

# Deutsche Bank Conference

15 June 2011, Paris



# Agenda

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Tate & Lyle Strategy and Operating Model

Business Transformation – Focus, Fix, Grow

Key Results and Outlook

# Clear strategy and simple operating model

## Our strategy

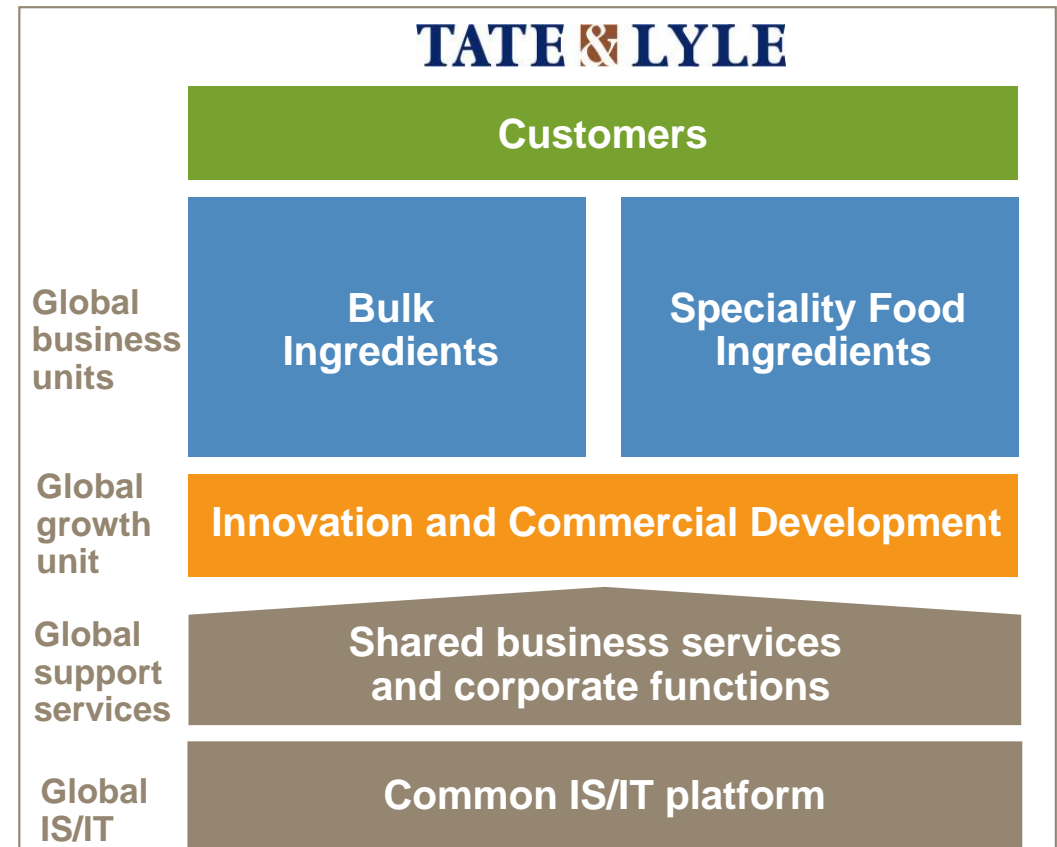
### What...

- The leading global provider of Speciality Food Ingredients and solutions

### By...

- Disciplined focus on growing our Speciality Food Ingredients business
- Driving Bulk Ingredients Business for sustained cash generation to fuel this growth

## New Operating Model



**Key enabler to deliver strategy**

**Increased internal clarity and transparency**

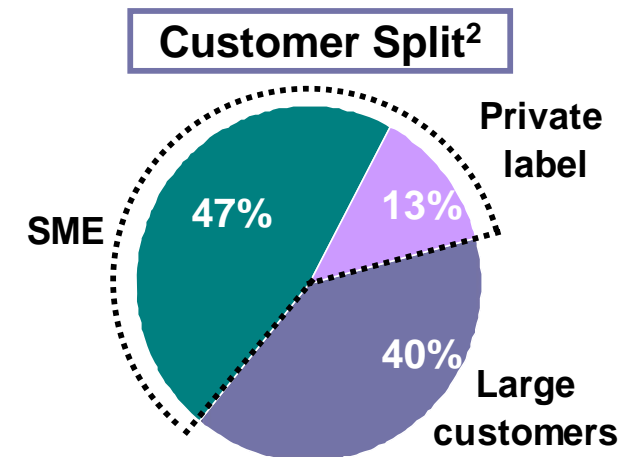
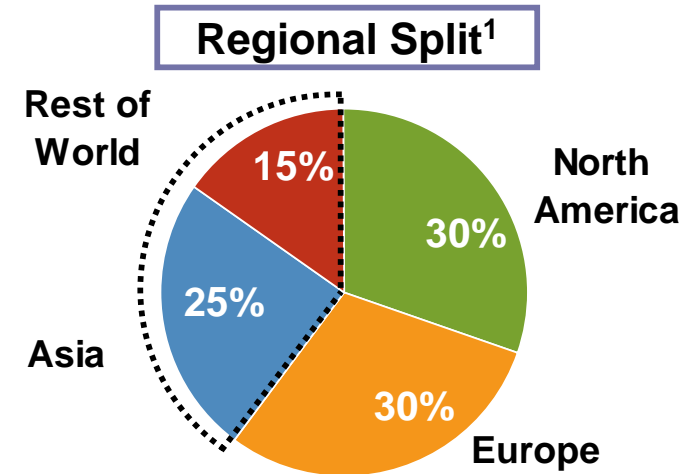
**Efficiently scaleable**

# The Speciality Food Ingredients Opportunity

## Why?:

- US\$30 billion global potential addressable market
  - growing at 5% per annum
- Increasing customer demand driven by strong, underlying consumer trends
  - health and wellness
  - convenience
- Inherently less volatile and cyclical
- Fragmented market provides opportunities
- Higher potential growth in developing markets

## Global Food Ingredients US\$30bn



<sup>1</sup> Source: Leatherhead, SRI, Company estimates

<sup>2</sup> Source: Datamonitor, Company estimates. NB. Large customers = sales > \$5bn, SME = sales < \$5bn

# Our ingredients

The silent partner of the food industry

## Speciality Food Ingredients

### Starch-based Speciality Ingredients £434m sales

- Speciality starches and sweeteners
- Soluble Corn Fibres



### High Intensity Sweeteners £185m sales

- SLENDA®  
Sucralose
- PUREFRUIT™  
monk fruit extract



### Food Systems £186m sales

- Blending businesses

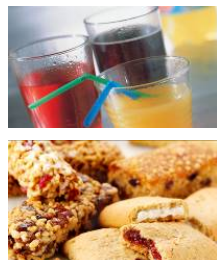


Year to 31 March 2011 – Sales £805m, EBIT<sup>1</sup> £206m, Margin 25.6%

## Bulk Ingredients

### US sweeteners £734m sales

- Corn sugars
- Dextrose
- Glucose



### EU sweeteners £123m sales

- Corn sugars
- Dextrose
- Glucose



### Industrial and other £1,058m sales

- Starches for paper and paperboard
- Citric acid
- Fuel ethanol
- Corn co-products including animal feed



Year to 31 March 2011 – Sales £1,915m, EBIT<sup>1</sup> £157m, Margin 8.2%

<sup>1</sup> Before exceptional items and amortisation of acquired intangible assets



# Business Transformation: Focus, Fix, Grow

# Focus: Less complex, better return on capital

## Streamlined portfolio

### Exited Sugars

Sept 2010 – EU Sugar Refining

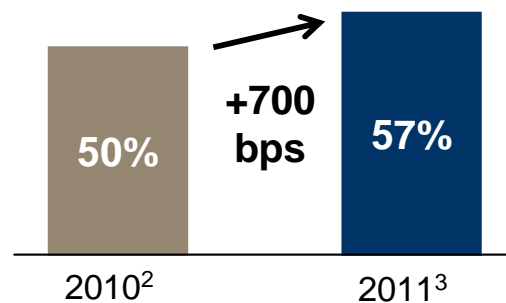
Dec 2010 – Molasses

April 2011 – Vietnam sugar interests (signed contract to sell)

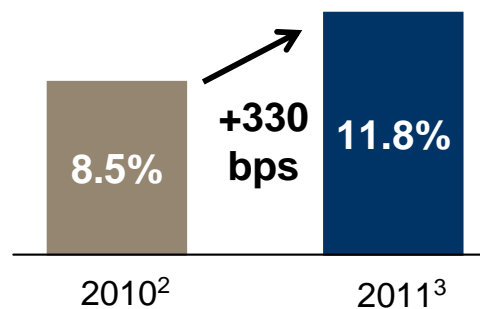
### Exited planned additional ethanol/ commodity exposure

March 2011 – Fort Dodge facility

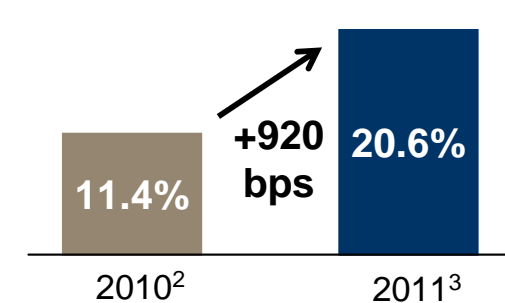
#### Group profit from Speciality<sup>1</sup>



#### Adjusted operating margin



#### Return on capital employed



<sup>1</sup> Before central costs, exceptionals and amortisation of acquired intangibles

<sup>2</sup> Based on Continuing Operations for the year ended 31 March 2010 as reported on 27 May 2010

<sup>3</sup> Based on Continuing Operations for the year ended 31 March 2011 as reported on 27 May 2011

## Fix: Transforming operational capabilities, processes and culture

### *2-year projects to transform operational capability on track*

#### **Common Global IS/IT Platform**

- Project formally launched on 1 January 2011
- Phased implementation plan starting early 2012

#### **Global Support Services**

- New Global Shared Service Centre in Lodz, Poland
- Operational by end of 2011, then phased implementation

### *Building a high performance culture*

#### **Performance Systems**

- Performance management system revamped
- New global sales incentive plan
- Aggressive targets set and being measured



# Our KPIs

	KPI	Measure	Year ending 31 March		
			2011*	2010*	Change
Financial performance <sup>1</sup>	Growth in Speciality Food Ingredients	<b>Sales</b>	<b>£805m</b>	£788m	+ 2%
	Profitability	<b>Adjusted operating profit</b>	<b>£321m</b>	£268m	+ 17%
	Working capital efficiency	<b>Cash conversion cycle</b>	<b>34 days</b>	45 days	+ 11 days
	Return on assets	<b>ROCE</b>	<b>20.6%</b>	13.6%	+ 700 bps
Financial strength	Balance sheet	<b>Net debt / EBITDA</b>	<b>1.1x</b>	1.8x	
		<b>Interest cover</b>	<b>6.9x</b>	5.8x	
Corporate Responsibility**	Safety	<b>Recordable injury rate</b>	<b>0.93</b>	0.89	- 5%
		<b>Lost time incident rate</b>	<b>0.57</b>	0.39	- 49%

<sup>1</sup> Excluding the results of the Sugars segment in both periods

\* Except for Safety measures which are for calendar years 2010 and 2009

\*\* We are establishing an index for environmental sustainability which we will report on as a key performance indicator moving forward

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#### **Skills and talent**

- Strong, upcoming talent being developed and stretched
- Recruiting people with new skills and knowledge

# Grow: Creating a platform for growth in Speciality Food Ingredients

## Innovation and Commercial Development

**Processes for managing and reviewing innovation pipeline, and new product launches overhauled**

**Focus on sweeteners, texturants and health & wellness**

**Open Innovation team established**



## Enhancing customer engagement

**New global Innovation Centre in Chicago**

**New applications labs in US, Brazil and Mexico**

**Technical resources realigned into expert category teams**



## Developing new channels/ geographies




**Dedicated sales resources for SMEs and private label**

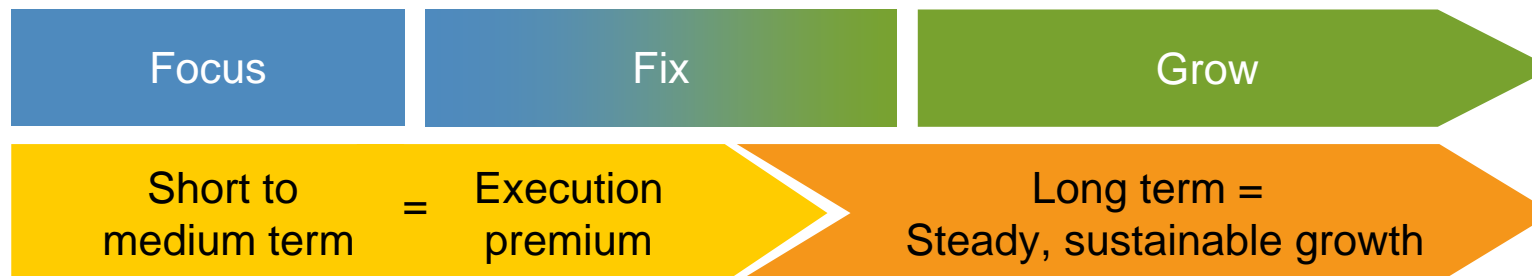
**New leadership team in Asia**

**Sales teams in Latin America and China strengthened**



# Focus, Fix, Grow: Progress to date on track

- Clear strategy, a more focused portfolio 
- Simple, customer focused, global operating model 
- Organisation focused on execution and delivery 
- Operational capabilities and processes being overhauled **WIP**
- Cultural transformation underway **WIP**
- Building the platform to deliver long-term growth **WIP**



# Key Results and Outlook



# Key Results

Year ended 31 March

## Continuing operations <sup>1</sup>

	2011 (£1=US\$1.55)	2010 (£1=US\$1.61)	Change	Change (constant currency)
Adjusted operating profit <sup>2</sup>				
- SFI operating profit up 25% in constant currency	<b>£321m</b>	£268m	+ 20%	+ 17%
- BI operating profit up 11% in constant currency				
PBTEA <sup>2</sup>	<b>£263m</b>	£196m	+ 34%	+ 32%
Diluted EPS <sup>2</sup>	<b>45.7p</b>	33.7p	+ 36%	+ 34%
Net debt	<b>£464m</b>	£814m	+ 43%	
Dividend	<b>23.7p</b>	22.9p	+ 3.5%	

<sup>1</sup> Excluding the results of the Sugars segment in both periods

<sup>2</sup> Before exceptional items and amortisation of acquired intangible assets

# Outlook

For the year ended 31 March 2012

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## Speciality Food Ingredients

- Current demand patterns expected to continue and expect a year of good sales growth
- Lower sucralose manufacturing costs now reflected in performance of this division
- Level of profit growth expected to be more modest than that achieved in financial year 2011

## Bulk Ingredients

- Overall, we expect average unit margins in US Sweeteners to be broadly similar calendar year-on-year
- Modest recovery in industrial starch markets
- Income from co-products to return to more normal levels

## Financial position

- Continued strong cash generation and lower net debt resulting in reduced interest expense

*Overall, we expect to deliver another year of profitable growth*

# Questions