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# Actions to re-align and strengthen our business

21 April 2015, London

# Tate & Lyle is announcing two major actions

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## Exit from substantial part of European Bulk Ingredients

- Re-align Eaststarch joint venture
- Tate & Lyle's European business to focus on Speciality Food Ingredients

## Re-focus SPLENDA® Sucralose on rigorous value-based strategy

- Focus on areas where we see value
- Re-structure manufacturing footprint to establish a low-cost, sustainable business



**Strengthen, streamline and increase focus on Speciality Food Ingredients**

# Re-alignment of the Eaststarch European Joint Venture

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**Exit from three predominantly Bulk Ingredients plants in Bulgaria, Turkey and Hungary**

- Substantially reduce European Bulk Ingredients footprint
- In advance of EU Sugar Regime reform in October 2017:
  - Reduce exposure to European bulk sweeteners
  - Realise good value from Bulk Ingredients' assets before potential capital investment is required

**Strengthen Speciality Food Ingredients by acquiring more-speciality plant in Slovakia**

- Europe will be a predominantly Speciality Food Ingredients business
- Plant in Slovakia to produce more speciality food ingredients over time
- European profits will effectively all come from Speciality Food Ingredients

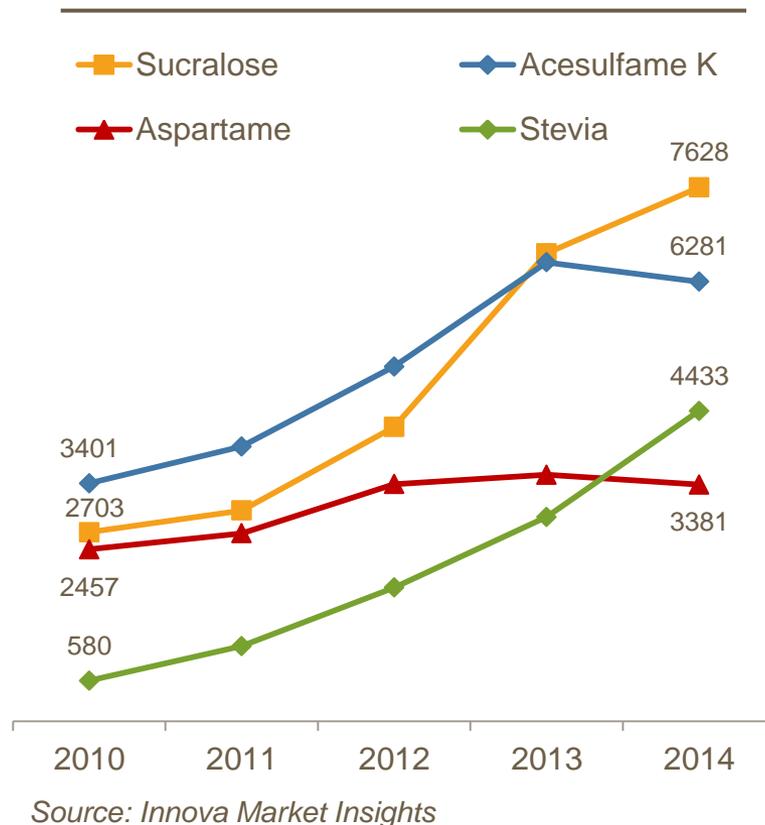
**Receive cash proceeds of €240 million**

- €240 million in cash to be received at closing of the transaction
- 8x forward multiple
- Potential additional payment of up to €20 million in 2019 conditional on future corn and sugar pricing
- Completion subject to regulatory clearances

# Sucralose market has changed significantly in last 18 months

- Demand for sucralose remains strong driven by:
  - Global consumer desire for lower-calorie food and drink
  - Its superior functionality and taste
- Substantial increase in capacity in the market, particularly in the last two years, has led to a supply/demand imbalance
- This has driven a significant change in industry behaviour and economics which we do not expect will change materially in the medium term
- Profits from SLENDA® Sucralose are expected to reduce by 75% from £62 million in FY14 to around £16 million in FY15

New product launches by high intensity sweetener 2010-2014



# Re-focus and re-structure SLENDA® Sucralose

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## Pursue rigorous valued-based strategy

- Focus on areas where we see value with customers who fully value the benefits of SLENDA® Sucralose:
  - product quality
  - provenance
  - food safety
  - responsible manufacturing and environmental practices

## Re-structure manufacturing footprint

- All SLENDA® Sucralose production to be consolidated into McIntosh, Alabama by Spring 2016
- McIntosh operating at scale provides a highly efficient and low-cost facility
- Singapore facility to be closed in Spring 2016 as it will not be cost competitive going forward

**Positions SLENDA® Sucralose as a more focused, low-cost and sustainable business**

# Pro-forma financial impact of Eaststarch re-alignment and SLENDA® Sucralose re-structuring

| Impact on 2015 financial year                  | Eaststarch re-alignment  | Sucralose re-structuring | Group           |
|--|--------------------------|--------------------------|-----------------|
| <b>Adjusted Operating profit</b>               | £(32)m                   | No change                | <b>£(32)m</b>   |
| <b>Adjusted Profit before tax</b>              | £(31)m                   | No change                | <b>£(31)m</b>   |
| <b>Diluted Earnings per share</b>              | c.(5.5)p                 | No change                | <b>c.(5.5)p</b> |
| <b>Year ending 31 March 2016</b>               | Somewhat lower than 2015 |                          |                 |
| <b>From start of year ending 31 March 2017</b> | Around 3 pence per share |                          |                 |

# Impact of Eaststarch re-alignment and SPLENDA<sup>®</sup> Sucralose re-structuring

| Total Impact                | Eaststarch re-alignment | Sucralose re-structuring | Group       |
|-----------------------------|-------------------------|--------------------------|-------------|
| Cash proceeds               | €240m                   | –                        | €240m       |
| Cash re-structuring charges | c.£(15)m                | c.£(50)m                 | c.£(65)m    |
| Capital Expenditure         | –                       | c.£(18)m                 | c.£(18)m    |
| Total cash impact           | c.£160m                 | c.£(68)m                 | £90 - £100m |
| Impairment (non-cash)       | c.£(5)m                 | c.£(115)m                | c.£(120)m   |
| Profit on disposal          | c.£60m                  | –                        | c.£60m      |

## Notes

(FX Assumption GBP:USD £1.00=\$1.50, Euro Assumption GBP:Euro £1.00=€1.38)

# Forward dividend

Maintain dividend to end of 2016 financial year

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| Pence per share    | Year ending<br>31 March 2014 | Year ended<br>31 March 2015 | Growth    |
|--------------------|------------------------------|-----------------------------|-----------|
| Interim dividend   | 7.8p                         | 8.2p                        | 5.1%      |
| Final dividend     | 19.8p                        | 19.8p                       | Held Flat |
| Full Year dividend | 27.6p                        | 28.0p                       | 1.4%      |

**The Board intends to maintain the total payment unchanged at 28p for the year ending 31 March 2016**

# Summary

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- Exit from substantial part of European Bulk Ingredients business
- Strengthen Speciality Food Ingredients business in Europe
- Position SLENDA® Sucralose as a more focused, low-cost and sustainable business
- Proportion of Group adjusted operating profit from Speciality Food Ingredients to increase from 50% to around 55%, and in Europe will effectively become all of the profit
- Focus on accelerating growth in Speciality Food Ingredients
  - Increasing global footprint
  - Steady flow of new products targeted at higher growth health and wellness space
  - Good growth trajectory
- Supported by cash generation from a predominantly North American Bulk Ingredients business

**A streamlined and focused business  
well-positioned to deliver growth**

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# Questions