

Press Release

CSM reports 43% increase in EBITA for 2010

Diemen, the Netherlands, 23 February 2011

CSM delivered a 42.9% increase in EBITA before integration & acquisition charges to € 215.2 million in 2010, with sales up by 17% to € 2,990.1 million. The acquisition of Best Brands, effective cost and raw materials management, an improving growth trend at Bakery Supplies and solid growth at Purac were the main contributors to this improved performance. Despite an ongoing economic challenging environment, we returned to organic sales growth in the second half of the year, clearly showing that our competitive strength and strategic capabilities are delivering results.

Key facts

- Sales in 2010 increased significantly by 17.0% compared to 2009. Currency effects, mainly US dollar driven, were positive by € 98.8 million. Best Brands contributed € 310.6 million (12.2%). Organic sales growth showed an improving trend in the second half of the year, resulting for the full year at 1.0%. Q4 sales increased by 24.0%, with organic growth of 2.7% where all divisions contributed.
- EBITA excluding one-off costs increased by 42.9% to € 215.2 million (2009: € 150.6 million). EBITA including the one-off costs of Best Brands amounted to € 193.8 million. The net acquisition effect amounted to € 9.3 million (6.2%) and currency effects added € 7.5 million. Q4 EBITA excluding one-off costs increased by € 13.7 million.
- Working capital increased by € 59.9 million to € 251.2 million, mainly due to acquisition and currency effects, and decreased from 39.5 to 33.6 in average days sales outstanding.
- Cash flow from operating activities was € 188.6 million.
- Net debt increased to € 631.0 million at the end of 2010, an increase of € 302.7 million compared to the end of 2009. Net debt/EBITDA ratio is 2.1.
- Dividend proposal of € 0.90 per common share.
- Substantial progress in our bio-plastics business development.

Key figures

Quarter 4		x € million	Full year	
2010	2009		2010	2009
790.6	637.7	Net sales	2,990.1	2,555.9
56.0	42.3	EBITA excl. one-off costs Best Brands*	215.2	150.6
48.6	42.3	EBITA	193.8	150.6
		Result after taxes	99.3	86.8
		EPS (in €)	1.44	1.25
7.1%	6.6%	EBITA margin (excl. one-off costs Best Brands)	7.2%	5.9%
		ROCE in % (excl. one-off costs Best Brands)	10.1%	8.2%

* The one-off costs related to the acquisition of Best Brands comprise acquisition and integration costs

Gerard Hoetmer, CEO of CSM, comments on results 2010:

"I am pleased to report another successful year for CSM. We delivered good progress in our EBITA performance combined with an encouraging sales trend which accelerated over the course of the year. Our results are achieved in the context of a highly challenging economic environment, demonstrating our competitive strengths resulting from the investments in our capabilities over the last few years. Our global procurement capability has been crucial to our ability to navigate through volatile commodity markets.

We improved our EBITA, excluding one-off costs, significantly, rising by 43 % to € 215 million and sales increasing by 17% to almost € 3 billion. Bakery Supplies activities continued to face challenging market conditions and fragile consumer confidence. Our ongoing focus on innovation and marketing paid off, with an improved and positive organic sales development in the second half of the year.

Purac sustained its impressive organic growth trend throughout the year whilst also making substantial progress in its bioplastics strategy, as demonstrated by the announcement of today. In addition the first production line at a customer producing PLA, using our high temperature stable products has become operational and the construction of our new lactides plant in Thailand is, as planned, expected to be completed by late 2011. Purac remains well placed to deliver significant growth over the coming years. The scale of these opportunities will require substantial investments to harvest the growth opportunity.

During 2010, Best Bands has been successfully integrated in our operations. We now expect to significantly increase the total synergies to US\$ 41 million by 2012, compared to US\$ 21 million we anticipated at the time of the acquisition. The total costs involved to achieve these synergies are expected to be US\$ 35 million, of which US\$ 10 million is non-cash.

We do not anticipate a significant change in the economic climate in 2011, but as demonstrated over the last few years, we will continue on our business strategy. We are well on track to deliver on our target of a ROCE of 12% on a sustainable basis. Our proposal to increase the dividend to € 0.90 reflects our solid balance sheet ratios and our confidence in the future."

The summarized financial statements presented in this press release are based on the financial statements as at 31 December 2010, which are still to be made public as prescribed by law. In accordance with Section 2:395 of the Dutch Civil Code we hereby declare that our auditor Deloitte Accountants B.V. has issued an unqualified auditor's report with respect to the financial statements. To gain the insight that is necessary for a proper and responsible assessment of the financial position and results of CSM nv and for a clear understanding of the scope and remit of the audit by Deloitte Accountants B.V. this press release should be read in conjunction with the financial statements to which it refers and the auditor's report issued by Deloitte Accountants B.V. on 22 February 2011. We expect to publish these documents in March 2010. The financial statements are still to be adopted by the General Shareholders' Meeting.

Financial commentary

Quarter 4 of 2010

- Sales increased by 24% to € 790.6 million. Organic sales growth contributed by all divisions was € 17.4 million (2.7%) and currency effect was € 38.9 million, mainly driven by the US dollar. Volumes sold increased by 0.7% as a result of volume growth at Purac and Bakery Supplies Europe.
- Margins were negatively impacted by a rise in raw material costs, which have not been fully absorbed yet by increased selling prices or reformulations of our products. We remain focused on translating this into our pricing, in parallel with closely managing cost volatility through our procurement strategies.
- EBITA (before one-off costs) in the fourth quarter amounted to € 56.0 million, up € 13.7 million (32.4%) compared with the same period in 2009. Currency, mainly US dollar, contributed € 2.2 million.

The breakdown of the organic growth is as follows:

Quarter 4				Full Year		
Organic	Volume	Price/Mix		Organic	Volume	Price/Mix
1.6%	-0.9%	2.5%	BSNA	0.1%	-1.3%	1.4%
4.0%	1.4%	2.6%	BSEU	-0.1%	-0.6%	0.5%
2.9%	5.4%	-2.5%	Purac	7.0%	9.6%	-2.6%

In the fourth quarter of 2010, net sales increased by € 152.9 million to € 790.6 million. Best Brands contributed € 96.7 million and currency effect amounted to € 38.9 million, mainly driven by a stronger US dollar. Organic sales growth was 2.7% (€ 17.4 million), which is the result of increased sales volumes by 0.7% and 2.0% by increased sales pricing compared to Q4 2009. BSEU sustained its improving organic sales development in Q4 (4.0%), mainly driven by a strong performance in OoH/In Store and continued strong performance in Germany and the UK. BSNA delivered 1.6% and Purac 2.9% organic growth.

EBITA (before one-off costs) in the fourth quarter increased to € 56.0 million compared to € 42.3 million in 2009. Excluding integration costs, BSNA showed an increase in EBITA of € 11.7 million (55.2%) to € 32.9 million, of which € 8.8 million was contributed by Best Brands. In BSEU, EBITA showed a limited increase of € 0.5 million to € 15.6 million. Despite sales price increases initiated in Q4, margins were negatively impacted by raw material costs and promotional activities in OoH/In Store. Purac recorded a decrease in EBITA of € 1.8 million to € 12.0 million, due to higher raw material costs, price and mix changes as well as costs to build our organization.

Full year 2010

Net sales

Net sales in 2010 were significantly higher than in 2009, an increase of 17.0% to € 2,990.1 million (2009: € 2,555.9 million). The Best Brands acquisition on 19 March 2010 contributed with € 310.6 million (12.2%). Exchange rate differences, especially the US dollar, positively impacted the sales figures by € 98.8 million. Organic growth was € 24.8 million (1.0%), adjusted for acquisition and currency effects.

Breakdown of organic growth:

Bakery Supplies North America	0.1%
Bakery Supplies Europe	-0.1%
Purac	7.0%

Organic growth for the Bakery Supplies North America remained flat as the result of a 1.3% drop in volumes, a consequence of the continued weak economic climate, but was compensated by higher sales prices. In Europe both volume and price development were flat on an annual basis, with the organic growth trend turning positive in the second half of the year.

Growth at Purac was strongly driven by a positive volume effect of 9.6%. The volume increase is coming from both Food and Chemicals & Pharma market unit. Price and mix changes reduced growth by 2.6%, as prices were adjusted to reflect the lower raw materials costs in late 2009 and early 2010. In addition, we have seen substantial growth in the animal feed channel, which has lower average selling prices.

EBITA

EBITA excluding one-off acquisition and integration costs increased by € 64.6 million, or 42.9%, to € 215.2 million (2009: € 150.6 million). EBITA including the one-off costs of Best Brands amounted to € 193.8 million. The net EBITA effect from the acquisition amounted to € 9.3 million (6.2%). Our EBITA has been positively impacted by € 7.5 million due to the translation of our income in foreign currencies to the euro.

The breakdown of the EBITA per division, excluding one-off acquisition and integration costs:

<i>millions of euros</i>	2010	2009	
BSNA	123.4	94.0	31.3%
BSEU	61.8	45.3	36.4%
Purac	56.6	37.9	49.3%
Corporate	-26.6	-26.6	0.0%

Financial Income and Charges and Taxes

Net financial charges decreased by € 1.3 million to € 27.6 million. Higher interest expenses mainly due to the financing of the Best Brand acquisition and the costs of a private placement of US \$ 300 million were more than compensated by positive effects from the fair value valuation of our derivatives.

Net tax expenses amounted to € 31.2 million or 23.9% (in 2009: 23.8%) of income. Compared to last year, this increase of € 4.1 million is mainly due to the improved result before tax of € 113.9 million in 2009 to € 130.5 million in 2010.

Balance Sheet

Capital employed including goodwill increased by € 437.7 million to € 2,167.6 million. The main movements were:

millions of euros

Acquisition effects	391.1
Net capital expenditure on (in)tangible fixed assets	83.2
Depreciation / amortization of (in)tangible fixed assets	-107.3
Working capital increase	13.3
Exchange rate differences	80.7

The acquisition effects relate to Best Brands and the remaining 50% of our lactic acid production joint venture with Cargill in North America. The major capital expenditures in Bakery Supplies in addition to regular replacement and maintenance of fixed assets comprise frozen and ingredients manufacturing capacity. Furthermore Bakery Supplies made investments to realize production efficiencies and there were investments in IT.

The majority of capital expenditure at Purac consisted of the investment in the new PLA factory in Thailand.

Working capital increased by € 59.9 million to € 251.2 million. The acquisition and currency effect contributed € 36.4 million and € 10.2 million respectively. Our increased position in inventory and debtors has been largely compensated by higher payables resulting in a net effect of increased working capital of € 13.3 million.

Equity before profit appropriation increased by € 119.4 million to € 1,117.2 million. The main movements were:

- The addition of € 99.3 million in profit for 2010;
- A decrease of € 36.2 million in connection with the dividend for financial year 2009;
- Positive exchange rate differences of € 52.9 million due to the translation of equity denominated in currencies other than the euro;
- Positive movements of € 2.4 million in the hedge reserve.

At the end of 2010 the ratio between balance sheet total and equity was 1:0.4 (2009: 1:0.5).

Cash Flow

Cash flow from operating activities decreased by € 88.6 million compared to 2009 amounting to € 188.6 million. Although we recorded higher results in 2010, cash flow generated was lower due to the major working capital reduction in 2009 that contributed € 103.5 million cash flow in 2009. In addition to the working capital difference, in 2010 the tax burden in the Profit & Loss account was more or less equal with taxes paid, whereas in 2009 our taxes paid were negligible.

The cash flow required for investment activities increased in 2010 by € 407.2 million to € 454.3 million. The acquisition of Best Brands and the 50% interest of the Lactic Acid production joint venture with Cargill required a total cash flow of € 384.7 million. The higher capital expenditures of € 22.5 million relates for the largest part to the construction of the new lactide factory for Purac in Thailand.

Cash flow from financing activities amounted € 256.6 million. This includes financing via a new placement of a private loan of US\$ 300 million.

Financing

Our balance sheet ratios have been influenced by the financing of the acquisitions in 2010, particularly that of Best Brands. Next to this, the higher operational result positively impacted our debt level whilst the higher US dollar rate contributed negatively to the year's end position.

At the end of 2010, the net debt position was 2.1x EBITDA (2009 1.6x) while the interest cover for 2010 was 9.7x (2009 8.0x). We continue to stay very well positioned within the limits of our financing covenants despite the major Best Brands acquisition.

The net debt position amounted to € 631.0 million at the end of 2010, an increase of € 302.7 million compared to the end of 2009. This is the net balance of the following major movements:

- a positive cash flow from operating activities before working capital and provisions of € 262.6 million;
- the acquisitions of Best Brands and the 50% interest of the Cargill joint venture of € 384.7 million;
- a net investment in fixed assets of € 69.6 million;
- dividend payments of € 36.2 million;
- net interest paid of € 32.4 million;
- tax paid of € 34.1 million;
- an increase of € 13.3 million in working capital;
- an increase of € 0.8 million due to a mix of exchange differences and fair value adjustments.

On 31 December 2010 the interest-bearing non-current liabilities amounted to € 745.7 million (31 December 2009: € 444.6 million). The average effective interest rate of the non-current liabilities outstanding on 31 December 2010 was 3.7% and the average remaining term 4.5 years (31 December 2009: average interest rate 3.9% and average term 3.4 years).

Dividend Proposal

Upon adoption of the financial statements holders of cumulative financing preference shares will receive the statutory dividend. The dividend proposal on common shares will be presented to the General Shareholders Meeting to be held on 3 May 2011.

The dividend proposed on common shares increases to € 0.90 per share (2009 € 0.88 per share). Shareholders will be able to choose between a cash and stock dividend charged to the reserves. The dividend in common shares is exempt from Dutch dividend taxes.

Supervisory Board

At the end of the upcoming General Shareholders Meeting to be held on 3 May 2011, Mr Pieter Bouw will resign as member and chairman of the CSM Supervisory Board, having served 3 four-year terms. It will be proposed to the Shareholders Meeting to appoint Mr Jack de Kreij as member of the Supervisory Board. Mr. Jack de Kreij (51) is CFO and Vice-Chairman Executive Board of Royal Vopak N.V. Mr.Theo de Raad, currently Vice-Chairman of the Supervisory Board, will succeed Mr. Bouw as Chairman. Mr Rudy Markham, who was appointed Supervisory Member by the General Shareholders Meeting held in April 2010, will take the position of Vice-Chairman of the Supervisory Board. It is the intention that Mr. Markham will succeed Mr. De Raad as Chairman in 2012. The upcoming period will be used by Mr. Markham to further familiarize himself with CSM.

After the upcoming General Shareholders Meeting, assuming Mr De Kreij's appointment, the CSM Supervisory Board will consist of the following persons: Mr .Theo de Raad (Chairman), Mr. Rudy Markham (Vice-Chairman), Mr. Jack de Kreij, Mr. Rob Pieterse and Mr. Werner Spinner.

Outlook 2011

As we continuously strengthen our organization, we look forward to 2011 with confidence despite the fact that we see a persisting volatile year ahead of us. We anticipate consumer confidence in our main markets in North America and Europe will remain weak and raw materials markets seem to trend to new peaks. Nevertheless, our sales efforts will benefit from the investments we have made over the past years in both innovation and customer intimacy and from the acquisitions made.

In 2011 we will continue to drive consolidation in our markets through seeking opportunities to make value enhancing acquisitions, particularly in our bakery supplies division, such as the recently announced acquisition of Classic Cakes. Furthermore, strengthening our presence in emerging markets is an important focus for 2011. In addition to our desire to grow our sales volumes, a great effort from our organization will be demanded to increase selling prices and to reformulate products to compensate for the dramatic increases in raw material costs, which are expected to increase by at least € 200 million in 2011. These increases unavoidably lead to a lagging effect in adjusting selling prices in the earlier period of the year.

We will continue to invest in further strengthening our organization to prepare for the anticipated growth, most notably in Purac, given its expected growth in bioplastic lactide sales in the years after 2011.

Interest expenses will trend slightly higher as a result of our decision in 2010 to fix for a longer term period our interest rates with a Private Placement of US\$ 300 million with an average term of 7 years. We expect our tax burden to be around 25%, in line with previous years.

As a result of the increased raw material cost levels, we expect some growth in our working capital levels. Capital expenditures in 2011 will be approximately € 130 million, mainly due to the necessity to invest substantially in capacity and new growth initiatives at Purac.

In 2011, we expect to achieve US\$ 18 million synergies (incremental US\$12 million) of the targeted synergies regarding the integration of Best Brands, incurring about US\$ 15 million of related costs. As the acquisition of Best Brands was made in February 2010, the acquisition will add 10 weeks of additional sales and EBITA to 2011 in comparison with 2010.

As a conclusion, we are optimistic to improve our results in 2011, although it is too early to give a specific forecast for the year.

For more information, please contact:

Press & Analysts:

Eva Lindner, Communication Director, tel. +31 (0)20 5906320

Ian Blackford, Investor Relations Manager, tel. +31 (0)20 5906349 / cell phone +44 (0)7767 227506

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Press conference and analyst presentation (Webcast)

A press conference will be held at the premises of CSM (Nienoord 13, Diemen, the Netherlands) from 09.00 hours (CET) on Wednesday, February 23, 2011. The presentation that is provided to analysts and investors at the same location can be followed live via www.csmglobal.com from 11.00 hours (CET). The slides, used during the presentation can be downloaded from our website.

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, and Asia, generates annual sales of € 3 billion and has a workforce of around 9,700 employees in 23 countries. CSM is listed on Euronext Amsterdam. For more information: www.csmglobal.com.

1. Business developments per segment

- **Bakery supplies**

Quarter 4		x € million	Full year	
2010	2009		2010	2009
693.8	550.0	Net sales	2,589.7	2,200.6
48.5	36.3	EBITA excl. one-off costs Best Brands*	185.2	139.3
41.1	36.3	EBITA	163.8	139.3
7.0%	6.6%	EBITA margin (excl. one-off costs Best Brands)	7.2%	6.3%
		ROCE in % (excl. one-off costs Best Brands)	10.2%	9.1%

Developments and Results in 2010

Our core markets did not experience a real recovery from the economic downturn; most markets were stable at best. Volatility has been a feature for our key raw materials markets in the past years and this proved to be the case again in 2010, with in many cases substantial increases in input costs. Although our raw material purchases were partially covered by longer-term hedges, increasing prices to our customers was and is a necessity.

Market Situation

Raw Material Price Volatility

The global markets for raw material have remained very volatile since the sharp cost increases seen in 2007 and 2008. Despite softer pricing in 2009, 2010 saw a constant increase in most of the world's commodities. We expect this volatility to remain for the foreseeable future as prices are not just being influenced by supply and demand, but also by financial speculation. The amount of money currently flowing in and out of the raw material commodity markets is unprecedented, driving fast and strong movements in the market place. Therefore knowledge and insight are crucial to respond effectively to market developments. Our global procurement team is well-placed to work in such a volatile climate, capitalizing on combined volumes and joint expertise, aiming to stabilize prices at competitive levels.

Due to all our efforts in 2010 we were capable to minimize the impact of the increased raw material costs to our customers and on our results. The raw material markets however continue to rise and as a consequence we have to pass this cost on in a relatively weak market, which is a challenge to any business in any industry.

Uncertain economic climate

In the aftermath of the subprime crisis in the United States and the financial crisis that followed, consumers in our core markets have remained cautious. We experienced lower consumer spending in a number of Southern European countries that were confronted with uncertainty caused by high national debts, higher interest rates and large budget cuts in government-spending. As a food product supplier, providing daily consumer needs, the impact on volumes was relatively limited, although trading down to cheaper alternatives and price promotions impacted sales. Despite a weak economic climate, we saw an improvement in volumes sold during the year, mainly as a result of the investments we have made over the last years to improve our competitiveness by building differentiating capabilities. In the second half of the year, despite the price increases we have had to implement, our bakery volume increased by 0.5%, a promising positive trend compared to the first half.

Best Brands acquisition and integration

During 2010 Best Brands has been fully integrated in our strategic platforms, with the predominant share of the Best Brands organization being integrated within HC Brill, our platform for sweet ingredients and bakery products. The merged company has been renamed CSM Bakery Products.

The fast and thorough integration has taken a lot of energy from our organization and we are very proud that the underlying business has kept its strength despite this massive undertaking. In 2011 further streamlining of the organization will take place. In our efforts to optimize the business and delivering on targeted synergies, CSM has reviewed the manufacturing base of the combined companies in order to improve utilization, to reduce complexity in the supply chain and to maintain an adequate geographic footprint. This will result in the closure of two manufacturing facilities, as announced in February 2011.

• Bakery supplies North America

Quarter 4		x \$ million	Full year	
2010	2009		2010	2009
574.2	436.3	Net sales	2,077.3	1,655.4
44.6	31.8	EBITA excl. one-off costs Best Brands*	163.6	131.1
34.6	31.8	EBITA	135.2	131.1
7.8%	7.2%	EBITA margin (excl. one-off costs Best Brands)	7.9%	7.9%
		ROCE in % (excl. one-off costs Best Brands)	12.7%	13.8%

Quarter 4		x € million	Full year	
2010	2009		2010	2009
423.5	293.3	Net sales	1,567.1	1,187.3
32.9	21.2	EBITA excl. one-off costs Best Brands*	123.4	94.0
25.5	21.2	EBITA	102.0	94.0
7.8%	7.2%	EBITA margin (excl. one-off costs Best Brands)	7.9%	7.9%
		ROCE in % (excl. one-off costs Best Brands)	12.7%	14.2%

Main developments

The most important milestone in 2010 was the acquisition of Best Brands, which added US\$ 412.0 million in sales and US\$ 40.6 million in EBITA, thereby the main driver for growing to a total sales level of US\$ 2,077.3 million while EBITA rose to US\$ 163.6 million. Offsetting a part of the earnings were acquisition and integration costs of US\$ 28.3 million. It has been satisfying to see how our North American businesses have managed such a sizeable integration in a fast and efficient way. We have strengthened our market position despite a limited volume decline of 1.3%, which in our view compares favorably with a higher decline in the overall market.

In 2010, margins were negatively impacted by a rise in raw material costs. Although we increased selling prices accordingly, a small lagging effect was unavoidable. Our EBITA as a percentage of sales before the integration and acquisition costs ended at 7.9% (2009: 7.9%).

In Q4, sales increased by 31.6%, largely as a result of the consolidation of Best Brands. Organic sales growth was 1.6%, due to a positive price/mix effect of 2.5%, partly offset by a negative volume effect of 0.9%. We continue to focus on increasing selling prices or reformulating our products to fully compensate sharply increased raw material market prices.

Capital employed at year end increased by US\$ 439.1 million, of which US\$ 396.4 million was due to the acquisition of Best Brands. Our average cash conversion cycle ended at 29.8 days, from 30.4 days in 2009, indicating continued cash discipline within our organization. Capital expenditures amounted to US\$ 22.8 million, US\$ 10.6 million lower than depreciation. Major capital expenditures included investments related to the Best Brands integration and IT projects. ROCE came in at 12.7% compared to 13.8% in 2009.

- **Bakery supplies Europe**

Quarter 4		x € million	Full year	
2010	2009		2010	2009
270.3	256.7	Net sales	1,022.6	1,013.3
15.6	15.1	EBITA	61.8	45.3
5.8%	5.9%	EBITA margin	6.0%	4.5%
		ROCE (in %)	7.4%	5.2%

Main developments

In 2010 our European Bakery organization continued to strengthen, as reflected in our financial performance. For the first time in many years there was positive volume growth in the third and fourth quarter. Although the economic climate is still fragile, limiting market growth, our return to growth is clearly an indication that our investments in innovation and marketing are paying off. We delivered an EBITA level of € 61.8 million- a substantial increase from € 45.3 million in 2009 driven by effective cost and raw materials management. Volumes notably increased in our frozen categories which are mostly sold in our Western European markets. The Southern European countries faced more difficult conditions due to the ongoing effects of the financial crisis in the region. Organic sales growth for the year ended nearly flat, as a result of volumes decreases of 0.6%, compensated by price increases and product mix changes of 0.5%. For our sales to the In Store supermarket channel, promotional activities continued at a relative high level, lowering average prices. Our margins were relatively stable, although declining somewhat in the second half of the year due to the increased raw material costs. Selling prices have been and are being increased but this cannot prevent a slight margin decline. The stronger British Pound positively affected EBITA by approx. € 0.5 million.

We saw the same trend continue in Q4, showing volume growth in our frozen categories and in our key Western European markets, leading to an increase in sales by 5.3%. Organic growth was 4.0%, driven by volume growth (1.4%) and price and mix effects amounted to 2.6%. Currency effects, due to a stronger pound sterling, had a positive effect on sales of € 3.4 million (1.3%). EBITA showed an increase of 3.3% to € 15.6 million. Higher volumes and cost control offset higher raw material costs.

Our year-end capital employed decreased due to additional long term provisions. Working capital increased by € 14.5 million. Our average cash conversion cycle ended at 24.7 days, from 31.7 days in 2009, driven by a continued cash discipline in the organization. Net capital expenditure on fixed assets amounted to € 14.5 million, which was below the depreciation level of € 22.3 million. Larger capital expenditures included, among others, expansion of frozen capacity in the UK and various IT projects. Our ROCE increased by 2.2% to 7.4 % in 2010.

- **Purac**

Organic growth remained strong at 7.0 % in 2010, up from 6.2% in 2009. This was driven by volumes which increased by 9.6%. Volumes grew both in the Food and the Chemicals & Pharma markets. In 2010 we also acquired the remaining 50% of our US production facility. Although the transaction itself does not increase our sales levels, as all lactic acid coming from this joint venture with Cargill was already sold through our sales network, the acquisition of the remaining share gives us more flexibility in developing our US activities.

Raw Material Price Volatility

The global markets for raw materials have remained very volatile ever since the sharp increases in raw material costs in 2007 and 2008. Despite softer pricing in 2009, 2010 saw a constant increase in most of the world's commodities including the carbohydrates Purac is dependent upon: sugar, corn and tapioca. We expect this volatility to remain for the foreseeable future, as prices are not just being influenced by pure supply and demand factors, but also by financial speculation.

The amount of money flowing in and out of the raw material commodity markets is unprecedented, driving fast and strong movements in market prices. Knowledge and insight to react timely on opportunities in the market are crucial to managing pricing as good as possible.

Our raw material costs, as a percentage of sales, increased in 2010 to 53.2% from 52.9% in 2009. This was a consequence of increased raw material costs, and the downward adjustments we had to make to our selling prices due to raw material cost decreases in 2009. We are now increasing our prices to compensate for the increased input costs. The impact of the higher cost of raw materials was more than compensated by the growth in volume and the better utilization of our assets.

Progress bioplastics Strategy

The construction of our new lactide factory in Thailand has been a major activity for our Purac organization in 2010, which is expected to be commissioned at the end of 2011, in line with the earlier planning. Our sales and R&D organizations are actively engaging with many potential customers, in order to fill the capacity of this factory. Tests and pilots are being run with many potential partners as a step in the process to evolve from a development agreement to firm commitments in the course of 2011. The joint announcement together with Indorama today, is an important step in this process.

Quarter 4		x € million	Full year	
2010	2009		2010	2009
96.8	87.7	Net sales	400.4	355.3
12.0	13.8	EBITA	56.6	37.9
12.4%	15.7%	EBITA margin	14.1%	10.7%
		ROCE (in%)	18.8%	12.7%

Main developments

Purac's results have been very satisfying. EBITA increased by € 18.7 million to € 56.6 million, driven by strong volume development and despite investments in the organization to enable future growth. This growth is largely due to the organic sales volume growth of 9.6%, although somewhat mitigated by the negative price and mix effect and the higher cost of raw materials. Growth was seen in all our markets. Especially the chemicals market experienced higher growth partly driven by the replenishment of inventory positions by customers in the chemicals industry. Price and mix changes impacted growth negatively by 2.6%, due to downward selling price adjustments following lower raw materials costs in late 2009 and early 2010. In addition, we have seen substantial growth in animal feed, which has lower average selling prices.

In Q4 Purac increased its sales by 10.4% to € 96.8 million, mainly driven by volume growth in Food as our Chemicals and Pharma division faced a strong comparison base as in Q4 2009 many chemical customers replenished their inventories. Organic sales growth was 2.9%, driven by higher volumes sold (5.4%) and offset by a negative price/mix effect (-2.5%). Currency effects, mainly the stronger US dollar, contributed positively to sales by € 6.6 million. EBITA decreased by € 1.8 million to € 12.0 million, mainly due to investments to strengthen the organization to facilitate future growth and higher raw material prices that could not be fully compensated in the short-term.

Capital employed at year end increased to € 332.9 million from € 275.7 million, as a result of financing our growth both in capital expenditures and working capital. Our average cash conversion cycle finished at 70.9 days, from 91.9 days in 2009, clearly showing the continued efforts of our organization. Capital expenditure amounted to € 37.9 million of which € 22.4 million was spent on our lactide factory in Thailand. This compares with our annual depreciation of € 24.4 million. Our ROCE improved from 12.7% in 2009 to 18.8 % in 2010.

2. Key Figures

millions of euros	2010	2009
Income Statement:		
Net sales	2.990,1	2.555,9
EBITA excluding one-off costs	215,2	150,6
EBITA	193,8	150,6
Operating result	158,1	142,8
EBITDA	265,4	211,5
Result after taxes	99,3	86,8
Balance sheet:		
Fixed assets	1.791,1	1.329,5
Current assets	717,5	553,8
Non-interest-bearing current liabilities	483,1	386,1
Net debt position ¹	631,0	328,3
Provisions	277,3	171,1
Equity	1.117,2	997,8
Key data per common share		
Number of issued common shares	65.998.134	64.977.416
Number of common shares with dividend rights	65.873.803	64.828.082
Weighted average number of outstanding common shares*	65.855.352	65.837.383
Price as at 31 December	26,19	18,38
Highest price in calendar year	26,27	18,68
Lowest price in calendar year	18,55	7,97
Market capitalization as at 31 December	1.725	1.192
Earnings in euros ² *	1,44	1,25
Diluted earnings in euros ² *	1,44	1,25
Cash flow from operating activities per common share, in euros ² *	2,80	4,15
Other key data		
Cash flow from operating activities	188,6	277,2
Depreciation/amortization fixed assets	107,3	68,7
Capital expenditure on fixed assets	83,2	46,9
Number of employees at closing date	9.664	8.430
Number of issued cumulative preference shares	2.983.794	2.983.794
Equity per share in euros ³	16,22	14,71
Ratio's		
EBITA margin % ⁴	6,5	5,9
Result after taxes / net sales %	3,3	3,4
ROCE % ⁵	9,1	8,2
Net debt position/EBITDA ⁶	2,1	1,6
Interest cover ⁷	9,7	8,0
Balance sheet total : equity	1:0.4	1:0.5
Net debt position : equity	1:1.8	1:3.0
Current assets : current liabilities	1:0.6	1:0.6

*previous year is restated for stock dividend

1 Net debt position comprises interest-bearing debts less cash and cash equivalents.

2 Per common share in euros after deduction of dividend on cumulative preference shares.

3 Equity per share is equity divided by the number of shares with dividend rights.

4 EBITA margin is EBITA divided by net sales x 100.

5 ROCE % is EBITA for the year divided by the average capital employed x 100. The goodwill included in capital employed relates to management goodwill, being the goodwill capitalized and the goodwill charged directly to equity since 1978, the year when CSM started the diversification process.

6 EBITDA is 'Earnings Before Interest, Taxes, Depreciation and Amortization' here including Best Brands and PGLA-1 (100%) results for the whole year 2010 and excluding one-off costs.

7 Interest cover is EBITDA as defined in note 6 divided by net interest income and charges.

3. Consolidated income statement

<i>millions of euros</i>	2010	2009
Net sales	2,990.1	2,555.9
Costs of raw materials and consumables	-1,703.1	-1,449.3
Production costs	-421.8	-351.6
Warehousing and distribution costs	-226.7	-196.7
Gross profit	638.5	558.3
Selling expenses	-246.8	-209.4
Research & development costs	-44.9	-34.5
General and administrative expenses	-193.1	-171.6
Other proceeds	4.4	
Operating result	158.1	142.8
Financial income	10.2	3.5
Financial charges	-37.8	-32.4
Result before taxes	130.5	113.9
Taxes	-31.2	-27.1
Result after taxes	99.3	86.8
Per common share in euros		
Earnings	1.44	1.25
Diluted earnings	1.44	1.25

4. Consolidated statement of financial position

<i>before profit appropriation, millions of euros</i>	As at 31-12-2010	As at 31-12-2009
Assets		
Property, plant & equipment	574.6	499.9
Intangible fixed assets	1,146.8	765.9
Financial fixed assets	10.5	10.7
Deferred tax assets	59.2	53.0
Total fixed assets	1,791.1	1,329.5
Inventories	335.4	251.1
Receivables	366.0	298.1
Tax assets	16.1	4.6
Cash and cash equivalents	118.7	120.4
Total current assets	836.2	674.2
Total assets	2,627.3	2,003.7
Equity and liabilities		
Equity	1,117.2	997.8
Provisions	122.8	111.1
Deferred tax liabilities	154.5	60.0
Non-current liabilities	745.7	444.6
Total non-current liabilities	1,023.0	615.7
Interest-bearing current liabilities	4.0	4.1
Trade payables	296.7	223.7
Other non-interest-bearing current liabilities	154.0	125.4
Tax liabilities	32.4	37.0
Total current liabilities	487.1	390.2
Total equity and liabilities	2,627.3	2,003.7

5. Consolidated statement of changes in equity

<i>before profit appropriation, millions of euros</i>	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
As at 1 January 2009	16.2	75.5	-49.1	899.0	941.6
Result after taxes 2009				86.8	86.8
Other Comprehensive result after tax 2009			-0.1		-0.1
Transfers to/from Other Reserves			-1.1	1.1	
Total Comprehensive result after tax 2009			-1.2	87.9	86.7
Cash dividend				-31.5	-31.5
Stock dividend	0.7	-0.7			
Share-Based remuneration transfers			-0.3	0.3	
Share-Based remuneration charged to result			1.0		1.0
Total transactions with shareholders	0.7	-0.7	0.7	-31.2	-30.5
As at 31 December 2009	16.9	74.8	-49.6	955.7	997.8
Result after taxes 2010				99.3	99.3
Other Comprehensive result after tax 2010			55.3		55.3
Transfers to/from Other reserves			21.3	-21.3	
Total comprehensive result after tax 2010			76.6	78.0	154.6
Cash dividend				-36.2	-36.2
Stock dividend	0.3	-0.3			
Share-Based remuneration transfers			-0.6	0.6	
Share-Based remuneration charged to result			1.0		1.0
Total transactions with shareholders	0.3	-0.3	0.4	-35.6	-35.2
As at 31 December 2010	17.2	74.5	27.4	998.1	1,117.2

6. Consolidated statement of cash flow

<i>millions of euros</i>	2010	2009
Cash flow from operating activities		
Result after taxes	99.3	86.8
Adjusted for:		
- Depreciation/amortization of fixed assets	107.3	68.7
- Impairment of fixed assets	4.8	
- Result from divestments of fixed assets	-4.2	1.0
- Result from sale of group companies and activities	-4.4	
- Share-based remuneration	1.0	1.0
- Interest income	-0.7	-1.5
- Interest expense	31.7	27.9
- Exchange rate differences	-0.6	4.1
- Fluctuations in fair value of derivatives	-5.1	-2.0
- Other financial income and charges	2.3	0.4
- Taxes	31.2	27.1
Cash flow from operating activities before movements in working capital	262.6	213.5
Movement in provisions	5.8	-7.7
Movements in working capital:		
- Receivables	-20.4	35.4
- Inventories	-37.3	60.6
- Non-interest-bearing current liabilities	44.4	7.5
Cash flow from business operations	255.1	309.3
Net interest paid	-32.4	-32.0
Tax paid on profit	-34.1	-0.1
Cash flow from operating activities	188.6	277.2
Cash flow from investment activities		
Acquisition of group companies	-384.7	
Capital expenditure on fixed assets	-74.5	-47.7
Divestment of fixed assets	4.9	0.6
Cash flow from investment activities	-454.3	-47.1
Cash flow from financing activities		
Proceeds from interest-bearing debts	595.3	
Repayment of interest-bearing debts	-302.5	-161.8
Paid-out dividend	-36.2	-31.5
Cash flow from financing activities	256.6	-193.3
Net cash flow	-9.1	36.8
Effects of exchange rate differences on cash and cash equivalents	7.4	0.0
Increase/decrease cash and cash equivalents	-1.7	36.8
Cash and cash equivalents at start of financial year	120.4	83.6
Cash and cash equivalents at close of financial year	118.7	120.4

7. Segment information

Segment Information by Business Area

millions of euros	Bakery Supplies Europe		Bakery Supplies North America		Purac		Corporate		CSM Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
P&L information										
Net sales	1,022.6	1,013.3	1,567.1	1,187.3	400.4	355.3			2,990.1	2,555.9
EBITA including one-off costs Best Brands	61.8	45.3	102.0	94.0	56.6	37.9	-26.6	-26.6	193.8	150.6
One-off costs Best Brands			21.4						21.4	
Operating result	58.9	43.1	73.2	90.6	52.7	36.3	-26.7	-27.2	158.1	142.8
Balance sheet information										
Total assets	963.1	975.0	1,056.6	545.5	441.0	358.7	166.6	124.5	2,627.3	2,003.7
Total liabilities	343.2	331.2	282.0	132.3	83.0	53.6	801.9	488.8	1,510.1	1,005.9
Capital employed year-end	786.3	822.1	1,009.0	634.0	332.9	275.7	39.4	-1.9	2,167.6	1,729.9
Average capital employed	837.6	872.4	971.5	660.4	300.6	298.7	23.5	10.4	2,133.2	1,841.9
Depreciation of property, plant & equipment	22.3	22.7	24.9	16.9	24.4	21.3			71.6	60.9
Amortization of intangible fixed assets	2.9	2.2	28.8	3.4	3.9	1.6	0.1	0.6	35.7	7.8
Other information										
Capital expenditure on property, plant & equipment	14.5	11.9	17.0	15.8	37.9	16.3			69.4	44.0
Capital expenditure on intangible fixed assets	2.9	0.4	0.6		10.3	0.9		1.6	13.8	2.9
Impairment of fixed assets	0.8		6.3		-2.3				4.8	
Average number of employees	4,023	4,004	4,409	3,386	971	945	53	47	9,456	8,382
Alternative Non-IFRS performance measures										
EBITA margin	6.0	4.5	6.5	7.9	14.1	10.7			6.5	5.9
ROCE %	7.4	5.2	10.5	14.2	18.8	12.7			9.1	8.2
Alternative Non-IFRS performance measures excluding one-off costs Best Brands										
EBITA	61.8	45.3	123.4	94.0	56.6	37.9	-26.6	-26.6	215.2	150.6
EBITA margin	6.0	4.5	7.9	7.9	14.1	10.7			7.2	5.9
ROCE %	7.4	5.2	12.7	14.2	18.8	12.7			10.1	8.2

Information on the Use of Alternative Non-IFRS Performance Measures

In the above table and elsewhere in the Financial Statements a number of Non-IFRS performance measures are presented. Management is of the opinion that these so-called alternative performance measures might be useful for the readers of these Financial Statements. CSM management uses these performance measures to make financial, operational and strategic decisions and evaluate performance of the segments. The alternative performance measures can be calculated as follows:

- EBITA is the operating result before amortization of intangible fixed assets
- EBITA margin is EBITA divided by net sales x 100
- Return on capital employed (ROCE) is EBITA for the year divided by the average capital employed x 100.

Goodwill included in capital employed relates to management goodwill, being the goodwill capitalized and the goodwill charged directly to equity since 1978, the year when CSM started its diversification process.

8. Notes

Accounting principles

The consolidated financial statements of CSM nv have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. With the exception of financial instruments, the financial statements in general are prepared on the basis of the historical cost principle.

In 2010, CSM applied all the new and amended standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), if and insofar as these applied to CSM and were effective as at 1 January 2010. The main effective change applied by CSM at 1 January 2010 is:

- IFRS 3: Business Combinations: amended

CSM states that the application of this change has the following material impact on the CSM financial statements:

- Transaction costs concerning acquisitions are hitting the income statement instead of consideration transferred.
- Fair value re-measuring of CSM previous held non-controlling interest in PGLA-1 joint venture are hitting the income statement.

None of the new and amended IFRS and IFRIC interpretations not yet effective in 2010 were applied by CSM. CSM anticipates that the application of these standards and interpretations in future periods will have no material impact on the CSM financial statements.

Related party transactions

There were no material related party transactions in 2010.

Events after balance sheet date

On January 14th, 2011 CSM has announced that it has entered into a joint venture agreement with the Tunisian based company GIAS s.s., that has a leading position in Bakery Ingredients and Margarines in North Africa. Furthermore, this joint venture that will operate as CSM-GIAS gives CSM access to a distribution network of African countries and allows CSM to sell its full bakery product portfolio into this market. The transaction will not have a material effect on CSM's financials.

On February 1st, 2011 CSM has announced that it has acquired Classic Cakes Ltd. in the UK. Classic Cakes produces a high quality range of premium sweet bakery products, servicing the foodservice and retail markets. The company and its facilities are based in Daventry. Classic Cakes has an annual turnover of € 11.4 million and employs some 90 people. This transaction strengthens CSM's leadership position in the market segments that it has targeted for growth, particularly the retail and foodservice channels. The transaction will not have a material effect on CSM's financials.

On February 4th and February 10th CSM announced the close down of the manufacturing facilities of respectively La Mirada and Oak Creek in the US. These closures are part of CSM's efforts to deliver on synergies within the newly formed company CSM Bakery products, following the integration of Best Brands. The production of both facilities will be migrated to other US factories in the course of 2011.