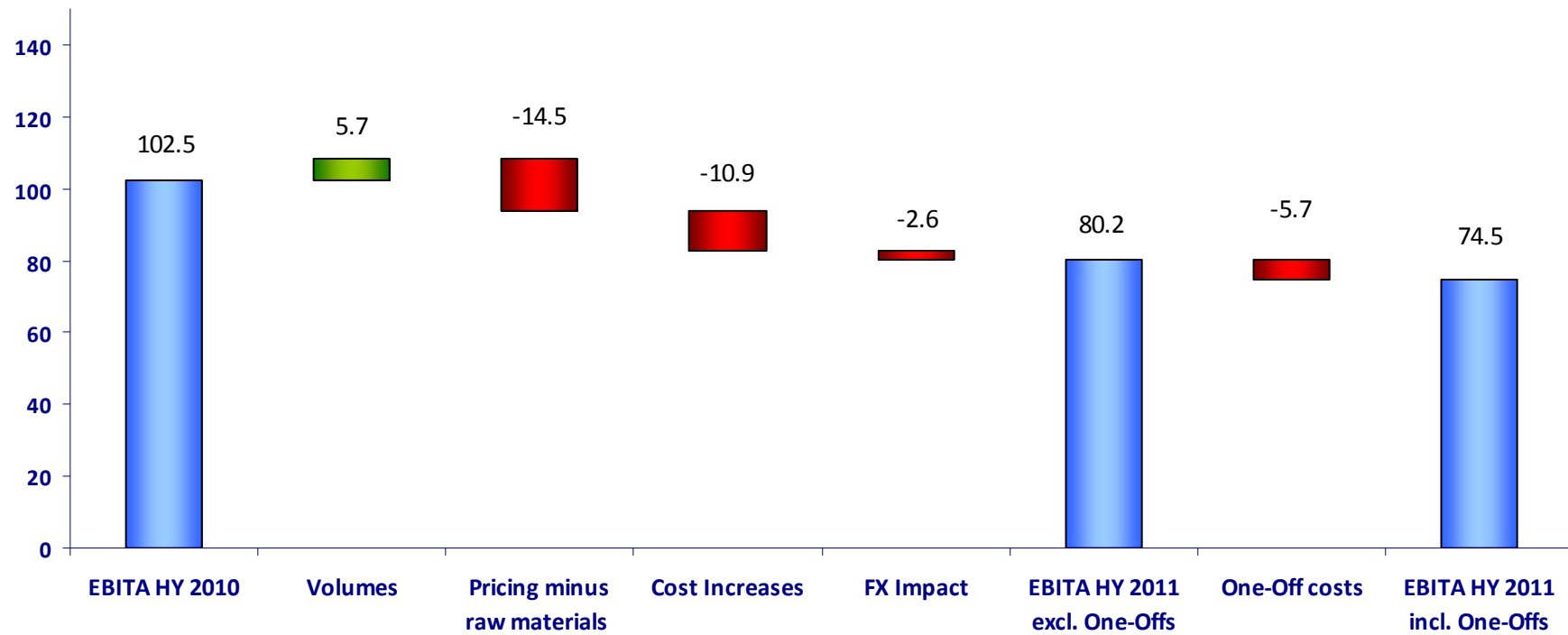
**Q2**  
€ x 1M

**HY**  
€ x 1M

2011	2010		2011	2010
765.5	771.7	Net sales	1,525.3	1,415.8
36.4	55.8	EBITA excl. one-off costs	80.2	102.5
<0.2>	4.4	One-off costs	5.7	10.6
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36.6	51.4	EBITA	74.5	91.9
		Amortization	<15.6>	<11.4>
			-----	-----
		EBIT	58.9	80.5
		Financial income / expenses	<16.6>	<8.8>
		Tax	<12.4>	<17.5>
			-----	-----
		Net Income	29.9	54.2
		EPS	0.41	0.77

# EBITA bridge HY 2011

Amounts in € M



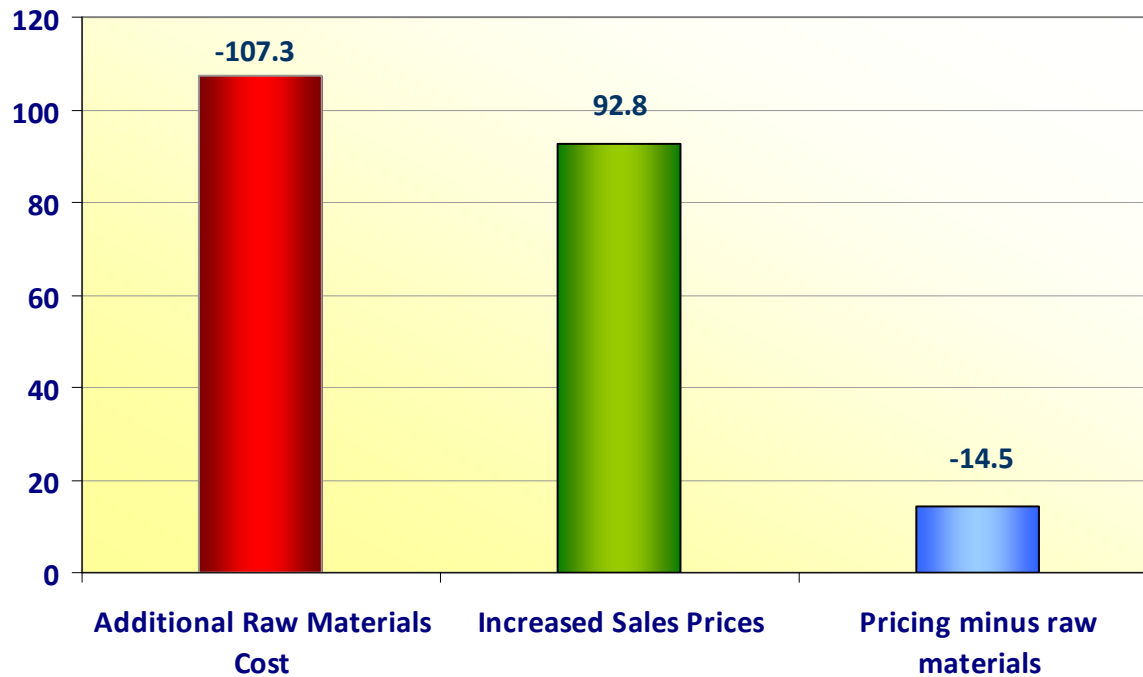
*Volume effect includes the impact of the Best Brands acquisition.*

# Net sales & volume Half Year

Net Sales Third Party – YTD Amounts in Million Euros	2011	2010	Total Growth	Organic Growth	Volume Growth	Price / Mix Growth
CSM Bakery Supplies North America	793.6	725.2	68.4 9.4%	23.7 3.2%	-5.3%	8.5%
CSM Bakery Supplies Europe	526.9	491.4	35.5 7.2%	28.6 5.8%	-0.1%	5.9%
PURAC Division	204.8	199.2	5.6 2.8%	9.3 4.7%	-0.1%	4.8%
<b>CSM Group - Continued Operations</b>	<b>1,525.3</b>	<b>1,415.8</b>	<b>109.5</b> 7.7%	<b>61.6</b> 4.3%	-3.1%	7.4%

- Impact of volume loss on EBITA benefited from growth in higher AV products
- BSNA lost more than average on lower added value traded goods in our distribution activity
- BSEU; the impact of emerging markets on organic growth is still limited
- Purac; lower volumes in Food were compensated by growth in Chemicals & Pharma

# Selling prices and Raw Material costs



- YTD period 6 2011 we have incurred € 107 M of additional raw material costs; Full year 2011 LE of € 240 M
- Most of our raw materials are contracted with prices fixed for the 2nd half

# Cost increases

- Investments in organization / strategy
  - Purac additional 60 FTE's for Bioplastics and other projects like Succinic acid.
  - Global positions filled for:
    - Commercial to support global Key account management and product marketing
    - Sustainability to drive awareness and programs at CSM
  - Strategic projects requiring investments like:
    - Health & Wellness to act as a frontrunner in improving caloric and dietary aspects of our products
    - Emerging markets, such as China, Turkey and Tunisia where we have invested in manufacturing and sales capabilities and FTE's
- Transportation and fuel cost increases

# Other explanations EBITA bridge

- Best Brands (BB)
  - Integration costs for H1 were US\$ 6.4 M
  - BB is fully integrated, no longer possible to identify accurately legacy BB results

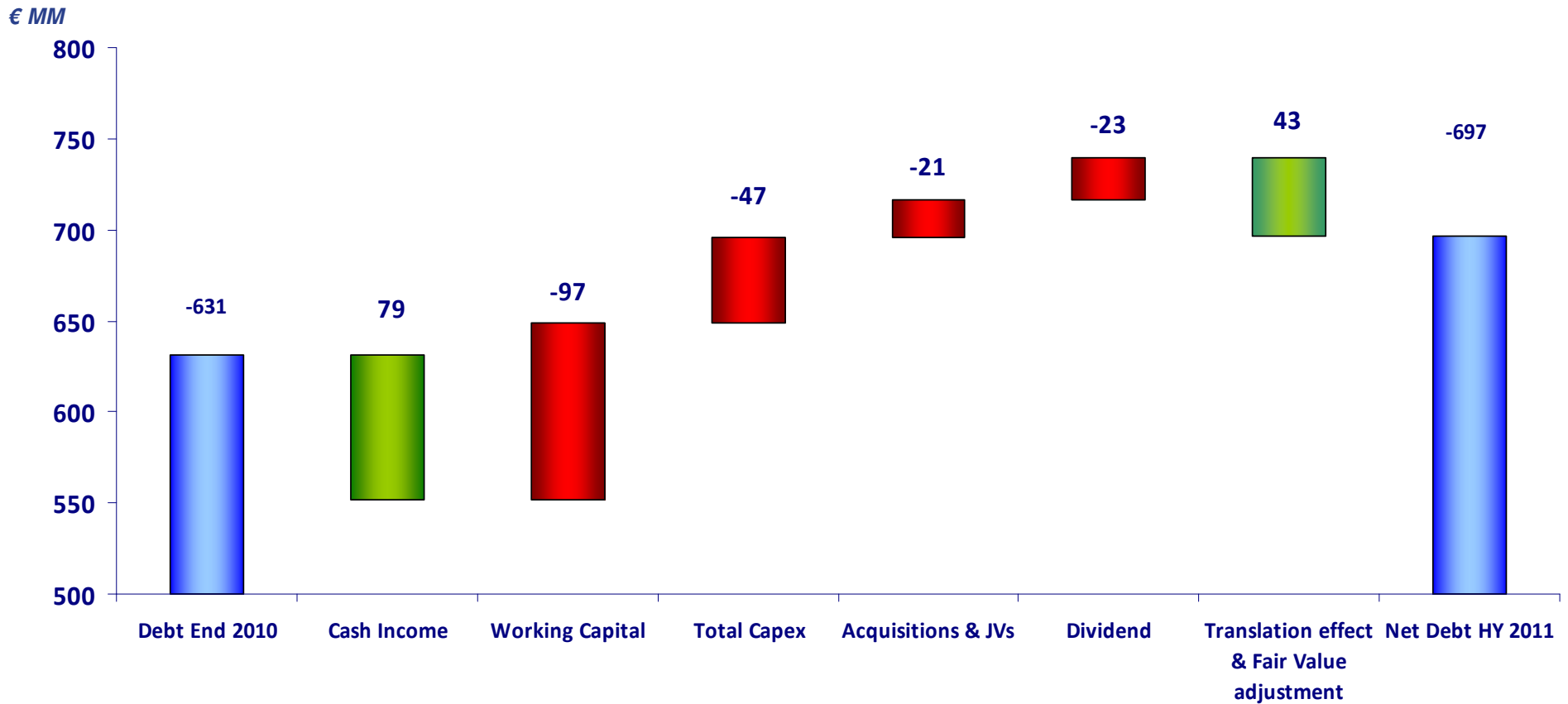
- Currency

	H1 2010	H1 2011
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- |                 |      |      |
|-----------------|------|------|
| ■ Average (P&L) | 1.33 | 1.40 |
|-----------------|------|------|
- Not included are transactional currency effects at Purac of approx. € <0.4> M

- Brazil Fire, direct costs incurred € 2.4 M, initial insurance compensation € 1.3 M

# Capital management – HY1 2011



Financial Covenants 2011

Net debt / EBITDA	2.6	3.5 max
Interest cover	8.4	3.5 min

# Net cash income

**HY**  
€ x 1M

	2011	2010
<b>EBITA</b>	<b>74.5</b>	<b>91.9</b>
<b>Depreciation</b>	<b>36.7</b>	<b>35.2</b>
<b>Other non cash P&amp;L</b>	<b>&lt;5.6&gt;</b>	<b>4.6</b>
<b>Interest and tax paid</b>	<b>&lt;26.3&gt;</b>	<b>&lt;36.8&gt;</b>
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<b>Net cash income</b>	<b>79.3</b>	<b>94.9</b>



**BAKEMARK**

# Working capital movement

**HY**

€ x 1M

	2011	2010
<b>Inventory</b>	<17.0>	<9.3>
<b>Accounts Receivables</b>	<37.5>	<21.3>
<b>Accounts Payables</b>	<42.2>	<9.8>
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<b>Working capital</b>	<96.7>	<40.4>
<b>Average Cash conversion cycle in days outstanding</b>	38.6	36.4

- Normal seasonal impact in H1 like in 2010, due to low sales in December, Y/E payables and prepayments at start of the year
- Impact of increased Raw Materials cost and related selling price increase on working capital is approx. € 35 M
- Bringing down our inventories during the quarter and timing of payments has resulted in lower payables than normal

# Capital Expenditures & Acquisitions

(Tangible Fixed Assets)

**HY**  
€ x 1M

	Capex	Depreciation
<b>Bakery Supplies North America</b>	9.9	12.5
<b>Bakery Supplies Europe</b>	7.9	11.3
<b>Purac</b>	21.8	12.9
<b>Corporate</b>	1.2	0
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<b>Total investment tangible fixed assets</b>	<b>40.8</b>	<b>36.7</b>

Included in the Purac capital expenditures is an amount of € 12.8 M for the Lactide factory in Thailand. Cumulative investment in this project € 35.1 M, completion H2 2011 with expected total investment of € 45 M

Investments in intangible fixed assets of € 2.3 M and cash differences bring total cash capex to € 47 M

Acquisitions comprise of Classic Cakes & Joint venture in Tunisia

# Interest

**HY**  
€ x 1M

	2011	2010
Ordinary interest expenses	<14.1>	<13.3>
Exchange differences	<0.3>	1.9
Result on financial instrument w/o hedge acct.	<2.1>	3.1
Other	<0.1>	<0.5>
	-----	-----
Interest expense in P&L	<16.6>	<8.8>

Ordinary interest expenses increased due to more LT funding/interest



# Tax

	<b>HY</b> € x 1M	
	2011	2010
<b>Ordinary tax expense</b>	<7.7>	<17.6>
<b>Tax provisions</b>	0.0	<2.0>
<b>Reversal of Tax Assets</b>	<3.5>	0.0
<b>Other</b>	<1.2>	2.1
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<b>Effective tax expense</b>	<12.4>	<17.5>
<b>Effective tax expense as % of results before tax</b>	29%	24%

Ordinary tax expenses are close to 20% tax burden, for full year expectations are around 25%



# Outlook 2011

**We expect EBITA before one-off costs and at constant currencies in the second half of 2011 to be broadly in line with the second half of 2010. In the current turbulent economic environment it is however, difficult to predict consumer behavior.**

- **Volumes:** We expect a gradual recovery of volumes during the second half year
- **Pricing:** We expect that our pricing will progressively balance the increase in our raw material costs
- **Expenses:** We remain very much focused on cost reductions and realizing integration savings of Best Brands in the second half of 2011
- **Currency:** Constant currencies, if the 2<sup>nd</sup> half EBITA of 2010 is restated at the current US\$ of 1.45 against the Euro it will be negatively impacted by approx. € 9 M
- **Working Capital:** Is expected to come down towards year end, both seasonal and due to further improvement measures
- **Capex:** We expect our capital expenditures for the year to be around € 130 million
- **Interest:** The 2<sup>nd</sup> half underlying ordinary interest expenses will be in line with H1 2011
- **Tax:** We expect ordinary tax expenses to be approx. at a 25% tax burden for the full year



# *Appendices*

# Sales and Volume Growth per Division

Net Sales Third Party – Quarter Amounts in Million Euros	2011	2010	Organic Growth	Volume Growth	Price / Mix Growth
CSM Bakery Supplies North America	400.9	425.4	17.5 4.1%	-5.7%	9.8%
CSM Bakery Supplies Europe	262.8	244.1	16.7 6.9%	-0.1%	7.0%
PURAC Division	101.8	102.2	5.5 5.4%	1.1%	4.3%
<b>CSM Group - Continued Operations</b>	<b>765.5</b>	<b>771.7</b>	<b>39.7</b> 5.1%	-3.3%	8.4%

Net Sales Third Party – YTD Amounts in Million Euros	2011	2010	Organic Growth	Volume Growth	Price / Mix Growth
CSM Bakery Supplies North America	793.6	725.2	23.7 3.2%	-5.3%	8.5%
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# Results per business segment

	Net Turnover € x 1M		EBITA* € x 1M		ROS* %		Capital** € x 1M		ROCE* %	
	2011 HY	2010 HY	2011 HY	2010 HY	2011 HY	2010 HY	2011 HY	2010 HY	2011 HY	2010 HY
BSEU	526.9	491.4	18.6	30.2	3.5	6.1	824.1	839.9	4.5	7.2
BSNA	793.6	725.2	52.1	57.4	6.6	7.9	976.2	937.4	10.7	12.2
Total BS	1,320.5	1,216.6	70.7	87.6	5.4	7.2	1,800.3	1,777.3	7.9	9.9
PURAC	204.8	199.2	24.9	30.2	12.2	15.2	338.4	286.7	14.7	21.1
Holding costs			<15.4>	< 15.3 >			46.0	18.4		
CSM total	1,525.3	1,415.8	80.2	102.5	5.3	7.2	2,184.7	2082.4	7.3	9.8

\* Excluding one-off costs

\*\* Average capital employed including goodwill

# BSNA: Market Developments and Results

Q2 \$ x 1M			HY \$ x 1M		
2011	2010		2011	2010	
575.3	547.9	Net sales	1,112.4	962.2	
37.0	45.1	EBITA *	73.0	76.1	
6.4%	8.2%	ROS %	6.6%	7.9%	
		ROCE %	10.6%	12.2%	*Excluding one-off Costs

## Sales

- Organic growth BSNA 3.2% for H1, Q2: 4.1%
- Volumes impacted by weak consumer environment, H1 <5.3%>, Q2 <5.7%>. Pricing up by 9.8% in Q2 compared with Q2 2010.
- Demand for frozen products growing

## EBITA

- In Q2 and Q1 increased RM cost could not be fully compensated in the short term by increased selling prices. Negative impact in Q2 stronger.
- Cost control partly compensated in Q2 the RM effect. As in Q2 2010 we incurred pension costs as a result of abandoning a union led pension fund.

## Capital

- H1 Net Investments in Tangible Fixed Assets \$ 13.9 M, depreciation \$ 17.5 M
- Operational working capital was up \$ 35.7 M, mainly due to the impact of raw material cost increases and the related selling price increases.

# BSEU: Market Developments and Results

Q2 € x 1M			HY € x 1M	
2011	2010		2011	2010
262.8	244.1	Net sales	526.9	491.4
6.2	13.8	EBITA	18.6	30.2
2.4%	5.7%	ROS %	3.5%	6.1%
		ROCE %	4.5%	7.2%

## Sales

- Organic growth BSEU Q2: 6.9%, H1: 5.8%
- Volumes HY and Q2 2010 were stable, we did see changes in the channels with growth of In-Store/OOH.
- Frozen volumes increased vs LY

## EBITA

- Increased raw materials costs compared to 2010 could not be fully compensated in the short term by pricing actions. Despite strong pricing actions (Q2 +7.0%) both in Q1 and Q2 the effect is negative with a stronger impact in Q2.
- Currency impact on EBITA is negligible

## Capital

- Net Investments in Tangible Fixed Assets € 7.9M, depreciation € 11.3M
- Operational working capital increased by € 46.6M versus year end 2010, mainly due to Raw material costs impacting inventory, higher selling prices impacting receivables, lower payables and the normal seasonal growth in the first half year.

# PURAC: Market Developments and Results

Q2 € x 1M			HY € x 1M		
2011	2010		2011	2010	
101.8	102.2	Net sales	204.8	199.2	
12.2	15.4	EBITA *	24.9	30.2	
12.0%	15.1%	ROS %	12.2%	15.2%	
		ROCE %	14.7%	21.1%	*Excluding one-off Costs

## Sales

- Organic growth PURAC H1 4.7%, Q2 5.4%, Volumes H1 <0.1>% , Q2 1.1%. Growth is in C&P channel, Food channel under pressure due to price increases also due to lower cost in use preservation products.
- Sales of lactides has been limited so far.

## EBITA

- Pricing & mix H1 4.8%, Q2 4.3%. Not yet enough to compensate the higher raw material costs
- Higher cost related to the add. FTE's of Bioplastics and other innovation projects negatively impacted EBITA by approx. € 1 million in Q2

## Capital

- Net Investments in Tangible Fixed Assets € 21.8M of which € 12.8M related to the Thai Lactide factory, total depreciation € 12.9M
- Operational working capital versus year end 2010 increased by € 26.7 million mainly due to increased raw materials costs and selling prices impacting inventory and receivables. Payables were lower.

# Other

## Currency

- Main source is the devaluation of the US\$ versus the Euro:

	H1 2010	H1 2011	FY 2010
Average (P&L)	1.33	1.40	1.33
Ending (Bal.S.)	1.23	1.45	1.34

## Fire Brazil

In March of this year a fire in our Purac production unit in Brazil caused substantial damages. The direct costs incurred due to the fire amounted to Euro 2.4 million of which we have received back from the insurance company in Q2 Euro 1.3 million. We expect to receive further compensation from the insurance company in the second half year.

# Acquisitions

- Classic Cakes Purchase price € 13.1 M
  - Acquired/Consolidated as of January 31<sup>st</sup> 2011
  - Will be fully integrated in our UK bakery activities
  - Sales in the 1<sup>st</sup> half € 5.4 M, EBITA 0.2 M as a result of integration costs incurred
  
- GIAS Tunisia Purchase price € 7.1 M
  - Acquired/Consolidated as of January 14<sup>th</sup> 2011
  - Will function as our platform in North Africa
  - 50/50 joint venture with GIAS will be treated as a non-consolidated participation
  - Annual sales of the JV is approx. € 14 M

