

annual results 2004

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agenda

- strategic developments
- financial results
- divisional performance

strategic direction

- focus on business to business
- divestment of consumer orientated sugar confectionery

CSM: a global bakery supplies and food ingredients company

business focus

- bakery supplies in Europe and North America
- lactic acid and lactic acid derivatives on a global scale
- sugar, mainly in the Netherlands

three core elements

- restructuring
- divestment
- growth

H2 2004 restructuring/divestment underway

- BakeMark (Germany) sales organization re-organized
- Bakery Supplies (Europe) procurement restructuring
- Bakery Supplies (NA) distribution restructuring
- Délices de la Tour (France) production restructuring
- Sugar Confectionery sold
- Dreidoppel (Germany) sold
- Lachaise (France) sold
- Nedalco - 39% stake (NL) sold

financial objectives

CSM is committed to enhancing shareholder value

strategy will lead to a recovery in organic growth

key mid-term financial targets are:

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

divisional targets

	<u>ROS %</u>	<u>ROCE %</u>
■ bakery supplies	8 - 10	11 - 13
■ biochemicals	15 - 20	15 - 20
■ sugar	12 - 16	25 - 35

financial results



key highlights 2004

- net turnover fell by 0.3% to EUR 3,475M
 - at constant exchange rates, turnover would have increased by 2.8%
 - the fall in the USD had a considerable impact on results with an average rate of 1.24 compared with 1.13 in the prior year
- net profit* EUR 162.5M (2003: EUR 177.5M)
 - at constant exchange rate, net profit would have fallen by 6.2%
- EPS* EUR 2.05 (2003: EUR 2.28)
- dividend remains unchanged at EUR 0.80

* before goodwill amortization

key highlights 2004

- announced disposal of **Sugar Confectionery** division for EUR 850M
- **Bakery Supplies Europe**: strongly disappointing results due to
 - poor market conditions in Germany and France
 - higher raw material costs
- **Bakery Supplies North America** improved its results positive impact of low-carb ingredients and products merger of marketing and sales of number of businesses on schedule
- **Biochemicals** continues to see strong volume growth (+19%) but felt the adverse effect of the weak USD and price pressure
- the **Sugar** division sold its stake in alcohol producer Nedalco and announced the closure of the beet processing operations in Breda

balance sheet strengthened

- debt reduction
- investment for growth
- share buy back

divisional performance



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%



Bakery Supplies Europe

markets and strategic developments

market

- no clear signs of a recovery in consumer confidence in many markets, although volumes and margins improved in Q4
- shift by consumer to cheaper products
- continued growth in foodservice/OOH

strategy

- restructure sales and R&D organizations to increase the service level and reduce cost
- centralize procurement and production
- divest non-core activities

objectives

	<u>target</u>	<u>*2004</u>	<u>2003</u>
■ ROS	8 - 10%	5.7	7.8
■ ROCE	11 - 13%	7.6	10.5
■ organic growth turnover	1 - 2%	0.5	-0.1

* before exceptionals

Bakery Supplies Europe

results and outlook

results

- net turnover +1.8% to EUR 1,148.8M
- decline in EBITA by 26.1% to EUR 65.4M pre exceptionals
- raw material price rises impacted, adding EUR 10M to costs

outlook

- engaged on an accelerated restructuring program; large number of reorganizations and divestments in almost all countries
- “change for growth” program will begin to bear fruit from H2 2005 onwards
- 2005: transitional year as the business prepares itself for growth and recovery
- limited recovery in EBITA in 2005 anticipated (before exceptional income and charges)

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

Bakery Supplies North America market and strategic developments

market

- focus on healthier nutritional profiles
- continued shift in market share from the artisanal bakeries to in-store, wholesale and foodservice/OOH
- increasing demand for high-quality (almost) ready-made frozen products as well as products with improved shelf-life
- further strengthen positioning in the in-store/foodservice segments of the market
- benefit from the reorganization of Brill, H&H and B&B into one sales organization and focused foodservice unit which will result in an improvement in customer approach and lead to growth opportunities
- reduce cost in distribution through the merger of BME and BMW

strategy

objectives

	<u>target</u>	<u>2004</u>	<u>2003</u>
▪ ROS	8 - 10%	5.9	5.3
▪ ROCE	11 - 13%	8.3	7.6
▪ organic growth turnover	1 - 2%	4.7	-3.1

Bakery Supplies North America

results and outlook

results

- net turnover +7.8% to USD 1,301.3M, in EUR -1.8% to EUR 1,047M (2003: EUR 1,066.2M)
- divestments led to a fall of almost EUR 16M in divisional turnover
- pre exceptional EBITA in USD +19.3% to USD 77.1M;
pre exceptional EBITA in EUR + 9.2% to EUR 62M
- Brill and Caravan: considerable rise in turnover, higher volumes and prices in H2

outlook

- recovering economy and favourable impact of reorganizations should provide limited improvement in EBITA expressed in USD excluding exceptional income and charges



Sugar Confectionery

- top 3 player in European market (EUR 7.7 bln)
- #1 positions in Scandinavia, Finland and Benelux
- solid positions in basic candy, unique in sugar-free candy and leading in pastilles

Sugar Confectionery

market and strategic developments

market

- weak economic climate and subsequent decline in consumer spending
- price war retailers
- sugar-free and functional brands saw growth

strategy

- growth in strategic brands supported by effective advertising and promotions
- autonomous growth through product innovation
- improve profitability through Route-to-Excellence

objectives

	<u>2004</u>	<u>2003</u>
▪ ROS	9.3	8.5
▪ ROCE	8.4	7.7
▪ organic growth		
- sales	-0.7	2
- brands	-1.4	4.6

Sugar Confectionery

results and outlook

results

- net turnover -0.9% to EUR 743.3M
- sales: candy segment and strategic brands: DOWN
pastilles and chewing gum: UP
(particularly in Scandinavia and the Netherlands)
- EBITA increased by 8.5% to EUR 69.3M (2003: EUR 63.9M)

outlook

- divestment of the SC division completed in March 2005
- SC to make modest contribution to turnover and EBITA in 2005



Biochemicals

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



Biochemicals

market and strategic developments

market

- market growth in LA and LA derivatives >10%
- food key segment, driven by food safety and health consciousness
- US Dept. of Agriculture prompting meat-processing industry to use products such as PURASAL Opti.Form™
- successful future development of biodegradable plastic (PLA) expected
- USD decline and production of basic lactic acid in China has increased competition, especially at lower end of market

strategy

- strengthen leading position in biochemicals' market
- aiming for at least 10% volume growth p.a.
- 4 pronged strategy to achieve this:
 - new products and applications
 - strengthen technological position
 - emphasize operational excellence
 - partnerships and acquisitions

objectives

	<u>target</u>	<u>2004</u>	<u>2003</u>
▪ ROS	15 - 20%	16.4	19.5
▪ ROCE	15 - 20%	18	20.7
▪ volume growth turnover	>10%	19	

results

Biochemicals results and outlook

- net turnover increased by 0.1% to EUR 271.3M (2003: 271.1M)
- USD effect -EUR 12M
- ex USD effect and Cargill, turnover would have risen 11%
- EBITA EUR 44.4M against EUR 50.1M in 2003
- adjusting for Cargill and USD, EBITA would have been EUR 56.4M, increase of around 13%

outlook

- decision to be taken in 2005 on construction of a fifth lactic acid production site
- investment in Asia, with a minimum capacity of 50,000t
- for 2005 anticipated volume growth of at least 10%
- due to a lower USD and lower selling prices, lower EBITA expected



Biochemicals

investment for leadership

why ?

scale advantage

leading technology

cheaper raw materials

Sugar

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



Sugar

market and strategic developments

market

- proposal for new market regulation 2005 – 2008
 - price reduction: sugar 33%, beet 37%
 - quota reduction 16%
 - but final outcome and timing under debate

strategy

- closure of sugar production at Breda/concentration in Groningen
- maximum production efficiency against lowest possible cost
- customer oriented sales policy (product assortment retail sugar)

objectives

	<u>target</u>	<u>2004</u>	<u>2003</u>
▪ ROS	12 - 16%	15.4	14.9
▪ ROCE	25 - 35%	33.0	28.1

Sugar

results and outlook

results

- net turnover fell slightly to EUR 264.4M
- satisfactory campaign
- EBITA rose slightly to EUR 40.8M

outlook

- rationalization of Breda site, upscaling of Groningen
- EU sugar reform unlikely before 2006
- compared to 2004 limited decrease of EBITA expected, excluding exceptional income and charges



new CEO

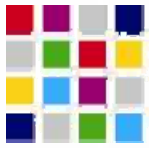
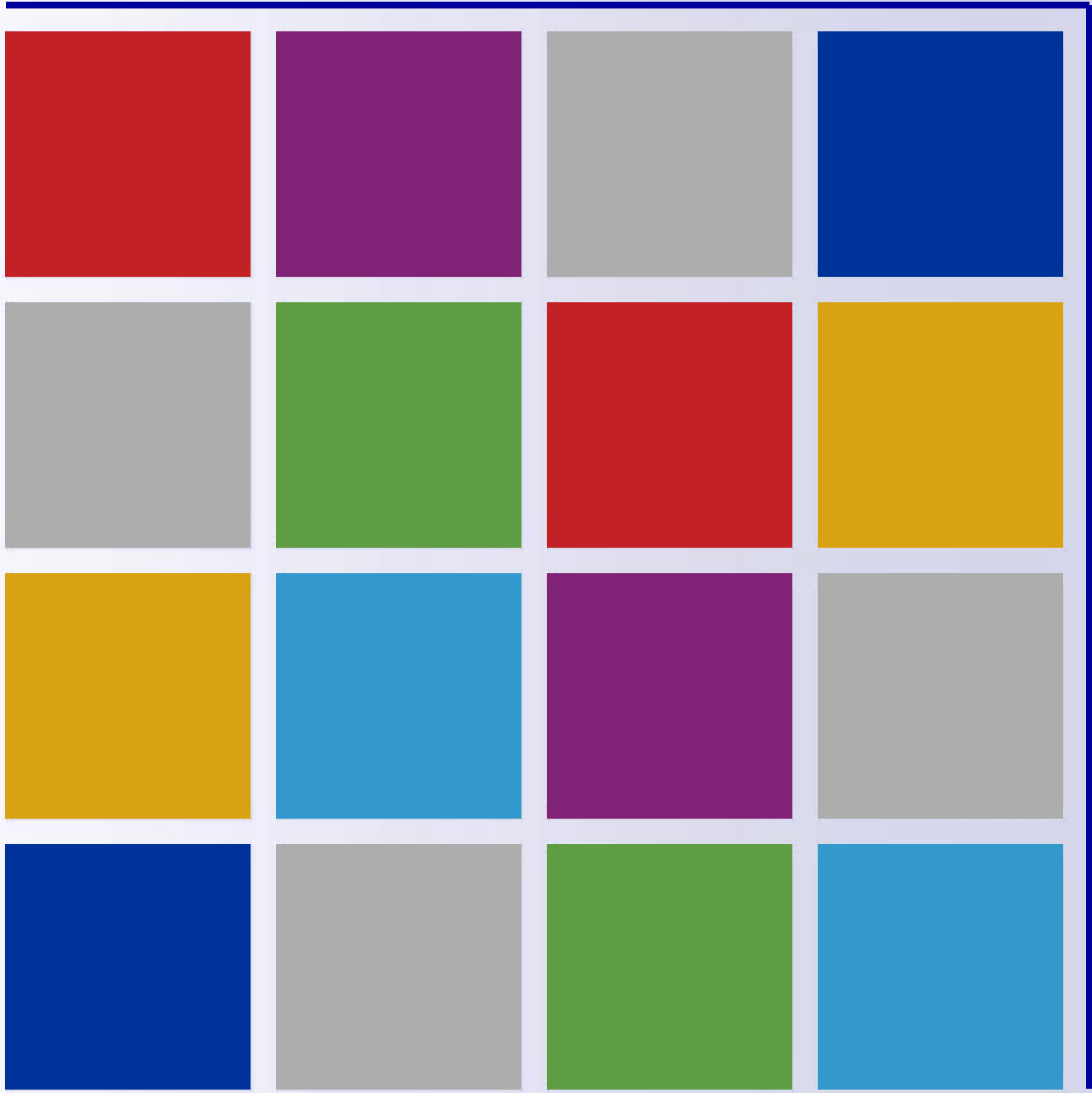
- appointment of Gerard Hoetmer
- extensive knowledge and experience of the food industry in B2B environment
- experiences are a good fit with requirements of CSM

2005 a year of transition

management team agenda:

- restructuring
- divestment
- growth

CSM will deliver shareholder value
as it becomes a focused provider of
bakery supplies and food ingredients



CSM