

May 22, 2008

**TATE & LYLE PLC**  
**PRELIMINARY ANNOUNCEMENT OF RESULTS**  
**For the year ended March 31, 2008**

Year ended March 31	2008	2008	2007	2007
<b>Continuing operations<sup>1</sup></b>				
Sales	<b>£3 424m</b>	<b>\$6 882m</b>	£3 225m	\$6 482m
Adjusted profit before taxation <sup>2</sup>	<b>£244m</b>	<b>\$490m</b>	£275m	\$553m
Adjusted diluted earnings per share <sup>2</sup>	<b>32.7p</b>	<b>65.7¢</b>	37.5p	75.4¢
<b>Dividends per share</b>	<b>22.6p</b>	<b>45.4¢</b>	21.5p	43.2¢

**Strong progress in delivering our strategy:**

- Strategic reshaping of the Group largely complete
- New management structure in place; Group organization simplified and de-layered into four divisions each reporting to the Chief Executive; key hires made to lead the Sucralose and Food & Industrial Ingredients, Americas divisions
- Four-year major capital investment program nearing completion; new value added capacity in the US and Singapore now on-stream
- Sold Redpath, Occidente and five European starch plants; businesses where we could not hedge to an acceptable level our exposure to raw material and commodity pricing volatility and regulation
- Group well-positioned to deliver its longer term target of a return on net operating assets of 20%

**Financial and operational summary:**

- Adjusted profit before taxation<sup>2</sup> down 11% at £244 million (\$490 million) (down 7% in constant currency)
- Reduction in profit before tax more than accounted for by:
  - International sugar trading operating loss of £9 million (\$18 million) from £22 million (\$44 million) profit in prior year
  - £11 million (\$22 million) adverse impact from exchange translation
- Profits from core value added food ingredients<sup>3</sup> at £89 million (\$179 million) increased 13% in constant currency
- Food & Industrial Ingredients, Americas achieved a fourth year of record profits increasing 13% over the prior year in constant currency; now represents almost 60% of the Group's adjusted operating profit<sup>1,2</sup> before central costs
- Food & Industrial Ingredients, Europe's sales prices increased ahead of our expectations but profits lower in constant currency due to higher corn costs
- Sugar refining profits reduced due to challenging market conditions
- Sucralose sales increased by 6% in constant currency; 30% increase in new product launches
- Returned £159 million (\$320 million) to shareholders through repurchase of 6.9% of issued share capital
- Proposed increase in total dividend of 5% to 22.6p (45.4¢) per share

**Statutory information**

Year ended 31 March	2008	2008	2007	2007
Continuing operations – profit before tax	<b>£173m</b>	<b>\$348m</b>	£253m	\$509m
Total operations – profit for the year	<b>£187m</b>	<b>\$376m</b>	£217m	\$436m
Diluted earnings per share	<b>40.4p</b>	<b>81.2¢</b>	43.6p	87.6¢

1 Excluding the results of Redpath, Occidente, Eastern Sugar and the disposed of European starch plants.

2 Before exceptional costs of £59 million (\$119 million) (2007 – £13 million, \$26 million) and amortization of acquired intangible assets of £12 million (\$24 million) (2007 – £9 million, \$18 million).

3 Core value added food ingredients comprise value added starch-based food ingredients and exclude sucralose.

4 All US dollar conversions provided at the average rate for the year ending March 31, 2008 of \$2.01 = £1

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## **Sir David Lees, Chairman, said:**

“2008 was a year of significant change and progress for Tate & Lyle. We successfully achieved a number of steps to reshape our business in line with our strategy to build a stronger value added business on a low-cost commodity base. This reshaping process is largely complete and, taken together with some important changes in the management structure, the Group is now well-positioned to benefit from the growth opportunities in our chosen markets.

“The Board is recommending an increase in the full year dividend of 5% to 22.6p (45.4¢) per share, reflecting its confidence in the outlook for the Group.”

## **Iain Ferguson, Chief Executive, said:**

“The Group’s profit from continuing operations was adversely affected by a very disappointing performance in international sugar trading and by the weak US dollar. In international sugar trading, we have taken the necessary actions to restructure its activities and re-focus management priorities to ensure that this year’s result is not repeated. The profitability of the rest of the Group’s operations was encouraging, demonstrating considerable resilience in the face of both the unprecedented increase in global commodity prices and the impact of the EU sugar regime reform. Food & Industrial Ingredients, Americas once again performed strongly achieving a fourth consecutive year of record profits. The 13% increase in profits from core value added food ingredients and the 6% increase in SPLENDA<sup>®</sup> Sucralose sales, both in constant currency, were also pleasing and demonstrate the good progress we are making to grow our business in those areas of strategic focus and investment.

“We expected 2008 to be a year of transition and that proved to be the case. With our strategic reshaping largely complete, our priority is clear – to deliver our longer term target of a return on net operating assets of 20%. With all that we have achieved this year, and with the new management structure in place, we now have the platform from which that longer term target can be delivered and we are committed to that goal.”

## **Outlook**

Looking forward to the year to March 31, 2009:

- We anticipate the Food & Industrial Ingredients businesses in the Americas and Europe, which together accounted for 72% of the Group’s continuing operating profit before central costs in the 2008 financial year, will make further progress benefiting in the Americas both from improved HFCS pricing achieved for the 2008 calendar year and from additional value added capacity now on-stream. In Europe the results will be significantly influenced by European cereal prices following the 2008 harvest.
- The EU sugar regime reforms have proved successful in eliminating all but 6% of the quota production capacity targeted for reduction. Surplus refined sugar stocks will need to be absorbed over at least the first half of the year, during which time the market is likely to remain very difficult and challenging. However, we look forward to market equilibrium being re-established during the second half of our financial year which, together with the actions we have taken on international sugar trading, should enable a progressive restoration of margins in the Sugars business.
- The SPLENDA<sup>®</sup> Sucralose business is now fully invested. Whilst the incremental impact of a first full year of costs associated with the Singapore facility will restrict profit growth in the first half-year, we expect continued sales growth to offset these costs and to lead to improved profits in the full year.

For the Group, the 2009 financial year has started in line with plan and we continue to expect to make good progress in the year as a whole.

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## Cautionary statement

This Preliminary Statement contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Preliminary Statement should be construed as a profit forecast.

A copy of this Preliminary Statement for the year ended March 31, 2008 can be found on our website at [www.tateandlyle.com](http://www.tateandlyle.com). Copies of the Annual Report for the year ended March 31, 2008 will be available to shareholders shortly, and will be obtainable from The Company Secretary, Tate & Lyle PLC, Sugar Quay, Lower Thames Street, London EC3R 6DQ.

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The DuPont Oval Logo, DuPont™ and Sorona® are trademarks or registered trademarks of E.I. du Pont Nemours and Company.

## Webcast and Conference Call

### Presentation

A presentation of the results by Chief Executive, Iain Ferguson and Group Finance Director, John Nicholas will be audio webcast live at 10.00 (BST) today. To view and/or listen to a live audiocast of the presentation, visit [http://www.tateandlyle.com/TateAndLyle/investor\\_relations/results/default.htm](http://www.tateandlyle.com/TateAndLyle/investor_relations/results/default.htm) or <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=81336&eventID=1852227>. Please note that remote listeners will not be able to ask questions during the Q&A session. A webcast replay of the presentation will be available within two hours of the end of the live broadcast for six months, on the link above.

For those unable to view the webcast, there will also be a teleconference facility for the presentation. Details are given below:

UK dial in number: +44 (0) 203 003 2666  
US dial in number: +1 866 966 5335

### 7 day conference call replay

UK replay number: +44 (0) 208 196 1998  
US replay number: +1 866 583 1039  
Replay Access code: 691691

# TATE & LYLE PLC

## CHIEF EXECUTIVE'S REVIEW

All comments refer to the continuing operations adjusted to exclude exceptional items and amortization of acquired intangible assets, unless stated to the contrary. A reconciliation of reported and adjusted information is included in Note 15.

### Delivering on our strategy

2008 was a year of considerable activity and progress for Tate & Lyle. We successfully achieved a number of important steps to reshape our business in line with our strategy to build a stronger value added business on a low-cost commodity base.

- We simplified and de-layered the Group's organizational structure into four divisions each reporting to the Chief Executive. A new management structure was put in place and key hires made to lead the Sucralose and Food & Industrial Ingredients, Americas divisions.
- We removed substantial risks from the Group by exiting markets (European wheat and Canadian and Mexican sugar) where we could not hedge to an acceptable level our exposure to raw material and commodity pricing volatility and regulation.
- We continued to implement our four-year major capital investment program to support long-term growth which we expect will be completed by March 2009.
- We took actions to restructure our international sugar trading activities to reduce future earnings volatility and re-focus management priorities to ensure that this year's result is not repeated.

We continued to grow those areas of our business of key strategic focus and investment. Our core value added food ingredients business achieved a profit of £89 million (\$179 million), a 13% increase over the prior year, whilst sales of SPLENDA<sup>®</sup> Sucralose increased by 6% (both in constant currency) and new product launches featuring SPLENDA<sup>®</sup> Sucralose increased by 30% over the prior year.

The process of reshaping the Group's business is now largely complete. The actions we have taken this year, together with our expansion projects to increase value added production, gives us a solid platform from which to grow our business and to improve further the quality of the Group's earnings.

### New management structure

Following the Group's reshaping process we have simplified and de-layered the Group's organizational structure. The Group now consists of four distinct business divisions each reporting to the Chief Executive: Food & Industrial Ingredients, Americas; Food & Industrial Ingredients, Europe; Sucralose and Sugars. These divisions are supported by our Research & Development team, which also reports to the Chief Executive, and other Central functions.

To drive our business forward, we have appointed new heads for three of the four divisions. Matt Wineinger joined Tate & Lyle in March 2008 and will take over from Lynn Grider as President, Food & Industrial Ingredients, Americas after he retires at the end of June 2008. Matt has worked for a number of major companies in the food sector, most recently as President of Swift & Co's Australian Meat division, and before that at Cargill where he held a number of senior roles in sales and marketing.

Olivier Rigaud, who has worked for Tate & Lyle for 19 years in our European food ingredients business, has been promoted to President, Food & Industrial Ingredients, Europe.

Ian Bacon continues as Chief Executive, Sugars.

Karl Kramer joined Tate & Lyle in April and will become President, Sucralose from June 1, 2008. He joins us from Givaudan, the flavor company, prior to which he worked for the NutraSweet Kelco division of Monsanto.

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The four heads of the divisions, together with John Nicholas, Group Finance Director; Robert Gibber, Company Secretary and General Counsel; and Dr Bob Fisher, President, Research and Development will sit on a new Group Executive Committee, which I will chair. This Committee will replace the existing Group Management Committee.

This is a strong new management team with the appropriate skills, knowledge and experience to drive forward each division and the Group as a whole in the years ahead.

### **Acquisitions and divestments**

We sold three businesses during the year to exit markets where we could not hedge to an acceptable level our exposure to raw material and commodity pricing volatility and regulation.

We completed the sale of our sugar operations in Canada and Mexico on April 22, 2007 and December 28, 2007 respectively, and the sale of five of our European starch plants, including all four which processed wheat, on October 1, 2007. The unprecedented increase in European cereal prices since last summer, up by more than 80% since May 2007 when we announced we were in advanced discussions over the sale of our European starch plants, and the recent decline in the Mexican sugar price following changes introduced by the North American Free Trade Agreement, underline our rationale for selling these businesses.

We strengthened our value added offering during the year through the acquisition of an 80% holding in the German specialty food ingredients group, G. C. HAHN & Co (Hahn) on June 15, 2007. Hahn has a leadership position in dairy and convenience food stabilizer systems and when combined with Tate & Lyle's existing products, systems and applications skills, provides our customers with a comprehensive texturant offering.

### **Return of capital**

We returned £159 million (\$320 million) to shareholders through the repurchase of 33.6 million shares representing 69% of the approval given by shareholders at the Annual General Meeting (AGM) in July 2007. Given current worldwide economic conditions we have decided to suspend the remainder of the repurchase program. We will be asking shareholders to renew the Company's authority to buy back shares at the AGM on July 23, 2008.

### **Major capital investment program nearing completion**

The expansion of our Sagamore corn wet mill in Lafayette, Indiana was commissioned during the year. This increases capacity for a variety of value added starches used by customers in dairy, beverages, baking, snacks and dressings. The expansion of our Loudon, Tennessee plant, which is adding capacity for value added ingredients, ethanol and substrate for the Bio-PDO™ joint venture with DuPont, was effectively completed at the end of the financial year. Our unique bio-refining joint venture plant continues to operate well and is currently undertaking market proving activities with sales across several categories including polymerization for clothing and carpets, and direct applications in cosmetics, deodorants and as de-icing fluid.

The construction of the new corn wet mill in Fort Dodge, Iowa and the biomass boiler at the cane sugar refinery in London are progressing satisfactorily and we continue to anticipate that both will be mechanically complete by the end of March 2009. The Fort Dodge plant will produce industrial starches and ethanol. Its completion will enable a reconfiguration of finishing capacities in the US to optimize production, particularly at the Sagamore plant, which will now focus predominantly on value added food ingredients.

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The new Singapore SPLENDA<sup>®</sup> Sucralose facility was commissioned during the year and we were able to prove the capacity of the plant more smoothly and much earlier than expected.

By March 2009, Tate & Lyle will have completed a four-year program of major capital investment to support long-term growth. Over the first three years of this program, capital expenditure totaled more than £500 million (\$1,005 million) above ongoing levels of depreciation. The total investment program has raised capital expenditure to levels above £250 million (\$503 million) in each of these three years. In the year ended March 31, 2008, capital expenditure was £264 million (\$531 million), which was 2.6 times depreciation. To complete the investment program, the Group's total capital expenditure forecast for the year ending March 31, 2009 is £200 million (\$402 million). Beyond this, we believe that we can adequately invest going forward with capital expenditure running at around 1.25 times depreciation.

### **International sugar trading**

The performance in our international sugar trading operations was very disappointing, more so after the excellent performance in the prior year. This business suffered from a mark-to-market charge for increased freight costs which were hedged in the first half of the year, and lower trading profits. We have reviewed its activities in light of the changes to our Sugars' asset base and the reforms of the EU sugar regime. We have restructured the business and re-focused management priorities to ensure that this year's result is not repeated.

### **Overview of business performance**

The Group's profit before tax, adjusted to exclude exceptional items and amortization of acquired intangible assets, at £244 million (\$490 million) was 11% lower (7% in constant currency) than the prior year. The reduction in profit before tax was more than accounted for by a £9 million (\$18 million) operating loss in international sugar trading from a £22 million (\$44 million) profit in the prior year, and an £11 million (\$22 million) adverse impact from exchange translation.

Food & Industrial Ingredients, Americas, our largest division representing almost 60% of the Group's adjusted operating profit before central costs, performed strongly, achieving a fourth consecutive year of record profits. Operating profit of £186 million (\$374 million) increased by 6% (13% in constant currency). Both value added and primary product lines performed well, the latter assisted by firmer by-product prices. We were pleased by the outcome of the 2008 calendar year pricing round which has resulted in modest margin improvements. As expected, ethanol profits returned to more normal levels reflecting the impact of increased industry production and higher corn costs, following the very strong profits achieved in the prior year.

Food & Industrial Ingredients, Europe saw profits increase by 3% to £41 million (\$82 million) (a reduction of 1% in constant currency). This was a pleasing result given the very significant disruption faced by the business during the year as the non-manufacturing operations were completely re-engineered following the sale of five of its starch plants. A strong performance in the first half-year was offset in the second half-year by significantly higher corn costs. In Europe, the ability to pass increased costs through to customers is limited for those products that have a clear link to the price of sugar, although we were able to pass on more of the increase than we had expected. The initial £8 million (\$16 million) profit contribution from Hahn following its acquisition in June 2007 was ahead of our expectations. We continue to work with our partners in the Eaststarch joint venture in Central and Eastern Europe on how we can generate optimal returns for shareholders.

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Sugars profits were £24 million (\$48 million), down from £60 million (\$121 million) in the prior year. The European sugar refining business was profitable in a market made difficult by the implementation of the EU sugar regime reform. We were delighted with the reaction to our announcement that our UK retail sugars range will move to Fairtrade by the end of 2009, and we are investing in reducing our carbon footprint through a new biomass boiler at our London refinery to help drive efficiency and differentiation of cane sugar. A number of other projects, including cost saving initiatives by the operations based at our London refinery totaling £7 million (\$14 million) on an annualized basis, were delivered during the year. Despite the challenges it faces, our European sugar refining operations remain a good business within an evolving industry and we are increasingly positive for the future once the EU sugar regime reforms are fully implemented in 2010. The molasses business performed strongly benefiting from a sharp increase in EU animal feed ingredient prices. However, this was insufficient to compensate for the loss of £9 million (\$18 million) incurred by international sugar trading, which was especially disappointing when compared with a profit of £22 million (\$44 million) in the previous year.

Sales of SPLENDA<sup>®</sup> Sucralose of £148 million (\$297 million) were 1% ahead of the prior year (6% in constant currency). New product launches were some 30% ahead of the prior year. Following the doubling of capacity at the McIntosh, Alabama facility last year, and the successful commissioning of the Singapore facility this year, we have completed the major expansion projects for sucralose and will need only limited further capital investment in the coming years. Operating profit for the year at £66 million (\$133 million) was 7% lower (3% lower in constant currency), affected by fixed costs from the second plant and also by legal costs of £6 million (\$12 million) (2007 – £3 million, \$6 million) incurred in defending against alleged infringement of our patents in the US International Trade Commission (ITC). This case went to trial in February 2008. The proceedings allege infringement of patented sucralose manufacturing technology in respect of sucralose manufactured in China and imported into the US. So far, seven of the twenty seven respondents in the ITC matter have been held in default by the judge and are now barred from contesting the case. The judge's initial and non-binding determination is expected in June 2008, leading to a final ruling by the ITC in October 2008.

### European sugar regime

Our European sugar business has been operating in a highly competitive market while the EU sugar regime undergoes reform. The target of the reforms is to eliminate 6.0 million tonnes of quota production through a process of voluntary surrender from which full-time cane sugar refiners are excluded. Following amendments to the EU sugar restructuring fund agreed in September 2007, on May 8, 2008 the EU announced that 5.65 million tonnes out of the 6.0 million tonne target had been surrendered. While there is still surplus sugar to be absorbed by the market, the reforms' aim of reducing supply is substantially complete. There will be two reductions in the EU reference price of refined sugar and in raw material costs which will be implemented in October 2008 and October 2009. However, we expect that market equilibrium will be restored during the second half of our 2009 financial year, which should lead to progressively firmer refining margins. We believe cane sugar refineries have a superior economic model in the post-reform EU market.

### Energy

Energy costs for the continuing operations were £150 million (\$302 million), an increase of 2% over the prior year (6% in constant currency). We have covered over half the costs for the 2009 financial year but still anticipate costs will increase by £35 million (\$70 million) from higher prices and also higher consumption because of capacity expansion. Rising fossil fuel prices increase the benefits of our investments in biomass boilers under construction in London and Fort Dodge, Iowa.

### Central costs

A review of central functions across the Group was completed during the year in light of the significant reshaping of the business. Central costs decreased from £35 million (\$70 million) to £31 million (\$62 million). This decrease reflects a £1 million (\$2 million) reduction in underlying costs. There was a one-off benefit totaling £7 million (\$14 million) from insurance and reallocation of costs to the divisions offset by costs relating to the re-alignment of the Group's management and organizational structure. Our review of central costs realized savings of about £3 million (\$6 million) in 2008, benefits which should double by 2010.

### Conclusion

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2008 was a year of considerable activity and progress for Tate & Lyle as we reshaped our business in line with our strategy to build a stronger value added business on a low-cost commodity base. Implementing so much change whilst also managing the impact of significant movements in global commodity prices and the consequences of the EU sugar regime reforms has only been possible thanks to the dedication, diligence and commitment of our people, for which I would like to express my sincere gratitude.

We expected 2008 to be a year of transition and that proved to be the case. With our strategic reshaping largely complete, our priority is clear – to deliver our longer term target of a return on net operating assets of 20%. With all that we have achieved this year, and with the new management structure in place, we now have the platform from which that longer term target can be delivered and we are committed to that goal.

Iain Ferguson CBE  
Chief Executive