

## **Tate & Lyle PLC**

**28 September 2007**

### **TRADING UPDATE**

In line with its regular practice, Tate & Lyle issues the following trading update prior to entering a closed period in respect of the interim results to 30 September 2007. The interim results will be announced on Wednesday, 31 October 2007. A copy of the proforma results for the six months to 30 September 2006 in the revised segmental reporting format is attached for reference.

### **FIRST HALF OUTTURN**

First half results from SPLENDA<sup>®</sup> Sucralose and continuing\* operations in our US and European Ingredients businesses are expected to be similar to those in the prior year on a constant currency basis. However, our sugars business has experienced a substantial reduction in the performance of sugar trading, which, after a particularly difficult August, is now forecasting a small loss for the first half against a profit of £15 million in the comparable period. As advised in our statement at the Annual General Meeting on 18 July 2007, the translation impact of weakness of the US Dollar is expected to reduce pre tax profits for the first half. We estimate this impact to be approximately £12 million over the comparable period.

### **DIVISIONAL PERFORMANCE**

In **Ingredients Americas** sales and profits of value added starches have improved as expected. This progress has been offset to some extent by a weaker HFCS market. As previously indicated, ethanol profits have been well below last year's exceptional levels. Operating losses and closure costs of Astaxanthin (which was announced on 16 August 2007 and will be reported in continuing operations) are expected to total £5 million in the first half year.

Total operations in **Ingredients Europe** have performed ahead of the prior year with continuing operations in line with the prior year. The well publicised increase in European wheat costs further supports our decision to dispose of our interest in the facilities in the UK, Belgium, France, Spain and Italy to Syral SAS (a subsidiary of French cooperative group Tereos). We expect this transaction to close in the next few days and the businesses concerned will be treated as discontinued operations in the interim results. Once this disposal completes, we will have no exposure to wheat. We are pleased with the operating performance of the German specialty food ingredients group G. C. Hahn & Co, which joined the Group on 15 June 2007.

Profits for **SPLENDA® Sucralose** have been similar to the prior year on a constant currency basis. Sales have grown, with customer de-stocking thus far having less of an effect than anticipated, though we believe that surplus inventories continue to be held by some of our customers. The start-up of the Singapore plant is proceeding well.

Profits from continuing operations in the **Sugars division** have been sharply lower than in the comparative period principally due to a forecast small loss in sugar trading for the first half compared to a profit of £15 million in the prior year. Molasses trading has made a good start to the year and we expect sugar trading to be profitable in the second half. The European refining businesses have performed in line with our expectations and are making good progress in improving efficiency and competitiveness.

## **EU SUGAR REGIME**

We welcome the announcement by the Commission on 26 September regarding agreement on a package of measures to repair and strengthen the reform of the EU sugar regime. The changes are designed to make the restructuring fund more attractive to both beet growers and processors given that it has performed below expectations in the first two years of its four year term. The result of the agreement is expected to be an increase in the surrender of quota starting with the next deadline for surrender on 31 January 2008. The Commission is aiming for a further 3.8 million tonnes of quota to be surrendered under these improved conditions in order to bring the EU sugar market back into the supply and demand balance envisaged in the original November 2005 agreement on sugar reform. Whilst these changes will have little direct benefit to our sugar refineries, which are not part of the restructuring fund, we believe that in the long term a balanced and stable market is good for the whole industry.

## **TAXATION**

Although the overall tax rate for the Group as a whole is forecast at approximately 30% for the year to 31 March 2008, the restructuring following the disposal of businesses in Western Europe (together with their associated tax losses) is expected to result in a proforma effective tax rate for continuing business in the current year of approximately 34%. Implementation of revised financing arrangements, which remain dependent upon regulatory approval, is progressing satisfactorily and we continue to expect a substantial reduction in the effective tax charge for the next financial year, albeit from this higher base.

## **OTHER ITEMS**

In line with previous guidance, interest costs are higher than the prior year. The share buyback programme has commenced with 8.8 million shares having been bought by close of business on 27 September at a total cash consideration of £48.5 million.

Exceptional items are expected to include a £55 million profit on the disposal of Redpath in Canada and an estimated loss on disposal of facilities of Ingredients, Europe of £20 million.

## **OUTLOOK**

Three particular factors influence the outlook for our continuing businesses

Firstly, while our continuing Ingredients, Europe businesses have performed satisfactorily in the first half, as our cover on raw materials expires the significantly higher corn (maize) costs in Europe will, if sustained, have an increasingly severe effect on the profitability of this division. Sales prices will be increased where possible in order to offset these higher costs but we think it prudent at this stage to assume only modest profits from these businesses in the second half year.

Secondly, the ongoing dispute between the USA and the EU over genetically modified corn has resulted in US corn gluten feed exports to the EU being prohibited. This has caused oversupply in the USA and has depressed by-product prices and margins. It is not clear when this dispute will be resolved.

Thirdly, the translation impact of weakness of the US Dollar will, if sustained, reduce pre tax results in the second half of the year, although to a lesser extent than that forecast for the first half.

Given the importance of these factors, the Board views the near term outlook with caution. However, our trading experience during this transitional year reinforces the importance of, and our confidence in, Tate & Lyle's strategy of building a stronger value added business whilst reducing our exposure to volatile markets and regulated regimes.

**ENDS**

## **CONFERENCE CALL**

A conference call for analysts and investors will be held at 8.30 am today. The call will be hosted by John Nicholas, Group Finance Director and Mark Robinson, Director of Investor Relations. Participants are requested to dial in at least 5 minutes before the commencement of the call. Dial in details are:

Participant dial in number:	+44(0) 20 7806 1951
Replay telephone number:	+44(0) 20 7806 1970
Replay passcode:	2469821#

The replay of this call will be available for 7 days until 4 October 2007.

## **CONTACTS**

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\*continuing operations relates to the Group as a whole less results relating to Redpath, Eastern Sugar and those facilities of Food & Industrial Ingredients, Europe which are being sold as announced on 18 July 2007 and referred to above.

### **About Tate & Lyle**

Tate & Lyle is a world leading manufacturer of renewable food and industrial ingredients. It uses innovative technology to transform corn, wheat and sugar into value-added ingredients for customers in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries. The Company is a leader in cereal sweeteners and starches, sugar refining, value added food and industrial ingredients, and citric acid. Tate & Lyle is the world number-one in industrial starches and is the sole manufacturer of SPLENDA<sup>®</sup> Sucralose.

Headquartered in London, Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. In the US its ADRs trade under TATYY. The Company operates more than 60 production facilities in 23 countries, throughout Europe, the Americas and South East Asia. In the year to 31 March 2007, it employed 6,900 people in its subsidiaries with a further 2,300 employed in joint ventures. Sales in the year to 31 March 2007 totalled £4.0 billion. Additional information can be found on <http://www.tateandlyle.com>.

SPLENDA<sup>®</sup> is a trademark of McNeil Nutritionals, LLC

## PROFORMA REVISED SEGMENTAL INFORMATION

### External sales - Six months to 30 September 2006

	As previously reported £m	Reallocation of Sugars £m	Discontinued £m	Restated £m
Food & Industrial				
Ingredients, Americas	615	-	-	615
Food & Industrial				
Ingredients, Europe	413	-	(256)	157
Sucralose	73	-	-	73
<i>Sugars, Americas &amp; Asia</i>	151	(151)	-	-
<i>Sugars, Europe</i>	787	(787)	-	-
Sugars Total	-	938	(138)	800
Central	-	-	-	-
Total	2,039	-	(394)	1,645
Discontinued	-	-	394	394
<b>Total</b>	<b>2,039</b>	<b>-</b>	<b>-</b>	<b>2,039</b>

### Operating profit \* - Six months to 30 September 2006

	As previously reported £m	Reallocation of Sugars £m	Central £m	Discontinued £m	Restated £m
Food & Industrial					
Ingredients, Americas	87	-	6	-	93
Food & Industrial					
Ingredients, Europe	40	-	2	(19)	23
Sucralose	33	-	1	-	34
<i>Sugars, Americas &amp; Asia</i>	7	(7)	-	-	0
<i>Sugars, Europe</i>	26	(26)	-	-	0
Sugars Total	-	33	7	(6)	34
Central	-	-	(16)	-	(16)
Total	193	-	-	(25)	168
Discontinued	-	-	-	25	25
<b>Total</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193</b>

\* Operating profit is stated before exceptional items and amortisation of acquired intangible assets