

Press Release

CSM Q1 2010 Interim Management Statement

date Diemen, the Netherlands, April 28, 2010

CSM substantially improved Q1 EBITA compared to last year, with EBITA more than doubling to € 40.5 million. EBITA margins recovered to 6.3%. The improvements compared to 2009 Q1 resulted from higher volumes at Purac and a better raw material cost base. The first quarter of 2010 also saw important milestones in our strategic journey for growth with the acquisition of Best Brands and the start of the construction of our lactide plant in Thailand.

Key facts

- Sales for the first quarter were € 644.4 million compared with € 636.1 million in 2009; organic growth was slightly positive by 0.6% (€ 4.0 million). Volumes sold increased by 1.1% whereas pricing was slightly negative. Currency effects had a negative impact of € 14.1 million (-2.2%) due to the weaker US dollar. Best Brands, consolidated as per March 19, contributed € 17.7 million.
- EBITA in the first quarter amounted to € 40.5 million, an increase of € 20.4 million compared with the same period in 2009. This increase included acquisition costs of US\$ 6.5 million for Best Brands. Currency had a negative impact of € 1.5 million.
- Demand in Bakery Supplies remained slightly negative, with a 1.2% decrease in volume compared to Q1 2009. Margin recovery combined with a clear focus on operational efficiency led to strongly improved EBITA by 45%.
- Net Sales of Purac were 13% higher, mainly driven by higher volumes, benefiting from the recovery of customers in cyclical industries. EBITA improved by € 11.3 million to € 14.8 million.

Key figures

x € million*)	Quarter 1	
	2010	2009
Net sales	644.1	636.1
EBITA^{1, 2}	40.5	20.1
<i>ROS² (in %)</i>	<i>6.3%</i>	<i>3.2%</i>

*) All figures in this press release are unaudited

¹ EBITA: operating result before amortization of intangible fixed assets.

² EBITA and ROS include non-recurring acquisition cost Best Brands of € 4.7 million.



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

"All our businesses continued the trend of improving results, mainly driven by sustained margin recovery and for Purac supported by volume growth. Our Bakery Supplies activities are still facing a challenging market climate, although we have seen the declining volume trend leveling out. Purac showed a strong performance in both volume and EBITA, especially benefiting from a recovery in demand from customers in cyclical industries. Although I am very pleased to present this strong improvement compared to last year we should take into account that Q1 2009 was a weak comparator for both Bakery Supplies and Purac.

In March we have started the integration process of Best Brands, following the closure of the transaction on March 19 2010. The integration process kicked off successfully and runs according to plan, whilst we remain focused on delivery of the business opportunities. The underlying business trend in Best Brands is in line with our other North American activities. We see the business benefits as expressed in our earlier announcements confirmed, being supported by bringing these two great companies and their management together.

The construction of the Lactide plant in Thailand started early in 2010, but was officially kicked off by a traditional Thai ground breaking ceremony in March. The facility will become operational mid 2011, in line with earlier guidance. In accelerating our bioplastics strategy, we continue to invest in additional capabilities for the organization, like Marketing and Business Development which will impact the organizational costs in Purac by a few million euros in the coming year.

The recovery of volumes is key for our results, but as the economic climate remains volatile, the visibility for the full year 2010 is still limited. We are cautiously optimistic about continuing the underlying trend into the second quarter, although we realize that the comparison base for the coming quarters will become more challenging."

Outlook

Due to the continuing volatile economic climate in the main markets we operate in, we still lack visibility to clearly forecast the development of our sales volume going forward. In Bakery Supplies, both in Europe and North America, we are seeing the negative growth trend leveling out, but there are no immediate signs that markets are definitely picking up. We remain focused on maintaining our margins and on managing our cost base and continue our efforts to stimulate growth through innovation. We expect Best Brands to contribute, including non-recurring acquisition costs, in line with their 2009 EBITA (pro rata for the period consolidated excluding non-cash IFRS purchase accounting adjustments), with the expected integration costs being compensated by synergy benefits. For Purac we remain positive about the development of sales and EBITA; however we do expect that the volume growth rate will moderate in the 2nd quarter as first quarter volume benefited from customers increasing stock levels. For both activities we expect some upward pressure in raw materials costs, which we, in line with earlier practice, intend to pass on in our selling prices. Although the comparison base in the 2nd quarter will be more challenging, we expect a good improvement in EBITA compared with the second quarter of 2009.

Business developments

Breakdown of sales growth Q1 2010 compared to Q1 2009:

	Absolute Growth	Organic	Volume	Price/Mix
BSNA	\$ -3.1 million	-1.4%	-1.6%	0.2%
BSNA	€ -1.2 million	-1.4%	-1.6%	0.2%
BSEU	€ -2.0 million	-1.5%	-0.5%	-1.0%
Purac	€ 11.1 million	14.1%	16.3%	-2.2%

Bakery Supplies Total

x € million	Quarter 1	
	2010	2009
Net sales	547.1	550.2
EBITA ¹	32.7	22.5
ROS ¹ (in %)	6.0%	4.1%

¹ EBITA and ROS include non-recurring acquisition cost Best Brands of € 4.7 million.

• Bakery Supplies North America

x \$ million	Quarter 1	
	2010	2009
Net sales	414.4	391.8
EBITA ¹	22.6	21.1
ROS ¹ (in %)	5.4%	5.4%

¹ EBITA and ROS include non-recurring acquisition cost Best Brands of \$ 6.5 million.

x € million	Quarter 1	
	2010	2009
Net sales	299.8	301.0
EBITA ¹	16.3	16.2
ROS ¹ (in %)	5.4%	5.4%

¹ EBITA and ROS include non-recurring acquisition cost Best Brands of € 4.7 million.

Organic sales growth at Bakery Supplies North America was slightly negative at 1.4%, mainly due to a decrease in volumes as prices were rather stable. We continue to see consumer demand to be volatile.. The increase in EBITA compared with the first quarter of 2009 excluding the Best Brands effect amounted to US\$ 6.8 million. Improved margins as a result of a lower raw material cost base compared to Q1 2009 were the main driver for the improved EBITA.

Based on the preliminary figures, we have included EBITA of Best Brands of US\$ 1.2 million, which includes anticipated IFRS purchase accounting adjustments of US\$ 2.1 million. Additionally, we have incurred US\$ 6.5 million of acquisition costs.

Although still early in the process, the integration activities are creating a lot of positive energy at both the H.C. Brill and Best Brands organization.

- **Bakery Supplies Europe**

x € million	Quarter 1	
	2010	2009
Net sales	247.3	249.2
EBITA	16.4	6.3
ROS (in %)	6.6%	2.5%

Volumes at BSEU were stable compared with Q1 2009. Some growth was observed in our frozen products where especially the UK seems to make some recovery from the severe economic setback in 2009.

EBITA increased from € 6.3 million in 2009 to € 16.4 million in the first quarter of 2010. Improved margins due to more favorable raw material contracts compared with Q1 2009 were the main driver of the better results. Currency effects (mainly pound sterling) impacted sales positively by € 1.5 million.

Purac

x € million	Quarter 1	
	2010	2009
Net sales	97.0	85.9
EBITA	14.8	3.5
ROS (in %)	15.3%	4.0%

The gradual increase in volume sold, evident since Q3 of 2009 has continued in Q1 of 2010. Volumes increased by 16.3% compared with Q1 2009. Growth was realized in both our Food & Nutrition and Chemicals & Pharma business units. Our Chemicals and Pharma business unit realized the largest increase, due to a recovery in demand at their customers in the semiconductor and chemical industries. Part of this increase is attributable to customers bringing their stock levels back to higher levels. The increase in EBITA is mainly the result of the increased volume sold. The US dollar negatively impacted sales by € 0.9 million.



There will be a conference call for investors and analysts at 11 o'clock CET when the management board will be available to respond to questions.

Dial-in details

Conference call title: Q1 Interim Management report – conference ID 4287946

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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 billion (pro forma 2009) 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