

## Our business / our purpose

Tate & Lyle is a global provider of **ingredients and solutions** for food, beverage and industrial markets.

Inspired by our **purpose of Improving Lives for Generations**, we work with our customers to make food and drink **healthier and tastier**.

Through our **expertise in key categories**, we deliver **sweetness, texture and fibre enrichment** to products enjoyed by millions of people every day.

## An integrated business



## Investment case

*A clear strategy for our business...*

### FOOD & BEVERAGE SOLUTIONS

TOP AND BOTTOM LINE GROWTH

By building leading positions in:

- Three global categories – beverage, dairy, and soups, sauces and dressings
- Two or three additional categories in each region where we have local expertise

### SUCRALOSE

MANAGE FOR CASH; RETURN ON ASSETS

### PRIMARY PRODUCTS

STABLE EARNINGS AND CASH GENERATION

By managing its portfolio to:

- Optimise product and category mix
- Drive operational efficiency
- Diversify into new and growing end-markets

*...driven by three priorities to accelerate performance...*

### SHARPEN

Focus on Customer

- Product to category
- Integrated commercial organisation

### ACCELERATE

Portfolio Development

- New product commercialisation
- Partnerships and Open Innovation
- More active focus on acquisitions

### SIMPLIFY

and Drive Productivity

- Drive faster decision-making
- Productivity agenda

*...to deliver returns for shareholders*

**EARNINGS PER SHARE<sup>1</sup> – Accelerate growth**

**ORGANIC RETURN ON CAPITAL EMPLOYED<sup>2</sup> – Improve returns**

**DIVIDEND – Maintain progressive dividend policy**

## Sustainable business

### Sustainable farming

Sustainable acreage for US corn supply

LAND O' LAKES  
**SUSTAIN**

### Responsible supply chain

Research into sustainability of stevia supply chain

**EARTHWATCH**  
INSTITUTE

### Healthier lifestyles

Child health education programme in China

**Nutrition Society**  
Shanghai

### Lower emissions

Co-generation to reduce CO<sub>2</sub>e emissions

**20.4%**  
reduction since 2008

### Community support

Providing nutritious meals for people in need

**300,000**  
meals donated last year

# 2 Key Financials – Year ended 31 March 2019

## Overview

### Solid financial progress

- Top-line momentum in Food & Beverage Solutions
- Sucralose performed strongly
- Primary Products profit lower due to challenging market conditions
- Sustained cash generation and strong balance sheet

### Strong operational progress

- Productivity benefits offset £25m of unanticipated cost inflation
- Strong operational execution
- Strong focus on 'Sharpen, Accelerate, Simplify' priorities
- New leadership team driving pace and agility across organisation

## Financial highlights

### SALES

**£2.76bn** +2%<sup>1</sup>

### ADJUSTED PROFIT BEFORE TAX

**£309m** +4%<sup>1</sup>

### ADJUSTED DILUTED EPS

**52.0p** +4%<sup>1</sup>

### ADJUSTED FREE CASH FLOW

**£212m** +£16m

### NET DEBT

**£337m** £55m lower

### FULL YEAR DIVIDEND (PENCE)

**+2.4%** 29.4p

### Food & Beverage Solutions

- 5% increase in sales<sup>1</sup> to £889m
- 3% increase in profit<sup>1,2</sup> to £143m

### Sucralose

- 16% volume increase, production optimisation and inventory sell-down
- 13% increase in sales<sup>1</sup> to £164m

### Primary Products

- FY19 volume flat in sweeteners despite challenging markets
- Profit<sup>1,2</sup> 11% lower at £148m

## Progress on Priorities

### SHARPEN FOCUS ON CUSTOMER

- Increased and improved quality of customer interactions
- Completed implementation of category model.
- Stronger customer pipeline: global sales pipeline + 29%

### ACCELERATE PORTFOLIO DEVELOPMENT

- Value of innovation pipeline +24%
- 15% stake in Sweet Green Fields
- Partnership with Codexis, to produce Reb M Sweetener
- Developed contacts with > 170 start-ups and research institutions

### SIMPLIFY AND DRIVE EFFICIENCY

- Implementing Group-wide ZBB
- Simplifying organisation to improve customer focus.
- Driving efficiencies – through new tools and systems and capital investments e.g. new gas boilers

## FY2020 outlook

We expect earnings per share growth<sup>4</sup> in constant currency to be broadly flat to low-single digit

- Continuing progress in Food & Beverage Solutions
- Gains from productivity initiatives

### Offsetting:

- lower Sucralose profits
- Continued market challenges in Primary Products.

## Clear capital allocation framework

### Capital allocation priorities to maintain investment grade credit rating

Invest in organic growth (capex £130-£170m p.a.)

Acquisitions, joint ventures, partnerships

Progressive dividend policy

Return surplus capital to shareholders

Strong returns on capital employed

Forward leverage<sup>3</sup> range of 1x to 2x

Attractive shareholder returns

<sup>1</sup> Percentage changes in constant currency

<sup>2</sup> Adjusted operating profit

<sup>3</sup> Net debt:EBITDA

<sup>4</sup> Adjusted diluted earnings per share from continuing operations, growth after adopting IFRS 16 (which is expected to reduce earnings per share growth by circa 1ppt in fiscal 2020)

See descriptions of adjusted results in Note 1 of the Statement of Results for year ended 31 March 2019 available on Company's website

# 3 Food & Beverage Solutions

## What are Food & Beverage Solutions?

Ingredients and solutions which add specific functionality, nutrition and health benefits to our customers' products

## Major global consumer trends



HEALTHY LIVING

CLEAN LABEL

SUGAR REDUCTION

PLANT POWER

## Value proposition

Growing global market

Provide solutions which make food healthier and tastier

Category expertise

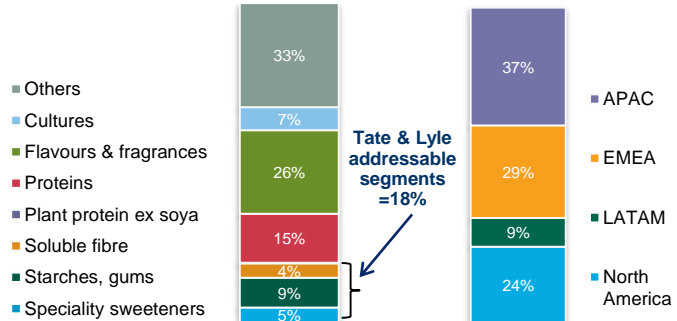
Innovation capabilities

Local labs for local tastes

## Global speciality food ingredients market c.US\$49bn<sup>1</sup> market growing at 4% p.a.

### Segmental Split

### Regional Split



## Our core categories

We are differentiated by the intersection of our leading category expertise and product knowledge

Dairy



Beverages



Soups, sauces and dressings



## CUSTOMER SOLUTIONS

**Sugar and calorie reduction**

Adding sweetness whilst reducing calories

**Texturants**

Thickening and adding shelf-stability, reducing fat

**Enrichment**

Adding nutrition (e.g. fibre)

**Stabilisation**

Adding stability And texture (mainly in dairy)

## Year ended 31 March 2019

### Solid top-line performance with momentum in North America

	2019 £m	2018 £m	% change <sup>2</sup>
<b>Continuing operations</b>			
<b>Sales</b>			
North America	430	416	2%
Asia Pacific and Latin America	201	184	13%
Europe, Middle East and Africa	258	250	4%
<b>Total</b>	<b>889</b>	<b>850</b>	<b>5%</b>
<b>Adjusted operating profit</b>	<b>143</b>	<b>137</b>	<b>3%</b>

- +3% volume growth
  - ❖ North America +3%
  - ❖ Asia Pacific and Latin America +15%
  - ❖ Europe, Middle East and Africa 2% lower
- +3% profit<sup>2,3</sup> growth after inflationary headwinds
- New Products<sup>4</sup> represent 11% of sales

1 Sources: Euromonitor; HIS; Grandview; GMI; Bain analysis; Company analysis, 2017

3 Adjusted operating profit

2 Percentage changes in constant currency

4 'New Products' are products launched in the last 7 years

# 4 Sucralose

## What is Sucralose?

A high-intensity sweetener which offers sugar-like sweetness, stability and versatility

## Driving value

Manage for cash

High return on assets

## Year ended 31 March 2019

### Strong results

Continuing operations	2019 £m	2018 £m	% change <sup>1</sup>
<b>Sales</b>	<b>164</b>	146	13%
<b>Adjusted operating profit</b>	<b>61</b>	55	11%

- Volume +16%
  - ❖ Benefits of programme to optimise production and sale of excess inventory
  - ❖ Increasing industry demand
- Profit +11%<sup>1,2</sup>
  - ❖ Softer pricing due to surplus industry capacity
  - ❖ £3m one-off gain from supply contract
  - ❖ Cost inflation in North America

# 5 Primary Products

## What are Primary Products?

High volume ingredients which are largely undifferentiated and compete primarily on quality, service and price

## Portfolio Management

### Customer, product and category mix

- Optimise customer and product mix
- Margin expansion opportunities

### Operational efficiency

- Capital investment to drive cost efficiencies
- Commitment to continuous improvement

### Grind diversification

- Move grind from declining to growing product lines
- Target new and growing end-markets

## Year ended 31 March 2019

### Volume in line, profit<sup>2</sup> lower in a challenging environment

Continuing operations	2019 £m	2018 £m	% change <sup>1</sup>
<b>Sales</b>			
Total Primary Products	<b>1702</b>	1714	(1%)
<b>Adjusted operating profit</b>			
Sweeteners and Starches	<b>126</b>	134	(5%)
Commodities	<b>22</b>	32	(33%)
<b>Total Primary Products</b>	<b>148</b>	166	(11%)

- Sweeteners and Starches profit<sup>1,2</sup> 5% lower
  - ❖ Mix management and cost discipline offsetting cost headwinds
  - ❖ £4m insurance recovery
- 2019 contracting margins broadly in line
- Commodities profit<sup>2</sup> £10m lower
  - ❖ Exceptionally strong fiscal 2018

## Where we operate

Sweeteners



Industrial starches



Acidulants



Commodities



## Market dynamics US corn wet milling industry

CY2012 to CY2017

### Stable demand

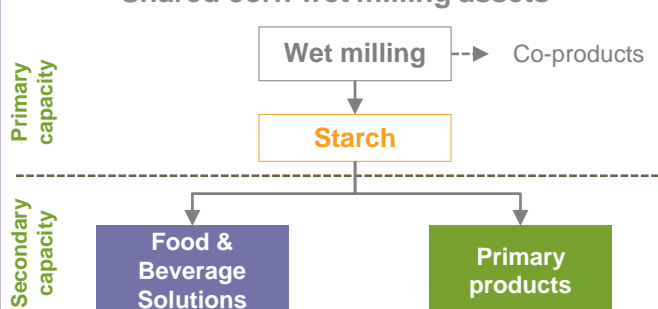
- Decline in HFCS demand in US offset by exports to Mexico and corn syrup demand
- Industrial starch demand stable with decline in paper offset by growth in packaging

CY2018

### Weaker demand

- Volume in US regular carbonated soft drinks decline by 1.9%<sup>3</sup>
- Slightly lower US HFCS exports to Mexico
- Commodities market more challenging

## Shared corn wet milling assets



1 Changes in constant currency

2 Adjusted operating profit

3 Nielsen (compared to a 1.0% decline CAGR 2012-17; Source: IRI)