CSM Q1 Interim Management Statement

Diemen, the Netherlands, 23 April 2013

In the first quarter of 2013, CSM announced the sale of its Bakery Supplies businesses, completion of which is intended in Q3 2013. Overall volumes in the continuing business decreased by 2.5%, with on balance stable volumes at Purac offset by a decline at Caravan Ingredients. EBITA before one-off costs for the continuing business increased slightly from € 14.4 million to € 14.6 million driven by strict cost control. CSM is continuing to increase its investments in new opportunities which will drive future growth.

Key facts

- Continuing sales decreased from € 191.2 million to € 180.5 million, a 5.6% decline due to a volume decline of 2.5%, a negative currency effect of 1.8%, and price/mix effect of -1.3%
- Continuing EBITA excluding one-off costs increased slightly from €14.4 million to € 14.6 million
- One-off costs for the continuing business were € 4.7 million, consisting of divestment related items
- Volumes at Purac on balance stabilized. The Food segment showed a slight decline, whereas Chemicals & Pharma continued to grow. Volumes at Caravan Ingredients declined by 3.9%
- Sales in the first quarter for total CSM (including continuing *and* discontinued) were € 779.9 million compared with € 798.7 million in Q1 2012. The organic sales decline was 1.9%. EBITA excluding one-off costs increased from € 30.6 million to € 31.9 million
- On 18 June, the management of CSM will host a Capital Markets Day to give more details of ambitions, strategy, financing structure and targets for the continuing business

Key figures total CSM*

x € million	Quarter 1	
	2013	2012
Net sales	779.9	798.7
EBITA excluding one-off costs**	31.9	30.6
EBITA	28.4	27.3
*EBITA % (excl. one-off costs)****	*4.1%*	*3.8%*

Key figures continuing business

x € million	Quarter 1	
	2013	2012
Net sales	180.5	191.2
EBITA excluding one-off costs**	14.6	14.4
EBITA	9.9	14.0
*EBITA % (excl. one-off costs)****	*8.1%*	*7.5%*

*) Figures comprise both continuing and discontinued businesses

**) EBITA is earnings before Interest, Tax, Amortization/Impairments, One-off costs are predominantly related to the Bakery Supplies divestment.

***) EBITA as % of net sales

The figures in this Press Release have not been audited.

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

"The intended divestment of our Bakery Supplies businesses to Rhône Capital, which we announced on 25 March, is an essential step in our strategy to transform into a bio-based ingredients company. Selling these businesses in one transaction, in accordance with our original intention, will lead to minimal disruption for the divested businesses and the continuing business. We have found in Rhône Capital a strong partner which supports existing management in its global growth ambition. Both parties are working towards a fast finalization and smooth handover of the operations. We continue to expect completion of the transaction in the 3rd quarter of 2013.

The continuing bio-based business has had a challenging start to the year. We saw no significant changes in overall market conditions in the first quarter, and sales was impacted by a lower number of trading days compared to Q1 last year. Improving on the trend of previous quarters Purac volumes on balance were stable, driven by growth in the Chemicals & Pharma segment, with the Food segment showing a slight decline. Caravan Ingredients was affected by the bankruptcy of major customer Hostess, whose volumes are already gradually being picked up by other industrial bakers (who are also supplied by Caravan Ingredients). EBITA before one-off costs increased slightly due to good cost control.

Looking ahead, in parallel with the divestment process of our Bakery Supplies businesses we are working to expand our markets and generate substantial organic growth at the continuing business. First and foremost, this is driven by the investments in product innovation we have made in recent years which give us today an exciting pipeline of new products and customer projects. We will continue to increase these investments in order to access new opportunities which are arising for the continuing bio-based business.

A wide range of projects are well underway at the continuing businesses, including shaping our combined food strategy, defining the bio-chemicals products and innovation portfolio, establishing a new organization structure, rightsizing the head office, and combining the strengths of both Purac and Caravan so that the organizations can reinforce one another. We have also started a rebranding project in anticipation of the transfer of the CSM name with the divested bakery businesses.

On 18 June we will hold a Capital Markets Day at which we will share our ambitions, strategy, financial structure, as well as targets for the continuing businesses in more detail."

Key facts Q1 2013

Breakdown of relative sales growth Q1 2013 compared to Q1 2012 for total business:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
BSNA	*-2.4%*	*-0.7%*	*-1.7%*	*0.0%*	*-1.7%*	*0.0%*	*-1.7%*
BSEU	*-1.4%*	*-0.4%*	*-1.0%*	*1.0%*	*-2.0%*	*0.5%*	*-2.5%*
Purac	*-4.5%*	*-2.6%*	*-1.9%*	*0.0%*	*-1.9%*	*-3.0%*	*1.1%**

*Organic volume growth Purac 0.0%; 1.1% due to reclassification following carve-out

Breakdown of relative sales growth Q1 2013 compared to Q1 2012 for continuing and discontinued:

	Total Growth €	Currency	Total Growth local currency	Acquisitions	Organic	Price/Mix	Volume
Continuing	*-5.6%*	*-1.8%*	*-3.8%*	*0.0%*	*-3.8%*	*-1.3%*	*-2.5%*
Discont'd	*-1.3%*	*-0.6%*	*-0.7%*	*0.5%*	*-1.2%*	*0.0%*	*-1.2%*
Total	*-2.4%*	*-0.9%*	*-1.5%*	*0.4%*	*-1.9%*	*-0.4%*	*-1.5%*

Breakdown of total EBITA, excluding one-off costs, Q1 2013 compared to Q1 2012:

x € million	Quarter 1	
	2013	2012*
BSNA	21.5	23.0
BSEU	6.1	4.6
Purac	10.5	10.3
Corporate	-6.2	-7.3
Total	**31.9**	**30.6**

Breakdown of EBITA, excluding one-off costs including corporate costs, Q1 2013 compared to Q1 2012:

x € million	Quarter 1	
	2013	2012*
Continuing	14.6	14.4
Discont'd	17.3	16.2
Total	**31.9**	**30.6**

*) Historical results have been adjusted for IAS 19R revisions

- **Bakery Supplies North America**

x US$ million	Quarter 1	
	2013	2012
Net sales	538.6	548.1
EBITA excluding one-off costs*	28.5	30.1
EBITA	29.0	30.1
*ROS (excl. one-off costs) ** *	*5.3%*	*5.5%*

x € million	Quarter 1	
	2013	2012
Net sales	408.3	418.4
EBITA excluding one-off costs*	21.6	23.0
EBITA	22.0	23.0
*ROS (excl. one-off costs) ** *	*5.3%*	*5.5%*

- **Bakery Supplies Europe**

x € million	Quarter 1	
	2013	2012
Net sales	266.6	270.4
EBITA excluding one-off costs*	6.0	4.6
EBITA	11.3	1.7
*ROS (excl. one-off costs) ** *	*2.3%*	*1.7%*

- **Purac**

x € million	Quarter 1	
	2013	2012
Net sales	105.0	109.9
EBITA excluding one-off costs*	10.5	10.3
EBITA	10.5	9.9
*ROS (excl. one-off costs) ** *	*10.0%*	*9.4%*

*) One-off costs are predominantly related to the Bakery Supplies divestment.

**) EBITA as % of net sales

Historical results have been adjusted by € 1.7 million in Q1 2012 because of a change in IFRS standard IAS 19. Under IAS 19, the expected return on plan assets recognized in profit and loss is determined based on the expected return on investments over the entire life of the underlying obligation. Under IAS 19R, the net interest income is introduced as the equivalent of the expected return on plan assets under IAS 19. The net interest income is included in the net interest on the defined benefit liability (asset), which is the counterpart under IAS 19R of the interest cost and the expected return on plan assets (IAS19)

The expected return under IAS 19 depends on the actual investment portfolio and is typically not equal to the discount rate applied for the determination of scheme liabilities. The net interest income under IAS 19R is determined based on this discount rate rather than the expected rate of return. When the discount rate is lower than the expected return, the application of IAS 19R will increase the defined benefit costs recognized in the profit and loss.

- **Continuing business incl. holding costs**

x € million	Quarter 1	
	2013	2012
Net sales	180.5	191.2
EBITA excluding one-off costs*	14.6	14.4
EBITA	9.9	14.0
*ROS (excl. one-off costs) ** *	*8.1%*	*7.5%*

*) One-off costs are predominantly related to the Bakery Supplies divestment..

**) EBITA as % of net sales

Purac volumes in the first quarter were stable on balance. Food markets, especially in Europe, have not been very supportive to growth. Growth in the food business is driven by innovations and market-share gains, offsetting the impact from low cost-in-use chemical preservation alternatives. Our Chemical & Pharma business benefits from global exposure and continues to grow. There was no meaningful change in volumes at our bio-plastics activity in the first quarter, but we continue to be positive about its progress and its longer-term prospects. Selling prices were impacted slightly negatively by changes in mix and price levels in the quarter. Compared to last year, margins increased as a result of efficiencies and somewhat lower raw materials costs, which mitigated inflationary pressures on other costs as well as operating expenses in the innovation pipeline. EBITA before one-off costs was slightly higher than the previous year at 8.1% of sales (2012 Q1 7.5%). Caravan Ingredients volumes were down by 3.9%. The bankruptcy of Hostess, one of Caravan Ingredients' largest customers, was a driver of these lower volumes. There were pockets of growth within the overall Caravan portfolio in innovative products to support freshness and shelf life extension. A better mix of products and slightly higher average selling prices benefited overall margins in the first quarter. Expenses were well controlled and approximately in line with the prior year. EBITA before one-off costs was US$ 14.0 million (2012 Q1 US$ 15.4 million).

Holding costs before one-off costs were € 6.2 million, € 1 million lower than Q1 2012. One-off costs in Q1 of € 4.7 million related to the divestment of the Bakery Supplies businesses.

- **Discontinued business**

x € million	Quarter 1	
	2013	2012
Net sales	599.4	607.5
EBITA excluding one-off costs*	17.3	16.2
EBITA	18.5	13.3
*ROS (excl. one-off cost) ** *	*2.9%*	*2.7%*

*) One-off costs are predominantly related to the Bakery Supplies divestment.. EBITA is excl. holding costs

**) EBITA as % of net sales

Bakery Supplies North America (Bakery Products NA and BakeMark)
Our North American Bakery companies had a good first quarter with volumes in line with last year. We estimate this equates to growth in market share, since the total market is still contracting. Growth at Bakery Products NA compensated some losses in traded goods sales at BakeMark. Pricing on average was flat compared to last year. Margins were a little lower as a result of higher raw material costs on average than in Q1 2012. Expenses were well controlled and continue to benefit from the savings realized in 2012. EBITA before one-off costs for the quarter was US$ 14.6 million (2012 Q1 US$ 15.0 million).

Bakery Supplies Europe
Volumes in Europe were 2.5% below last year. A strong development in sales to the supermarket channel was not enough to compensate for lower sales in Artisan and Industry. In the current difficult economic climate in Europe our companies performed well on average in their respective markets. With slightly higher prices, mainly as a result of the better mix of products, we were able to improve margins, which also benefited from good cost control, especially from on-going Relevance savings. This resulted in an EBITA before one-off costs of € 6.0 million (2012 Q1 € 4.6 million).

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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 and 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, Asia and Africa, generates annual sales of € 3.3 billion and has a workforce of around 9,800 employees in 28 countries. CSM is listed on NYSE Euronext Amsterdam. For more information: www.csmglobal.com