

## **Tate & Lyle PLC – Trading update**

**28 January 2004**

Tate & Lyle issues the following trading update.

Group profit before tax in the third quarter of the year to 31 March 2004 has been in line with our expectations.

At Staley in the US, whilst some of the 2004 sweetener sales contracts have been completed at increased prices, the negotiation of major contracts is ongoing and may take some weeks to conclude. These contracts, which are being negotiated against a background of recent corn price rises, will influence the final outcome on sweetener product margins. Gains in citric acid selling prices have seen this product line return to profit.

Negotiation of Amylum's annual contracts is not yet finished. Raw material costs in Europe, which had increased markedly at the time of our interim announcement on the 6 November 2003, have continued to rise significantly. These have reduced margins on Amylum's contracts agreed at that time and subsequent pricing has not fully recovered higher net raw material costs. This has been exacerbated by recently increased competitive pressures and by weaker vital wheat gluten prices so that results from Amylum for 2004 will be below our earlier expectations.

Profit before tax and exceptional items for the Group for the financial year to 31 March 2004 will depend upon the final outcome of the pricing negotiations in both the US and Europe and the translation impact of exchange rates. Nevertheless, we anticipate results will be close to market expectations with a weaker Amylum result in the final quarter being offset by a satisfactory performance in the rest of the business.

Looking forward, based on our current experience of raw material costs and contract negotiations to date, we expect Amylum's results for the financial year to 31 March 2005 to be significantly below those of 2004. A review of Amylum's operations is in hand in order further to reduce the cost base. Although we anticipate further progress in 2005 at our North American businesses, this is likely to be offset on currency translation.

### **For more information contact:**

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**About Tate & Lyle**

Tate & Lyle is a world leader in carbohydrate ingredients. Our core competence is to take basic carbohydrates - corn, wheat or sugar - and add value to these raw materials through technology. As a result of continuous innovation we offer an ever-wider product portfolio of versatile and functional ingredients. These products include Cereal Sweeteners, Starches, Sugars and Citric Acid. Our products have wide applications in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries.

With headquarters in London, Tate & Lyle operates more than 40 plants in 24 countries, almost all in Europe and the Americas. We employ 6,700 people in our subsidiaries with a further 2,800 employed in joint ventures. Sales in the year to 31 March 2003 totalled £3,167 million. More details are available online at [www.tateandlyle.com](http://www.tateandlyle.com)