



Full Year results 2008

Amsterdam, 25 February 2009



Operating & Financial Review Full Year 2008

By Koos Kramer, CFO



Key group financials Full Year 2008

- Autonomous Sales Growth 9.7%; net sales increased by 4.6% to €2,599.3 million (2007: €2,485.6 million)
- EBITA € 133.1 M; down 13.4% (down 8.4% at constant currency)
- Realized 3S savings increased by a further €31 M to €129 M, exceeding planned savings of €110 m
- Cash flow from operating activities €98.5 M, impacted by additional working capital
- Healthy balance sheet ratios. Net debt position at 2.8 x EBITDA and the interest cover 4.9, well within the limits of financing covenants
- Earnings per share increased to €1.39 from €0.82
- Dividend stable at €0.88, half in stock half in cash

* EBITA from continued activities and before exceptional items

* Earnings per share from continued activities



Profit & Loss statement

in million €

Net sales from continuing operations

2008

2599.3

2007

2485.6

EBITA before exceptionals

133.1

153.7

Exceptional items

< 19.8 >

< 88.3 >

EBITA

113.3

65.4

Amortization

< 6.8 >

< 5.6 >

EBIT

106.5

59.8

Interest

< 28.1 >

< 19.6 >

Tax

11.6

15.9

Net income cont. operations

90.0

56.1

Discontinued operations

-

146.7

Net income

90.0

202.8

EPS

1.39

3.06

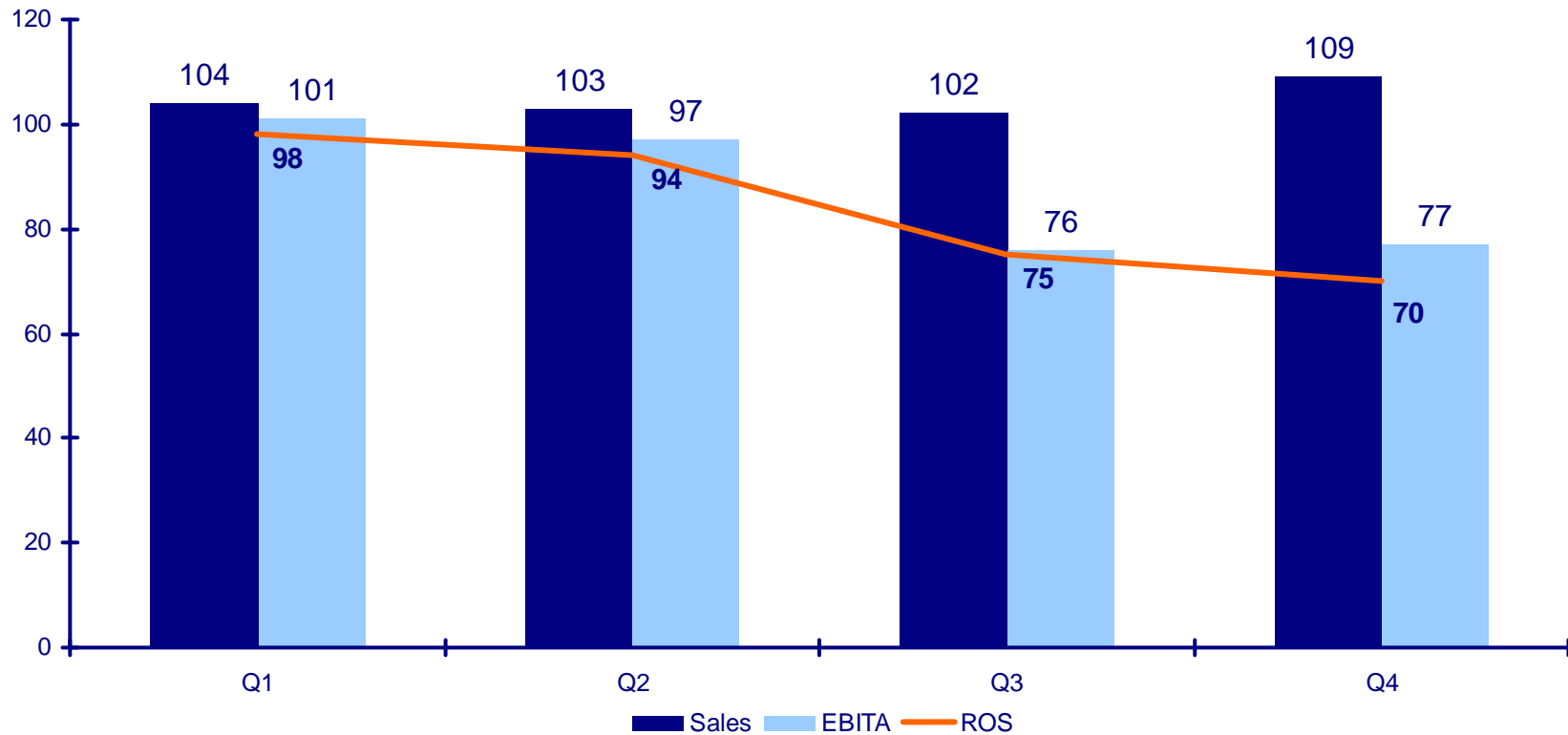
EPS continued business

1.39

0.82



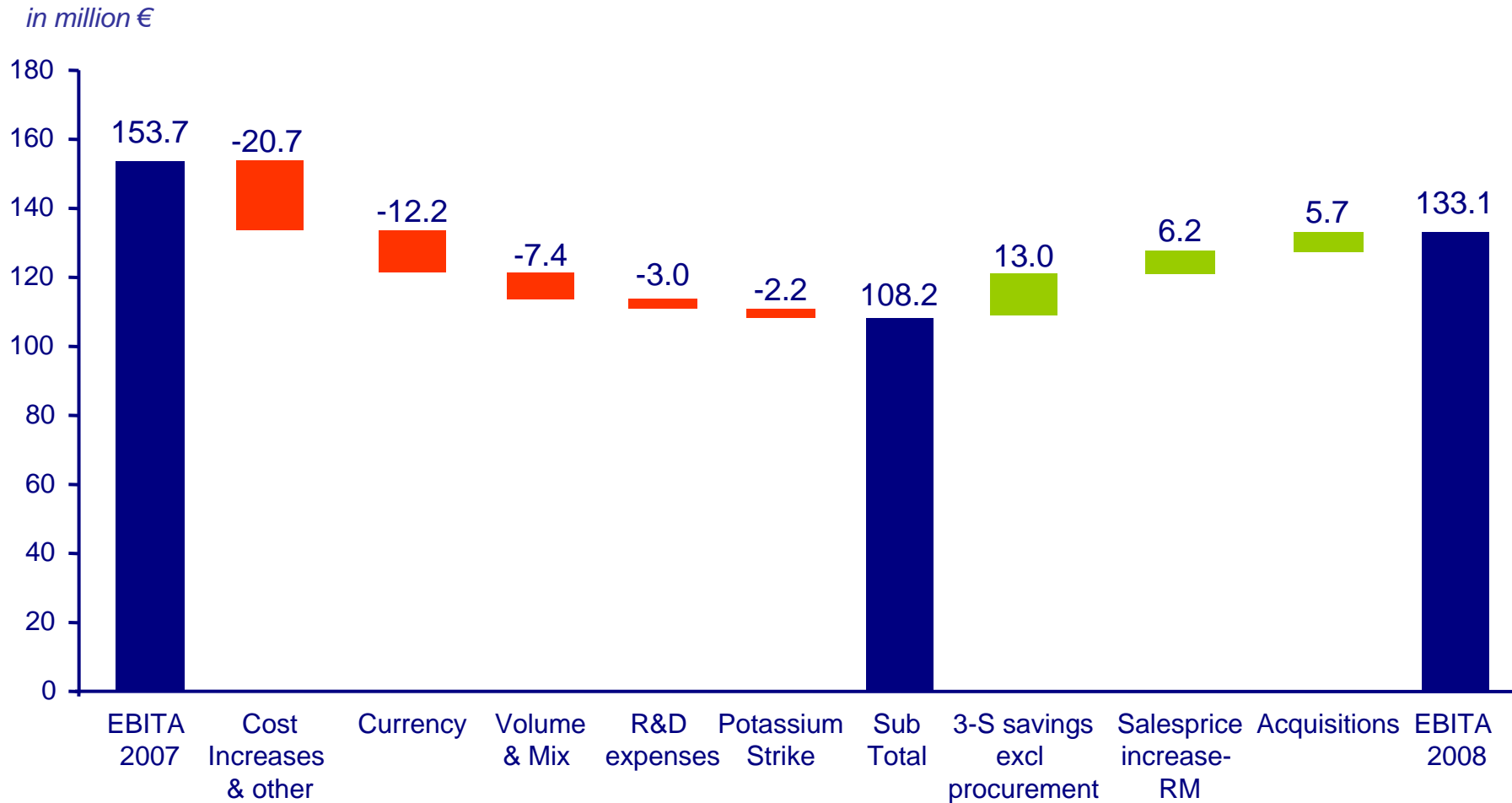
Sales & EBITA by quarter Total CSM



	2008 Q1	Q2	1st Half	Q3	Q4	2nd Half	Full Year
Sales	618,2	629	1247,2	639,5	712,6	1352,1	2599,3
EBITA	32,6	36,2	68,8	26,8	37,5	64,3	133,1
ROS%	5,3%	5,8%	5,5%	4,2%	5,3%	4,8%	5,1%
	2007 Q1	Q2	1st Half	Q3	Q4	2nd Half	Full Year
Sales	595,8	610,7	1206,5	627,1	652	1279,1	2485,6
EBITA	32,2	37,5	69,7	35,1	48,9	84	153,7
ROS%	5,4%	6,1%	5,8%	5,6%	7,5%	6,6%	6,2%



EBITA bridge from 2007



* *currency= transaction + translation effects*



BSNA: market developments and results

in million US\$

	2008	2007
Net sales	1,735.7	1,528.0
EBITA	104.5	103.3
ROS %	6.0	6.7
ROCE %	10.7	10.4

All results pre-exceptionals; including goodwill

Sales

- Net-impact from divestments/acquisitions \$ <6> M; autonomous growth 14.0%, all price impact
- Sales of new products 5% and strong sales in OOH benefited volume
- Q4 contained 3 extra days for BSNA, increasing sales by \$ 21 M and EBITA by \$ 1 M

EBITA

- Net effect from pricing minus raw material increases \$ <0.8> M
- Brill EBITA more than doubled in H2 versus 2007
- 3-S generated additional savings of \$ 9 M

Capital

- Net Investments in fixed assets of \$ 25.8 M, mainly frozen products expansion and IT. Depr. & Amort. \$ 25.5 M
- Working capital decreased by \$ 34 M, despite raw materials cost increases.

BSEU: market developments and results

in million €

	2008	2007
Net sales	1,092.5	1,059.4
EBITA	56.6	72.5
ROS %	5.2	6.8
ROCE %	6.4	8.9

All results pre-exceptionals

Sales	<ul style="list-style-type: none"> ▪ Autonomous growth 5.7%. Volume <6%>, price & mix 12% ▪ Non-profitable business discontinued approximately <1>% of sales ▪ Reclassification of co-packing sales of €21 M to cost of sales ▪ Good sales growth in Out-of-home channel ▪ Sales of new products at 13%
EBITA	<ul style="list-style-type: none"> ▪ Net impact of pricing + 3-S procurement savings minus increased raw material cost €3.5 M ▪ 3-S savings €22 M ▪ Negative GBP currency effect of €2.2 M ▪ Germany EBITA €9 M lower than 2007, YTD Q3 €7 M lower
Capital	<ul style="list-style-type: none"> ▪ Net Investments in fixed assets €20.8 M, depr.& amort. €24.6 M ▪ Working capital increased by €40 M strongly due to increased raw material cost and lower liabilities

PURAC: market developments and results

in million €

	2008	2007
Net sales	325.6	310.1
EBITA	22.8	22.3
ROS %	7.0	7.2
ROCE %	7.6	6.7

All results pre-exceptionals

Sales	<ul style="list-style-type: none"> ▪ Autonomous growth PURAC 8.2%, volume growth 2%, price increase € 17.9 M ▪ 2008 price increases exceeded raw material and energy price increases by €3.2 M ▪ Potassium strike impacted volumes negatively by 2%
EBITA	<ul style="list-style-type: none"> ▪ Negative currency impact of €5 M ▪ Additional 3-S savings €2 M
Capital	<ul style="list-style-type: none"> ▪ Net Investments in fixed assets €22.5 M, depr. & amort. €23.0 M ▪ Working capital increased by €37 M due to higher inventory as a result of lower sales in Q4 and longer supply chain from Thailand

PURAC reconciliation

in million €

EBITA 2008, at 2007 currency rates

EBITA 2007

Increase

3-S savings

Sales volume & mix increase

Potassium effect

Price increase

Raw material & energy cost effect

Other cost increases

Currency transaction impact

	2008	H1 2008	H2 2008
EBITA 2008, at 2007 currency rates	23.3	18.1	5.2
EBITA 2007	22.3	10.9	11.4
Increase	<u>1.0</u>	<u>7.2</u>	<u>< 6.2 ></u>
3-S savings	1.7	1.7	0.0
Sales volume & mix increase	5.2	7.3	< 2.1 >
Potassium effect	< 2.2 >		< 2.2 >
Price increase	17.9	7.0	10.9
Raw material & energy cost effect	< 14.7 >	< 1.9 >	< 12.8 >
Other cost increases	< 2.4 >	< 4.3 >	1.9
Currency transaction impact	< 4.5 >	< 2.6 >	< 1.9 >
	<u>1.0</u>	<u>7.2</u>	<u>< 6.2 ></u>

€110 million 3-S program

	plan				Plan 2008	
	2005	2006	2007	2008		
Savings	15	55	85	110	110	
Restructuring expenses	60	40	20		120	

	2007		2008		Realised 2008	Project to date
	1st half	2nd half	1st half	2nd half		
<u>Savings per:</u>						
BSEU	16	25	23	40	63	63
BSNA	<u>10</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>31</u>	<u>31</u>
Total Bakery Supplies	26	39	38	56	94	94
Purac	8	12	10	12	22	22
Sugar	5	6	5	6	11	11
Corporate	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total	40	58	54	75	129	129
<u>Split in:</u>						
Restructuring projects	29	38	38	42	80	80
Purchasing	11	20	16	33	49	49
Restructuring expenses	6	9	7	5	12	109
Cash out	7	11	5	6	11	80
FTE reduction	72	172	49	31	80	1270

Exceptional expenses

in million €

BSEU supply chain reorganization

BSEU Germany restructuring

BSNA H.C. Brill, closure plant reversal

Total 3-S related expenses

Sale of QA Products correction

BSNA Brill restructuring

BSEU reorganization UK/Belgium

Book result Ter Apelkanaal

Other

Total exceptional expenses

2008

< 6.1 >

< 10.3 >

4.3

< 12.1 >

< 1.8 >

< 1.9 >

< 1.9 >

< 1.3 >

< 0.8 >

< 19.8 >

Interest

in million €

Ordinary interest expenses
 Exchange differences
 Result on financial instrument w/o hedge acctg.
 Other one time gains
 Interest on cumprefs
 Interest expense in P&L

	2008	2007
Ordinary interest expenses	<26.1>	<18.1>
Exchange differences	0.9	
Result on financial instrument w/o hedge acctg.	<4.1>	
Other one time gains	1.2	
Interest on cumprefs		<1.5>
Interest expense in P&L	<28.1>	<19.6>



Tax

in million €

	2008	2007
Ordinary tax expenses	<22.0>	< 13.7>
Movement non-valued tax assets	1.0	23.7
Prior year adjustments	< 7.8>	5.4
Tax rate changes & others	0.1	0.5
Release of tax provisions	40.3	
Tax expense continued activities in P&L	11.6	15.9
Ordinary tax expenses as a % of profit before tax	28%	34%



Cash flow

in million €

		2008	2007
Net cash income		151.4	149.8
Cash from discontinued operations			228.0
Investments working capital		< 52.9>	< 6.9>
<i>Receivables</i>	< 12.3>		
<i>Inventory</i>	< 54.9>		
<i>Liabilities</i>	14.3		
Net investments in fixed assets		< 61.6>	<106.3>
<i>BSEU</i>	20.8		
<i>BSNA</i>	17.9		
<i>PURAC</i>	22.5		
<i>Corporate</i>	0.4		
Acquisitions/Divestments		< 10.8>	< 58.8>
Net cash generated		26.1	206.2


* Depreciation of 65.6

Capital management



	2008	Financial covenants
debt/ EBITDA	2.8	3.5 max
Interest coverage	4.9	3.5 min





Full Year results 2008

Operational & strategic actions

By Gerard Hoetmer, CEO



Strategic actions 2008 – Progress

Save

- 3-S program exceeded plan; CSM cost competitive
- PURAC worldwide production strategy; 3 factories closed
- PURAC Thailand running successfully

Grow

- 2008: double digit growth in the Out-of-Home segment
- Substantial growth through new innovative products
- PURAC Spanish factory manufactures high tech bioplastics materials

Acquire

- Searching for value enhancing bakery supplies businesses



Key issues and challenges 2008

- Unprecedented raw material cost volatility
- Restructuring at Brill
- Restructuring BakeMark Germany
- Strike at potassium mines interrupted PURAC supply: impact EBITA €2 M
- Continued US\$ volatility: impact EBITA €10 M
- Economy falling into a recession: volume impact and down trading

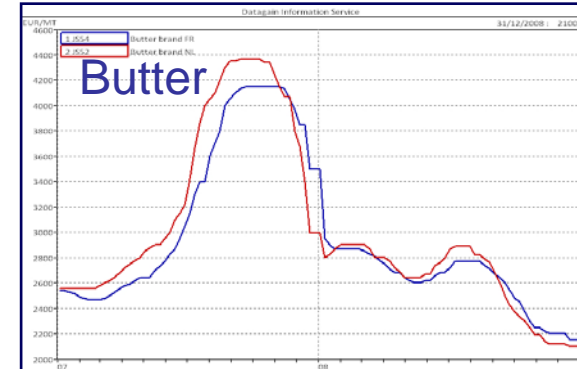
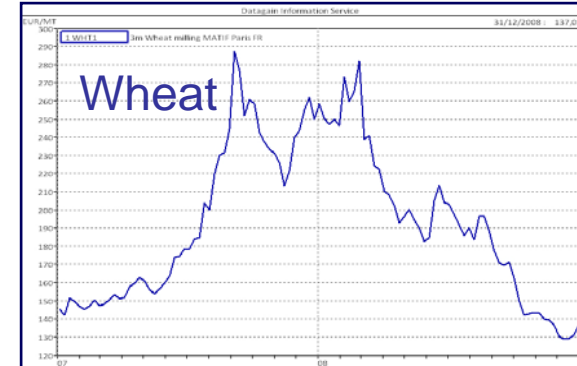


Successfully passed on raw material cost

Bakery	H1	H2
Net sales impact*	84	79
Raw Material cost**	82	78
Net impact P&L	2	1

*) excluding price increases in US distribution business € 76 M

***) including 3-S procurement saving of € 18 M



From 1 January 2007 – 31 December 2008

Brill: back on track



- Sales volume Brill at 101%, despite recession
- Change in management showing effect
- Number of FTE's down by 56
- EBITA H2 more than doubled
- Working capital decreased by more than 50%. Inventory under control.

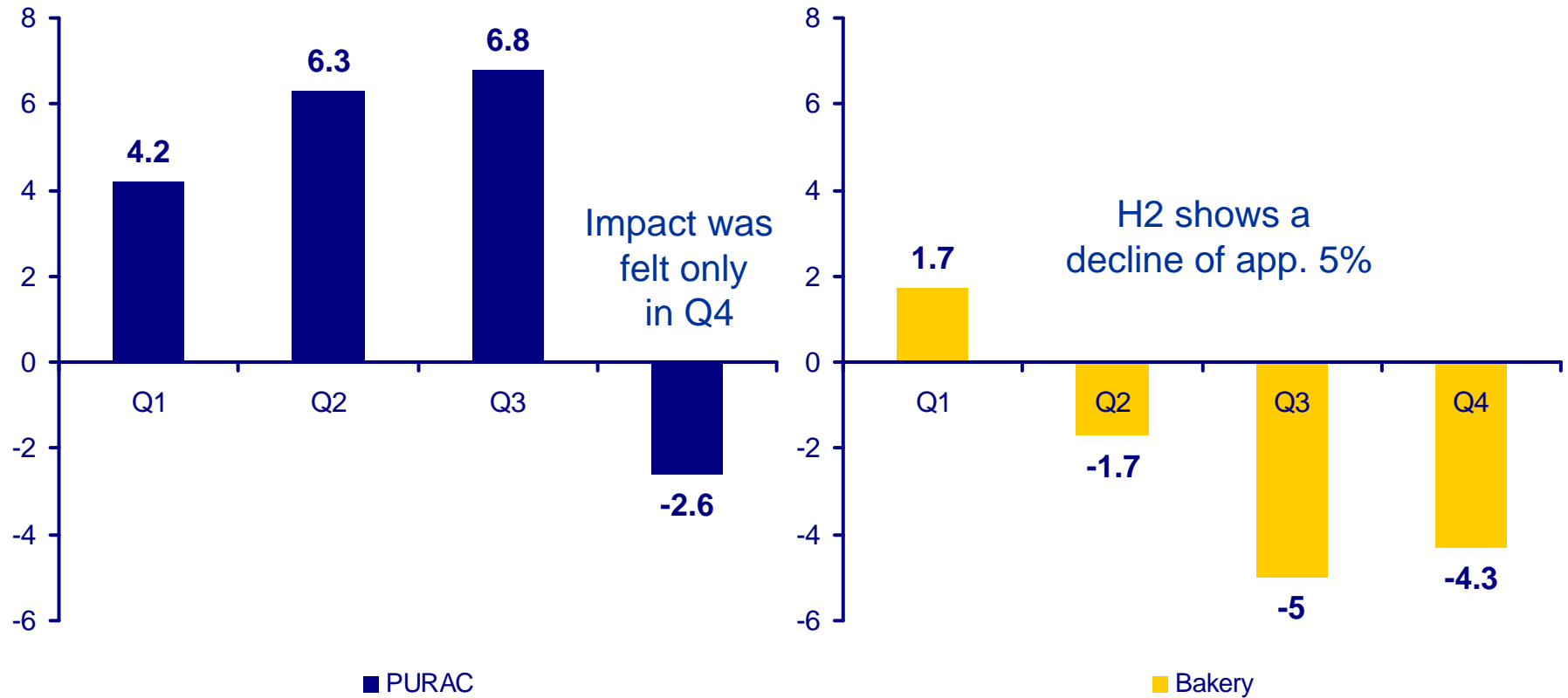
Germany: early signs of recovery



- Sales volume in H2 in line with market trend
- New management in team in place
- Total FTE's down by 5% versus end of 2007
- As expected EBITA H2 down considerably: Q3 by € 4 M and Q4 by € 2 M
- November and December show first improvements

Volume development* shows impact of recession

* Volumes normalized for one-off effects



Strategy 2009 onwards: cost and cash

- Continue lowering cost levels:
 - Procurement savings will continue
 - Restructuring and taking cost out has become part of CSM's DNA
 - Total expected savings of € 25 M will more than offset cost inflation
- Continue lowering our debt position:
 - Drive down working capital further in days outstanding as % of sales
 - Capital expenditures to stay below depreciation (new bioplastics factory excluded)

Strategy 2009 onwards: innovation and service

Continued emphasis on long term growth drivers:
innovation and value added services

- Further improve customer loyalty:
 - New and innovative products
 - Unique services to support our customers' business

- Plan for the upturn
 - All Innovation Centers in operation
 - Marketing capabilities being implemented
 - Bolt-on value adding acquisitions

Bioplastics strategy– on track

2008

- 3 large strategic customers, other potential customers in negotiation
- D- and Lactides successfully produced in Spanish factory
- Important partnerships with Sulzer and AkzoNobel for the polymerization of bioplastics

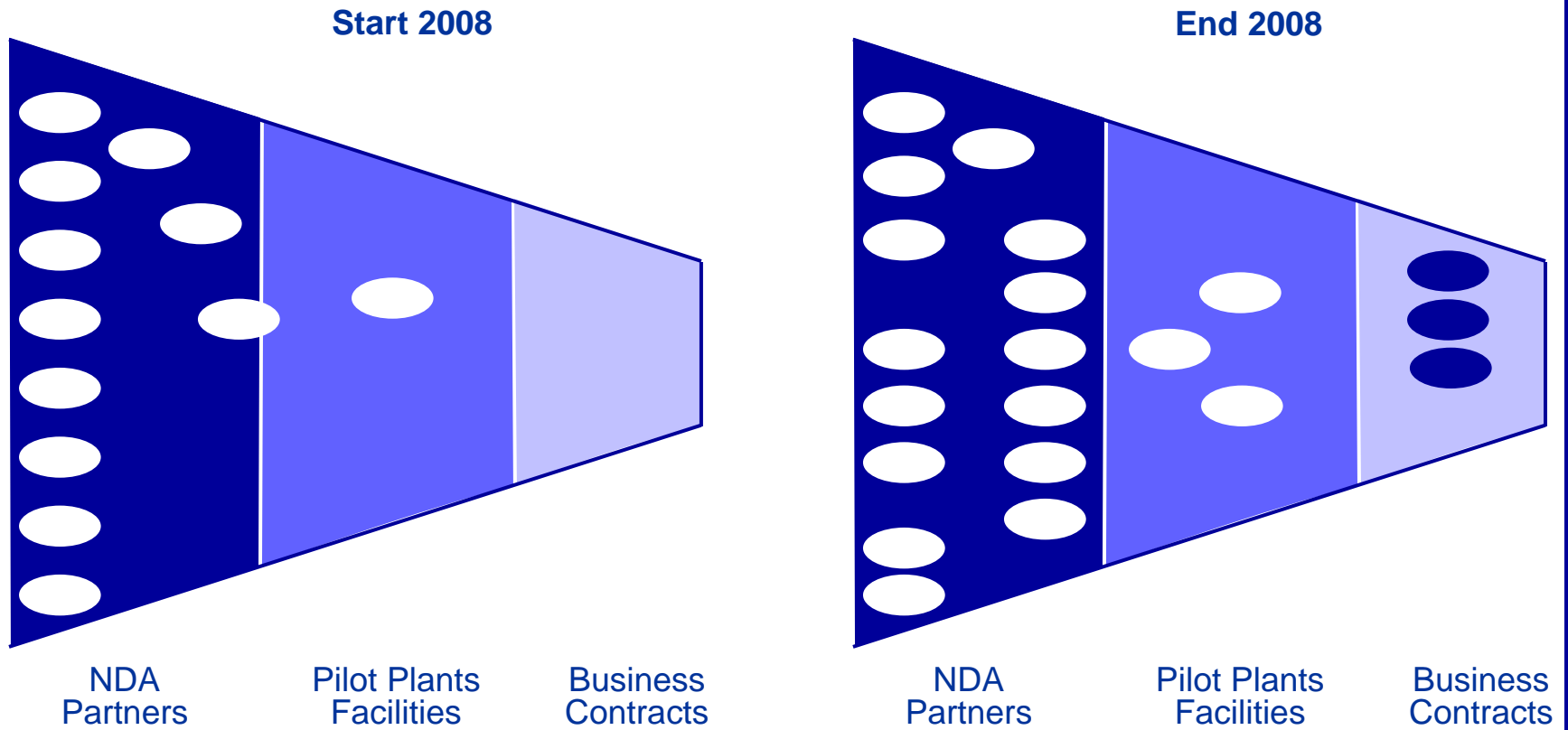
**H1
2009**

- Agree on large investments for D- and L+ Lactides based on:
 - Proven technology from Spanish operation
 - Firm contracts with more large customers

**2009/
2010**

- Increasing production of Lactides for bioplastics industry (Spain and new plant)

Bioplastics partner development 2008



CSM moving forward

- Clear actions to harness against recession, but impact will be felt
- Bakery Supplies has changed fundamentally
 - Major steps made to be more cost efficient and focused
 - An innovation base for our customers to drive growth
 - Leveraging capabilities and our global #1 position
- PURAC ready for the future
 - New innovations bringing growth, e.g. bioplastics
 - Competitive manufacturing network
- Continue to invest to strengthen our position
- Good financial health
- Remain committed to long term ROCE of at least 12%

2009 outlook: Determined to improve

- In-depth customer relationships and investments in Innovation Centers to deliver additional sales
- Margin recovery opportunities with lower raw material costs
- PURAC to experience limited effect of potassium strike
- Expected savings from procurement and reorganizations of € 25 M will more than offset cost inflation
- At a US\$ rate of 1.30, EBITA would increase by approx. € 17 M
- Tax rates will return to normal: 20-30%
- Do not expect the economic climate to change in Q1 2009 compared to Q4 2008

2009 outlook: Cash flow generation positive

- Continued cash flow from our operations
- Working capital will be positively impacted by the decreased raw material cost and will come down as a % of sales
- Capital expenditures will be below depreciation, excluding the investment in a new bioplastics factory
- Executing our strategy does imply that we will continuously look for value enhancing acquisitions





Appendices

Results per business segment

Before exceptional items

	net turnover		EBITA		ROS		capital*		ROCE*	
	€x 1M		€x 1M		%		€x 1M		%	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
BSEU	1,092.5	1,059.4	56.6	72.5	5.2	6.8	891.1	812.5	6.4	8.9
BSNA	1,181.2	1,116.1	71.1	75.2	6.0	6.7	639.3	693.3	11.1	10.8
Total BS	2,273.7	2,175.5	127.7	147.7	5.6	6.8	1,530.4	1,505.8	8.3	9.8
PURAC	325.6	310.1	22.8	22.3	7.0	7.2	301.8	335.1	7.6	6.7
holding costs			<17.4>	<16.3>			5.8	-1.4		
CSM total	2,599.3	2,485.6	133.1	153.7	5.1	6.2	1,838.0	1,839.5	7.2	8.4

* including goodwill

Autonomous growth

Net Sales x m€	2008	2007	Total growth	Acquisition effect	Translation Currency effect	Reclassification	Organic growth
CSM Bakery Supplies North America	1,181.2	1,116.1	65.1 5.8%	<6.0> <0.5%>	<84.8> <7.6%>		155.9 14.0%
CSM Bakery Supplies Europe	1,092.5	1,059.4	33.1 3.1%	21.3 2.0%	<27.7> <2.6%>	<20.5> <0.8%>	60.0 5.7%
PURAC Division	325.6	310.1	15.5 5.0%	<1.7> <0.6%>	<8.3> <2.7%>		25.5 8.2%
CSM Group – Continued Operations	2,599.3	2,485.6	113.7 4.6%	13.6 0.5%	<120.8> <4.9%>	<20.5> <0.8%>	241.4 9.7%

