



# CSM EGM 3 July 2012



Gerard Hoetmer, CEO

# Announcement – 7 May 2012

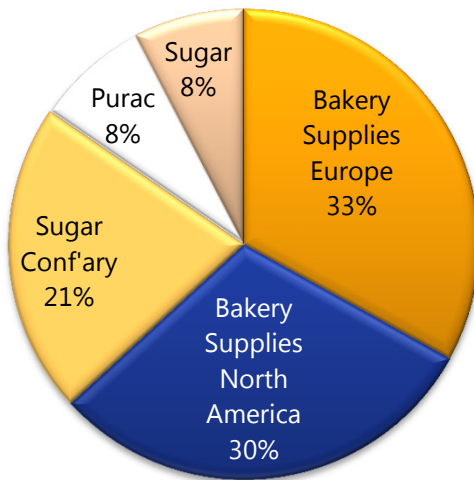
- Decision to focus CSM becoming a bio-based ingredients company
  - Supported by full board
- CSM will further build its bio-based ingredients business, being currently the main focus of Purac and Caravan
- Bakery Supplies business will be divested

## EGM – Today, 3 July 2012

*“Approval of the major change in the identity of CSM and its enterprise, consisting of the divestment of the Bakery Supplies activities as further described in the explanatory notes. (This approval is required under sections 12(7) of CSM's articles of association and 2:107a Dutch Civil Code)”*

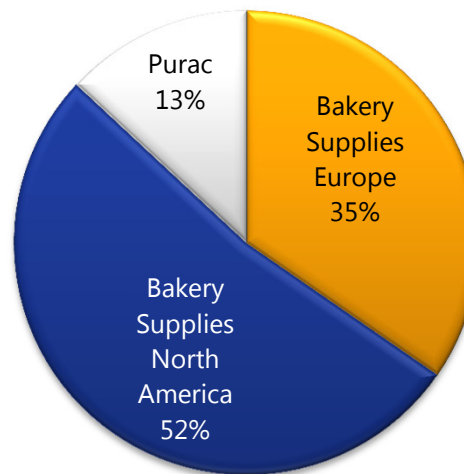
# The evolution of CSM

2004



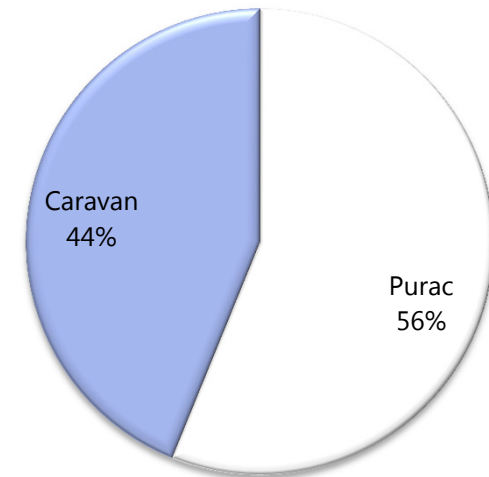
sales € 3.4bn

2011



€ 3.1bn

Future CSM



€ 704 mln

All charts sales breakdown. 'Future CSM' unaudited

- CSM's portfolio has been streamlined and refocused over last 8 years



# Two businesses, two growth strategies 2007-2011

## Bakery Supplies

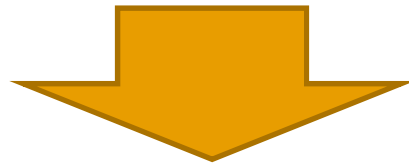
- Slow organic growth
- Low capex
- Cash flow generator
- Cash flow targets: Purac and dividend
- Growth through industry consolidation

## Purac

- High organic growth
- High capex
- Cash flow consumer
- Cash flow targets: Internal
- Growth through internal projects

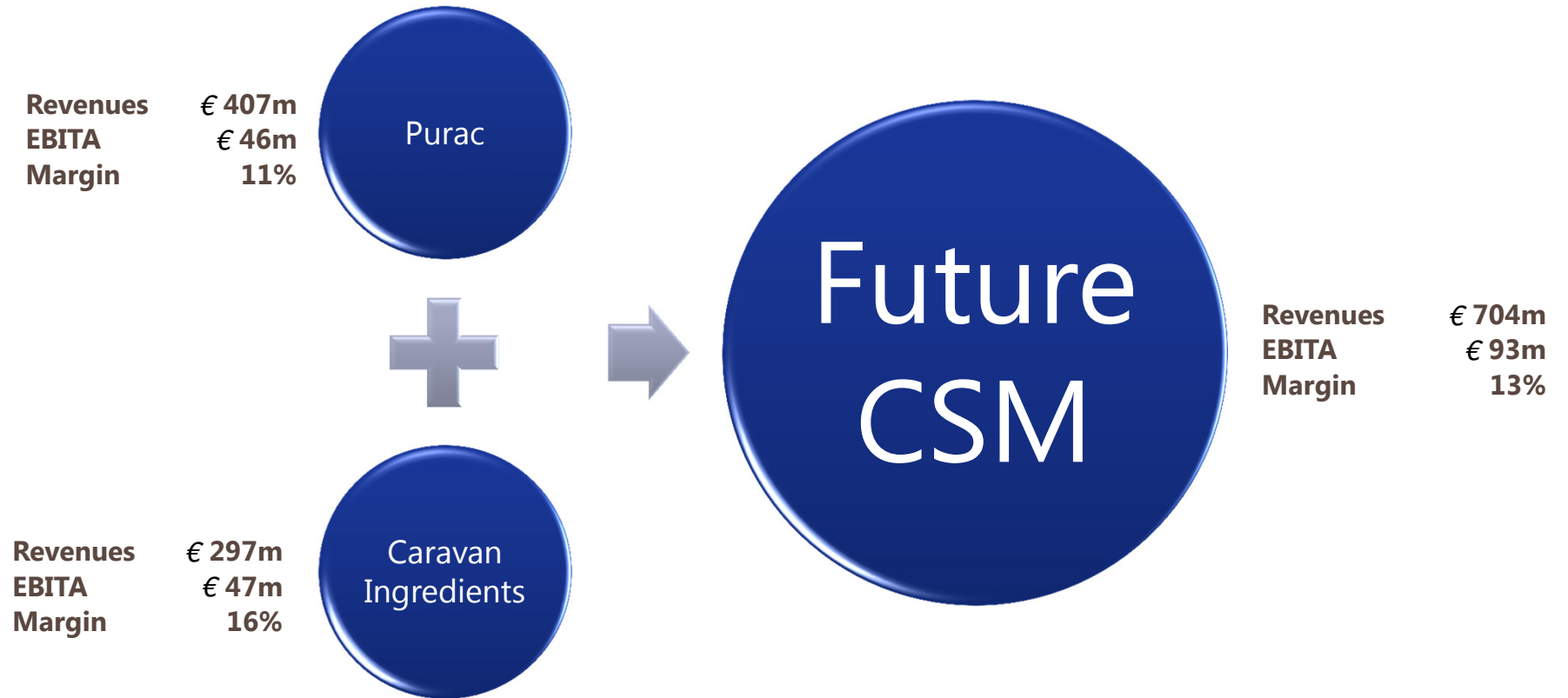
# Rationale for change

- New reality in bakery supplies makes further consolidation key
- Bio-based ingredients high-growth opportunities require significant investments
- CSM does not have sufficient financial resources for both in longer term



- Decisive choice made to focus future CSM on Purac and Caravan
- CSM Bakery Supplies more valuable to others who can participate in consolidation

# Future CSM



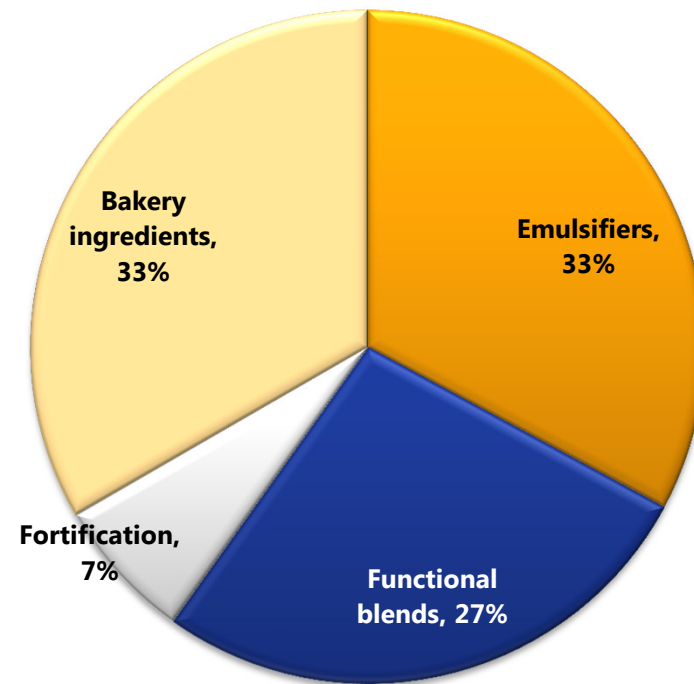
*All in €m, before central costs,  
pro forma 2011, unaudited*

- Future CSM: comprised of Purac and Caravan

# Caravan Ingredients

- Highly skilled ingredients producer and blender for the food industry
- Grown from acquisition of important lactic acid users in 1980s
- Leading market positions in Emulsifiers and Functional blends
- 60% of client base in bakery industry, 40% in other food sectors

Revenue distribution



Unaudited, 2011



# Purac

- World market leader in lactic acid and derivatives
- Strong growth track-record
- Bio-based chemicals beyond lactic acid offer great opportunity
- Huge market potential for bioplastics/PLA, although difficult to time

## Main Purac markets

### Food market:

- Natural preservation solutions
- Taste & Nutrition solutions

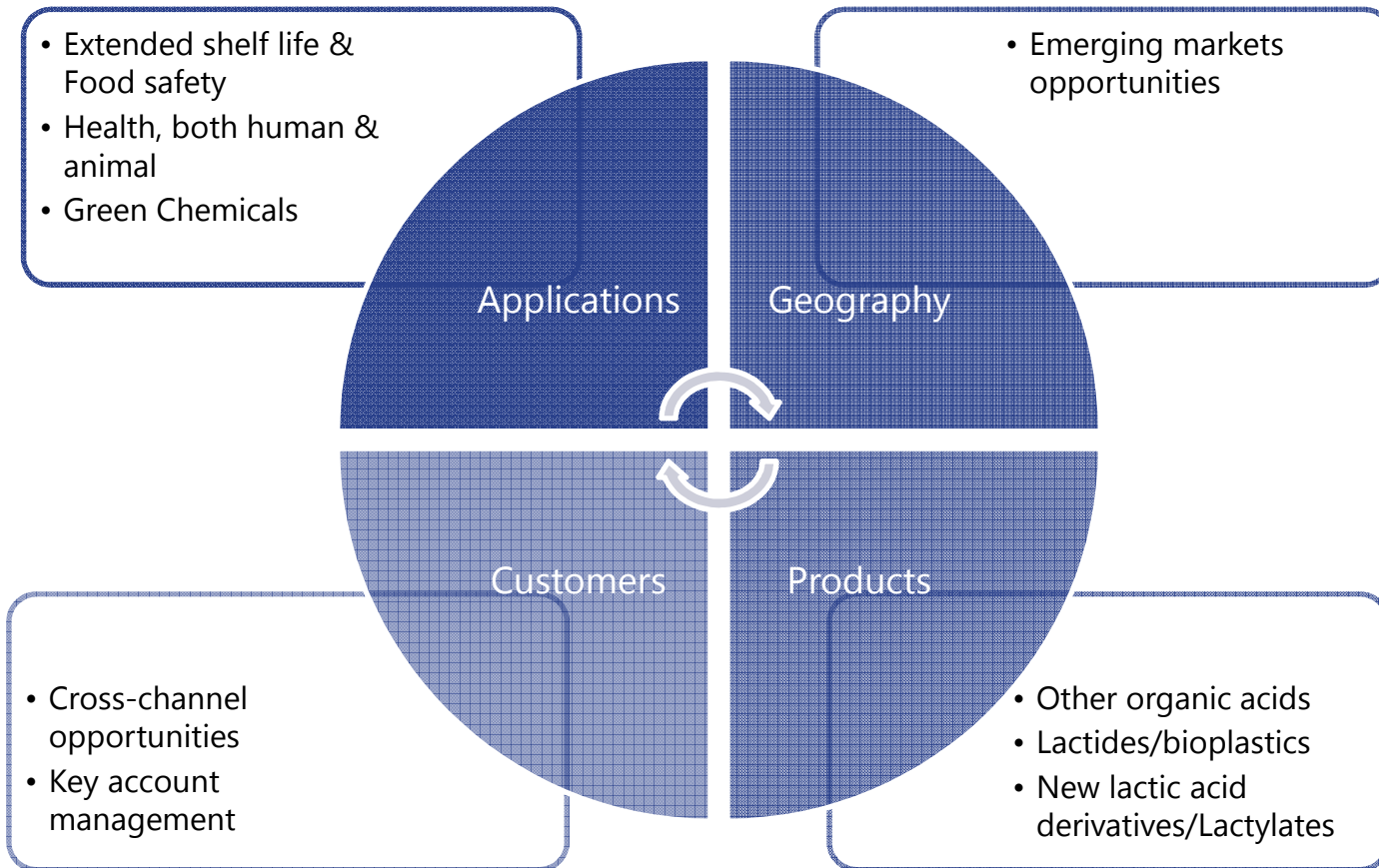


### Chemical & Pharma markets:

- Pharma, Animal Health, HPC, Chemical
- Leader in biobased building blocks (lactides, biobased chemical components)



# Future growth opportunities



- Growth segments for combination of Purac and Caravan Ingredients

# Divestments Bakery Supplies

- Bakery Supplies Europe and North America (excluding Caravan) likely to be of greater value to another owner
  - Superior market positions, but...
  - Economic turmoil impacting results constraining growth investments
  - Required stable cash flows impacted by high raw material volatility
  - Significant investments required in consolidating industry
- Businesses to be divested: € 2,409 million and EBITDA of € 128 million
- Divestment will be a carefully managed process, taking into account; price, speed, impact on employees etc.
- Cost savings program Relevance will continue as planned

# Divestments & proceeds

- Proceeds will be balanced between
  - Deleverage CSM (net debt € 616 million at year-end 2011)
  - Resolve pension liabilities
  - Invest for organic growth
  - Fund bolt-on acquisitions
  - Distribute funds to shareholders
- Disposal costs include
  - M&A/legal
  - Financial reorganization
  - Severance plans

# Key points

- Proposal is next major step in CSM strategic evolution
- We can't support growth strategies for both activities longer term
  - Recognizes the new reality in Bakery Supplies
- Decisive choice to redeploy capital into higher growth activities
  - Strong market positions for Purac and Caravan Ingredients
  - Structural growth in natural, renewable bio-based ingredients
- Financial structure of future CSM will reflect growth opportunities
  
- We expect to have made significant progress in the divestment process by early 2013

