



## agenda

- financial results
- divisional performance
- strategic developments



## financial results



### key highlights first half 2005

- poor business climate
- restructuring and divestment strengthens focus
- **3S** programme - build a **S**harp team, **S**trong company and **S**olid performance
- first phase: improve margins
- restructuring charge of c.EUR 120M for 2005-07
- second phase: invest to strengthen organic growth
- EUR 50M cost savings to be part of operating profit by 2008



## key financials first half 2005

- net turnover from continuing operations EUR 1,278.7M (1H04 EUR 1,333.2M)
- currency movements depressed turnover by EUR 23.4M; divestments reduced turnover by EUR 45.9M
- operating profits from continuing operations before exceptional items EUR 71.5M (1H04 EUR 88.2M)
- currency movements depressed operating profits by EUR 5.4M
- negative impact exceptional items EUR 29.6M. Operating profit post exceptionals EUR 41.9M
- EPS EUR 0.46 (1H04: EUR 0.54)



## divisional highlights first half 2005

- **Bakery Supplies Europe** disappointing results due to incidental factors at BakeMark UK and restructuring at Délices de la Tour (F)
- **Bakery Supplies North America** improved its USD operating result before exceptional items. Successful reorganization of distribution activities and integration of Henry&Henry into H.C. Brill
- **Biochemicals** saw a sharp decrease in its operating result due to price pressure mainly in the North American market and negative currency effects. Preparations for a new production site in Thailand in full swing
- **Sugar** realized a virtually flat operating result excluding exceptional items. Production site at Breda is closed and transfer to Viervelaten is on schedule



## key figures first half 2005

from continued operations before exceptionals

EUR x 1M	1H05 <u>total</u>	1H05 <u>except.</u>	1H05 <u>bef. except</u>	1H04 <u>total</u>
net turnover	1,278.7		1,278.7	1,332.2
gross profit	243.0	-39.8	282.8	306.3
<i>gross margin %</i>	19.0		22.1	23.0
EBIT	41.9	-29.6	71.5	88.2
<i>EBIT margin %</i>	3.3		5.6	6.6
pre tax profits	12.6	-29.6	42.2	57.7
net result	9.8	-25.1	34.9	44.3
<i>net margin %</i>	0.8		2.7	3.3
EPS	0.13		0.46	0.54



## divisional performance



## Bakery Supplies Europe markets and strategic developments

### market

- weak consumer spending still has adverse impact on market conditions, stagnating volumes and shift to cheaper products
- number of artisan bakers continues to decline
- continued growth in-store bakeries, positive trends for industrial, foodservice/OOH

### strategic actions

- focus on 3S program
- innovation to enhance growth
- co-branding with strong brands

### objectives

	<u>target</u>	<u>1H05</u>	<u>1H04</u>
▪ ROS	8 - 10%	3.5	4.4
▪ ROCE	11 - 13%	4.3	5.6
▪ organic growth turnover	1 - 2%	1.7	-2.1



## Bakery Supplies Europe results and outlook

### results

- net turnover -2.4% to EUR 540.8M.
- divestments reduced turnover by EUR 22M. Marked increase in turnover for in-store, foodservice/OOH
- new products contributed EUR 31M to sales
- operating result pre exceptionals EUR 18.9M, down 21.5%
- incidental setback at BakeMark UK and restructuring at Délices de la Tour

### outlook

- in all countries increasing emphasis on growth through innovation
- unprofitable business will be terminated
- focus on cutting costs in supply chain and support services
- excluding exceptional items, we anticipate a strong decline in the operating result for 2005 as a whole



## Bakery Supplies North America market and strategic developments

### market

- on-going concentration on in-store, industrial and foodservice/ OOH
- scale opportunities and faster route to market for new products
- increasing demand for good-carbs and convenience foods

### strategic actions

- strengthen further position with large retail chains (e.g. Albertsons, Wal-Mart and Safeway)
- complete integration of Brill, H&H and B&B
- focus on 3S program

### objectives

	<u>target</u>	<u>1H05</u>	<u>1H04</u>
▪ ROS	8 - 10%	5.9	5.3
▪ ROCE	11 - 13%	8.1	7.2
▪ organic growth turnover	1 - 2%	3.3	-1.0



## Bakery Supplies North America results and outlook

### results

- revenues EUR 495.5M (1H04 EUR 509.8M). Most companies realizing volume growth
- revenues in EUR negatively affected by EUR 20.5M from currency movements and impact divestments EUR 20.9M
- excluding currency movements and exceptionals operating profits rose by 12%

### outlook

- on-going focus on growing segments of the market and innovation
- excluding exceptional items, we expect to see a marked increase in the operating result for 2005 in USD



## Sugar market and strategic developments

### market

- current proposal for new market regulation 2006 – 2015
  - price reduction: sugar 39%, beet 42%
  - greater price reduction than previously proposed
- EU proposal includes a buy-up scheme to reduce beet production
- EU ministers expected to reach definitive decision in November 2005

### strategic actions

- concentration of beet procession at Ververlaten after closure of Breda
- production partnerships with other producers

### objectives

	<u>target*</u>	<u>1H05</u>	<u>1H04</u>
▪ ROS	12 - 16%	20.2	16.5
▪ ROCE	25 - 35%	33.6	33.1

\* before new decision



## Sugar results and outlook

### results

- net turnover EUR 102.5M (1H04 EUR 130.5M)
- high oil prices impact in rising energy costs

### outlook

- for 2005, limited decrease in the operating result excluding exceptionals



## Biochemicals strengths

- world market leader (by far) in lactic acid industry
- technology leader, innovation leader
- close to market; broad and strong customer base
- good organic growth profile (CAGR 10% + p.a.); continued strong growth expected
- results influenced by USD and carbohydrate raw materials (mainly sugar)



## Biochemicals portfolio

- product portfolio consists of:
  - lactic acid, lactic acid derivatives
  - gluconic acid, gluconic acid derivatives
  - specialty polyols: lactitol and xylitol
  - biomaterials
- many applications in different industries
- global sales and supply chain network
- six plant locations around the world

objectives		<u>target</u>	<u>1H05</u>	<u>1H04</u>
■ ROS		15 - 20%	8.9	17.3
■ ROCE		15 - 20%	9.0	20.1
■ organic growth turnover		>10%	6.0	26.0



## Biochemicals results and outlook

### results

- turnover increased to EUR 139.9M (1H04 EUR 138.9M). Currency movement had negative impact of EUR 2.1M
- sale volume rose an average of 6%, while prices fell by 5%
- unfavorable exchange rates (USD and BRL) adversely affected profits by EUR 4.4M
- increased raw material and energy costs as well as one-off factors all contributed to lower results
- excluding the negative impact of incidental factors and movements in exchange rates, the decline in operating profits would have been limited to 15%

### outlook

- preparation of a low cost production site, in Thailand
- we expect to see prices stabilize in most of the product categories in 2H05
- considerably lower operating results expected for 2005 excluding exceptional items



## strategic developments



## challenging environment

- currently CSM faces a challenging environment in all its divisions
- implementations of our 3S program will result in our financial targets being realized in 2008
- we reiterate our financial goals



## CSM vision: focusing on sustainable growth

- phase 1 : 2005 – 2007: create competitive cost structure  
“Sharp team, Strong company, Solid performance”
  - build foundations for underlying growth
  - restore margins
- phase 2 : 2008 and beyond: growth  
“Sharp team, Strong company, Solid performance”



Sustainable growth and create Shareholders' value

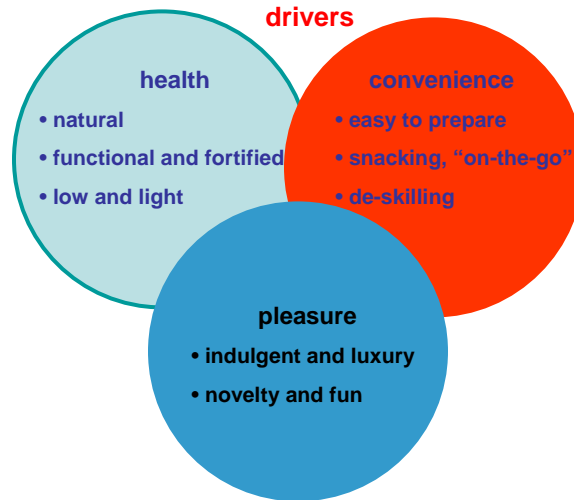


## build foundations for underlying growth



### consumer trends

#### strategic market drivers



**CSM has an excellent fit**

## **existing CSM capabilities**

- strong customer, product and technology portfolios
- access large as well as smaller size customers
- high customer focus and service orientation
- customized solutions
- application and technical support
- strong technology drive

**we will provide leverage**



## **phase 1 create competitive cost structure**

- support growth existing markets
  - competitive cost structure
  - healthy margins
  - interdependent organization
- support growth adjacent markets
  - use of CSM capabilities
  - fit with current portfolio
- actions
  - invest in innovation power
  - invest in marketing & sales
  - lower costs



## create a competitive cost structure through integration, supply chain and organizational efficiencies



## create a competitive cost structure

- restructuring plans
  - plants
  - shared service
  - organizational efficiency
- create procurement efficiencies
- share activities at levels when synergies exist
  - concept marketing & development : regional/global
  - procurement : regional/global
  - customer activities : local/regional
- reduce decision making layers



## **saving costs, investing for growth**

### **saving costs**

- cost savings per annum EUR 110M by 2008

### **investing for growth**

- EUR 30M to bolster our competitive position through investing in marketing & sales
- EUR 30M in innovation

### **bottom line enhancement**

- EUR 50M cost savings to be part of operating results by 2008



## **restructuring charge**

- estimated restructuring costs EUR 120M
- estimate: EUR 60M charge for 2005 (1H05 EUR 30M)
- balance to be taken in 2006-07



## 2005 a year of transition

management team agenda:

- restructure and save costs to restore margins
- prepare and invest for growth in phase 2

we are confident that CSM will reach its committed targets by 2008 and deliver shareholder value:

ROS of a least 8.5%  
ROCE of at least 12%  
EPS growth of 5-10% per annum



## appendices



### Bakery Supplies Europe

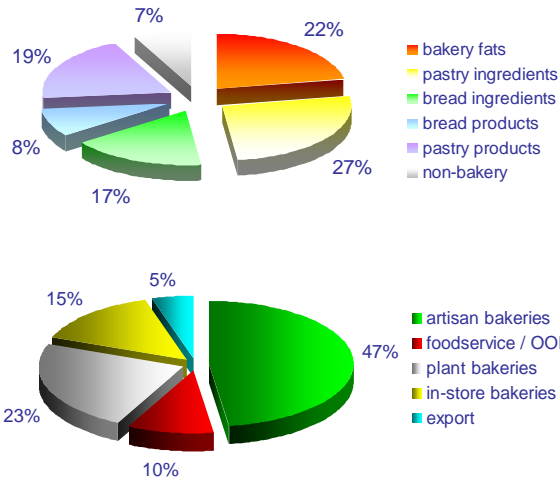
- European market leader with 12% market share
- market size EUR 8.5Bn
- #1 in Germany, Italy, United Kingdom and France
- market share per segment:

artisanal	19%
wholesale	13%
in-store	8%
foodservice/OOH	7%



2004

## strong in ingredients and artisan bakers, growing elsewhere



## Bakery Supplies North America

- # 2 position (7%) in US bakery supplies market
- our sales split:

retail	23%
industrial	21%
in-store	24%
foodservice/OOH	11%
- distribution of third party products 40% of total sales



## Sugar

- #2 player in the Netherlands (38%)
- quota 325,000t sugar
- industrial 85%
- retail 15%



## Biochemicals

- operations under the name of PURAC
- global market leader (70%) lactic acids and derivatives
- broad range of applications
- successful product/application development



## results per business segment after exceptional items

	net turnover EUR x 1M		EBIT EUR x 1M		ROS %		capital* EUR x 1M		ROCE* %	
	1H05	1H04	1H05	1H04	1H05	1H04	1H05	1H04	1H05	1H04
<b>BSEU</b>	540.8	554.0	12.3	24.1	2.3	4.4	872.7	866.2	2.8	5.6
<b>BSNA</b>	495.5	509.8	25.7	27.2	5.2	5.3	719.6	756.5	7.1	7.2
<b>Bio</b>	139.9	138.9	9.1	24.0	6.5	17.3	277.7	239.2	6.6	20.2
<b>Sugar</b>	102.5	130.5	4.7	21.5	4.6	16.5	123.3	129.8	7.6	33.1
holding costs			-9.9	-8.6			1.5	-4.7		
<b>CSM cons. from cont. operations</b>	<b>1,278.7</b>	<b>1,333.2</b>	<b>41.9</b>	<b>88.2</b>	<b>3.3</b>	<b>6.6</b>	<b>1,994.8</b>	<b>1,987.0</b>	<b>4.2</b>	<b>8.9</b>

\* including goodwill



## results per business segment before exceptional items

	net turnover EUR x 1M		EBIT EUR x 1M		ROS %		capital* EUR x 1M		ROCE* %	
	1H05	1H04	1H05	1H04	1H05	1H04	1H05	1H04	1H05	1H04
<b>BSEU</b>	540.8	554.0	18.9	24.1	3.5	4.4	872.7	866.2	4.3	5.6
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\* including goodwill



## cash flow allocation and financing

EUR x 1M

	1H05	1H04
<b>cash flow from operations</b>	<b>8</b>	101.3
discontinued operations	-14.3	44.5
sale of discontinued operations	779.2	-
sale of group companies	-12.7	-
net capital expenditure (pp&e)	-8.4	-49.8
paid-out dividends	-67.1	-30.7
contribution pension fund	-	-4.2
	<b>+702.1</b>	-40.2
<b>financing</b>		
net debt	-632.7	-54.5
share buy-back	-77.4	-6.6
	<b><u>-710.1</u></b>	<b><u>-61.1</u></b>
	-	-



## balance sheet

	1H05	1H04
property, plant & equipment	600.2	632.8
intangible assets	645.1	644.9
financial assets	13.0	12.7
deferred tax assets	60.6	64.6
<b>total non-current assets</b>	<b>1,318.9</b>	1,355.0
inventories	321.6	312.9
receivables	374.7	380.4
cash and cash equivalents	207.6	47.5
assets held for sale	-	593.2
<b>total current assets</b>	<b>903.9</b>	1,334.0
<b>total</b>	<b>2,222.0</b>	2,689.0
shareholders' equity	907.6	755.4
provisions	190.2	176.8
deferred tax liabilities	87.4	71.1
long-term debts	565.1	914.6
<b>total non-current liabilities</b>	<b>842.7</b>	1,162.5
interest-bearing short-term debts	52.9	135.1
trade payables	209.9	249.7
other current liabilities	209.7	198.3
liabilities held for sale	-	188.0
<b>total current liabilities</b>	<b>472.5</b>	771.1
<b>total</b>	<b>2,222.0</b>	2,689.0

