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23 September 2014 - Tate & Lyle PLC Trading Update for six months ending 30 September 2014

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TRADING UPDATE

Tate & Lyle issues the following trading update for the six months ended 30 September 2014 ahead of the announcement of Half Year Results on Thursday 6 November 2014.

GROUP OPERATING PERFORMANCE

The first half of the year has been very challenging as we faced significant disruption to our supply chain and an increasingly competitive market for SPLENDA[®] Sucralose[1].

Supply Chain

As stated in our Interim Management Statement in July (July IMS), supply constraints arising from the prolonged and severe winter in the US caused operational difficulties in our US corn plants and led to us entering the financial year with much lower inventories than usual, leading to a reduction in first quarter profits of around £10 million. Our supply chain was also affected by the extended shutdown in the first quarter of the SPLENDA[®] Sucralose facility in Singapore.

However, the disruption to our global supply chain persisted longer than we anticipated, caused by challenges in our plant network, low absolute levels of inventory and misalignments between customer demand and inventory availability (particularly from the emerging markets). As a result, we expect to incur additional non-recurring costs in the second quarter of around £20 million, taking the total costs for the first half to around £40 million.

While inventories are now being re-built and our global supply chain is progressively returning to normal, we anticipate further non-recurring costs of around £10 million in the second half of the financial year.

SPLENDA[®] Sucralose

Volume for SPLENDA[®] Sucralose in the first half is expected to be ahead of the comparative period, but lower than anticipated at the time of July IMS, caused by a combination of supply constraints and our decision not to compete for certain volumes where we did not see value. The global market for sucralose continues to be extremely competitive. We now expect the average level of price erosion in the first half to be higher than we previously anticipated, and in the 2015 financial year to be around 25% compared with our previous guidance of 15% as communicated in February 2014.

Speciality Food Ingredients (ex-SPLENDA[®] Sucralose)

Excluding SPLENDA[®] Sucralose, Speciality Food Ingredients continues to perform well, albeit overall volume growth in the first half has been held back by supply constraints. We expect to deliver double digit volume growth in the emerging markets, and also good volume growth in Food Systems and in Europe. North American volume, however, is expected to be lower than the comparative period due to supply constraints.

Bulk Ingredients

Bulk Ingredients performed solidly in the second quarter and our expectations for the first half remain broadly unchanged. The performance of this division is expected to be lower at constant currency than the comparative period, largely as a result of the impact of the severe and prolonged winter in the first quarter.

STRATEGIC PROGRESS

On 1 August 2014, we completed the acquisition of Winway Biotechnology Nantong Co. Ltd, a leading producer of polydextrose dietary fibre in China. This acquisition provides an excellent platform from which to accelerate the growth of our speciality fibres business in Asia Pacific.

Our innovation pipeline remains robust and we are preparing to launch two exciting new products in the next few weeks. We are also actively pursuing a number of other initiatives to accelerate the delivery of our speciality food ingredients-focused strategy.

In August, we successfully implemented our global IS/IT platform in our North American business and in Singapore, and are now focused on fully embedding the new processes and systems.

FIRST HALF PERFORMANCE AND OUTLOOK FOR THE FULL YEAR

Despite continuing good demand across Speciality Food Ingredients and a solid performance in Bulk Ingredients, significant operational and supply chain issues together with a lower SPLENDA[®] Sucralose performance, now leads us to expect Group adjusted profit before tax[2] for the first half to be in the range of £95 million to £105 million.

For the second half, we expect Speciality Food Ingredients excluding SPLENDA[®] Sucralose and Bulk Ingredients to continue to perform solidly, but this will be more than offset by a softer performance in SPLENDA[®] Sucralose and additional supply chain costs. This, together with the first half performance, now leads us to expect

Group adjusted profit before tax^{2,[3]} for the full year to be in the range of £230 million to £245 million.

As usual, performance in the final quarter of the financial year will be influenced by the outcome of the calendar year pricing round, and also assumes normal weather patterns.

JAVED AHMED, CHIEF EXECUTIVE, SAID:

“The Group’s performance in the first half has been extremely disappointing as we have faced significant manufacturing and supply chain challenges, and intense competition in SPLENDA[®] Sucralose. I have instigated an immediate review of our planning and supply chain processes, led by our Chief Financial Officer, to ensure they fully reflect the needs of the business going forward. Despite current operational challenges, I continue to be encouraged by our robust innovation pipeline, the strength of the Speciality Food Ingredients business excluding SPLENDA[®] Sucralose, and continued growth in emerging markets. We remain firmly focused on taking the necessary actions to improve the Group’s performance and to deliver on our strategy.”

END

A conference call will be held today at 8:00am BST, hosted by Javed Ahmed, Chief Executive who will be accompanied by Nick Hampton, Chief Financial Officer and Christopher Marsh, Investor Relations. Participants are requested to dial in at least 10 minutes before the commencement of the call.

Dial in details are as follows:

Standard International Access: +44 (0) 20 3003 2666

Password: Tate & Lyle

UK replay number: +44 (0) 20 8196 1998

International reply numbers: <http://www.meetingzone.com/en-GB/replaydialinnumbers.aspx>

Replay Access PIN: 8910837

A replay of this call will be available after the end of the live call for 14 days until 7 October 2014.

For more information contact Tate & Lyle PLC:

Christopher Marsh, Group VP, Investor and Media Relations

Tel: +44 (0) 20 7257 2110 or Mobile: +44 (0) 7796 192 688

Andrew Lorenz (FTI Consulting), Media Relations

Tel: +44 (0) 20 7269 7113 or Mobile: +44 (0) 7775 641 807

[1] SPLENDA[®] is a trademark of McNeil Nutritionals, LLC.

[2] Before exceptional items and amortization of acquired intangible assets

[3] Based on forecast foreign exchange rates of USD:GBP \$1/£1.69

For more information contact:

Christopher Marsh
Tate & Lyle PLC
Tel: +44 (0)207 257 2110
Email: Investor.Relations@tateandlyle.com

Andrew Lorenz
FTI Consulting
Tel: +44 (0) 20 7269 7113
Email: andrew.lorenz@fticonsulting.com

About Tate & Lyle:

Tate & Lyle is a global provider of ingredients and solutions to the food, beverage and other industries, with operations in over 30 locations worldwide.

Tate & Lyle operates through two global divisions, Speciality Food Ingredients and Bulk Ingredients, supported by our Innovation and Commercial Development group. The Group's strategy is to become a leading global provider of Speciality Food Ingredients through a disciplined focus on growth, and by driving Bulk Ingredients for sustained cash generation to fuel this growth.

Speciality Food Ingredients consists of three platforms: Texturants, which includes speciality starches and stabilisers; Sweeteners, which comprises nutritive sweeteners

Specialty Food Ingredients consists of three platform chemicals, which include specialty starches and emulsifiers, emulsifiers, which comprises natural emulsifiers and our range of no-calorie sweeteners including SPLENDA[®] Sucralose; and our Health and Wellness portfolio which includes speciality fibres and our salt-reduction offering. Additionally, our Food Systems business provides a wide variety of blended ingredient solutions.

Tate & Lyle Bulk Ingredients includes bulk sweeteners, industrial starches and fermentation products (primarily acidulants). Corn co-products from both divisions are primarily sold as animal feed.

Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. American Depositary Receipts trade under TATYY. In the year to 31 March 2014, Tate & Lyle sales totalled £3.1 billion. For more information, please visit <http://www.tateandlyle.com>.

SPLENDA[®] is a trademark of McNeil Nutritionals, LLC.