

A woman with long brown hair, wearing a teal cardigan over a white blouse, is smiling and holding a sandwich. She is seated at a red table in a restaurant. In the foreground, a man in a blue shirt is partially visible, holding a white cup. The background shows other diners and restaurant decor.

MAKING FOOD  
EXTRAORDINARY

TATE & LYLE

SINCE 1859

# TATE & LYLE PLC

INVESTOR PRESENTATION

JULY 2019

# INTRODUCING TATE & LYLE

Formed in 1921 following merger of Henry Tate & Sons and Abram Lyle & Sons	Member of FTSE 250 Headquartered in London
£2.76bn sales <sup>1</sup> and £309m profit <sup>1,2</sup>	Food, beverage, industrial and pharma customers in > 120 countries
Plants, labs and offices in > 30 countries	18 application and technical service labs globally
c.4,100 employees worldwide	~1.5m acres of corn processed in US each year

## Our Strategy

- Growing **Food & Beverage Solutions** by building leading positions in three categories globally – beverage, dairy, and soups, sauces and dressings – and in two or three additional categories in each region where we have expertise. Managing **Sucralose** to generate cash.
- Driving value from **Primary Products** by optimising its portfolio to deliver steady earnings and generate cash.

## Values



Safety



Integrity



Respect

## Behaviours



Partnership



Agility



Execution



Our Purpose

## Improving Lives for Generations

Through our purpose, we believe we can successfully **grow our business** and have a **positive impact on society**. It inspires us and informs what we do.

Working in partnership with our customers, we use our ingredients, expertise and people to bring our purpose to life every day. We do this by helping people make **healthier and tastier choices** when they eat and drink, and lead a more **balanced lifestyle**.

Our purpose is our passion.

# 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

# AN INTEGRATED BUSINESS



## Food & Beverage Solutions

Provides solutions for customers globally that meet consumer demand for healthier and tastier food and drink.

## Business divisions

Shared customers



Shared assets

*...supported by*

Innovation and  
Commercial  
Development

Global Operations

Support Functions

## Primary Products



Provides high volume food and industrial products primarily for customers in the North American market.

# 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
- Integrated productivity agenda delivering \$100m benefits

## *...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**

1 Adjusted diluted earnings per share from continuing operations in constant currency

2 In constant currency

# STRONG LEADERSHIP TEAM



**Nick Hampton**  
Chief Executive



**Imran Nawaz**  
Chief Financial Officer



**Joan Braca**  
President,  
Food & Beverage Solutions



**Jim Stutelberg**  
President,  
Primary Products



**Melissa Law**  
President,  
Global Operations



**Andrew Taylor**  
President, Innovation and  
Commercial Development



**Laura Hagan**  
Chief Human  
Resources Officer



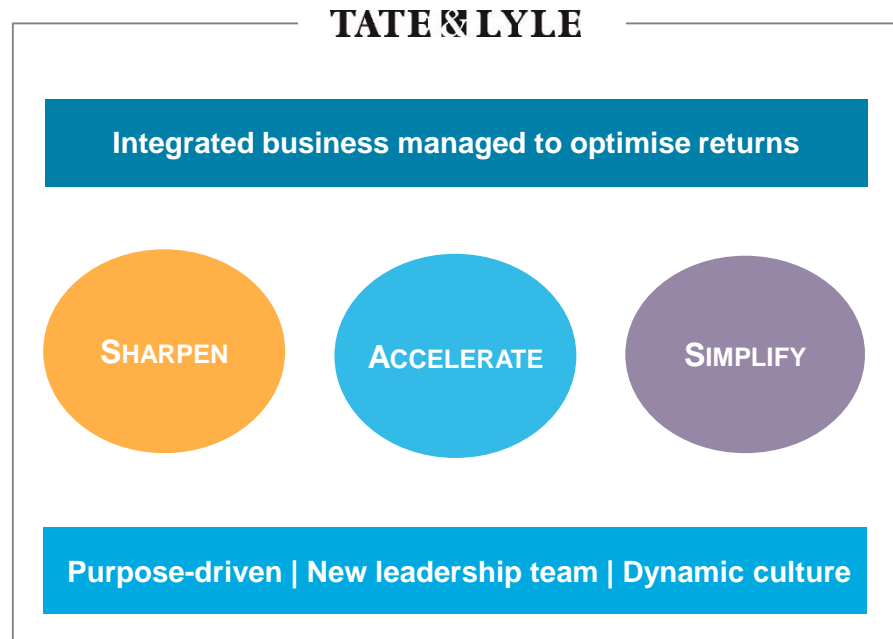
**Rowan Adams**  
Executive Vice President  
Corporate Affairs



**Lindsay Beardsell**  
Executive Vice President  
General Counsel

Driving pace, energy and ambition across the organisation

- Stronger customer focus
- Improving operational execution
- Faster innovation
- Productivity programme on track
- Purpose-driven organisation
- Increasingly dynamic culture
- Three key priorities driving real momentum





# FOOD & BEVERAGE SOLUTIONS

Ingredients and solutions which add specific functionality and value to customers' products

## Year ended 31 March 2019:

- Volume +3%
  - North America +3%; ASPAC and LATAM +15%; EMEA (2)%
- Sales £889 million
- Profit £143 million<sup>1</sup>

## Value proposition

Growing  
global  
market

Provide  
solutions  
which  
make food  
healthier  
and tastier

Category  
expertise

Innovation  
capabilities

Local labs  
for local  
tastes

<sup>1</sup> Adjusted operating profit



# FOOD & BEVERAGE SOLUTIONS: GLOBAL TRENDS DRIVING CONSUMER, CUSTOMER AND GOVERNMENT ACTIONS

## Trends

Obesity and Diabetes

Sugar Reduction

Plant Power

Regulatory Changes

Desire for Healthier Living

Clean Label



**70 million children** projected to be overweight or obese globally by 2025<sup>1</sup>

**110 million diabetics** in China, estimated to increase to 154 million by 2040<sup>2</sup>



**Global population** expected to grow by a third by 2050<sup>3</sup>

## Actions



Reduce sugars by at least 5% over four years to 2020



Reduce calories by 20% by 2025



MINISTRY OF HEALTH  
SINGAPORE

Adopt healthier meal options as part of 'War on Diabetes'

<sup>1</sup> World Health Organisation  
<sup>2</sup> International Diabetes Federation  
<sup>3</sup> United Nations

# FOOD & BEVERAGE SOLUTIONS: FOCUS ON THREE CORE CATEGORIES

Differentiated by the combination of our leading category expertise and ingredient knowledge

Dairy



Beverages



Soups,  
sauces  
and  
dressings



## CUSTOMER SOLUTIONS

**Sugar and calorie  
reduction**

Adding sweetness  
whilst reducing  
calories

**Texturants**

Thickening and  
improving shelf-life,  
reducing fat

**Enrichment**

Adding nutrition  
(e.g. fibre)

**Stabilisation**

Adding stability  
and texture  
(mainly in dairy)

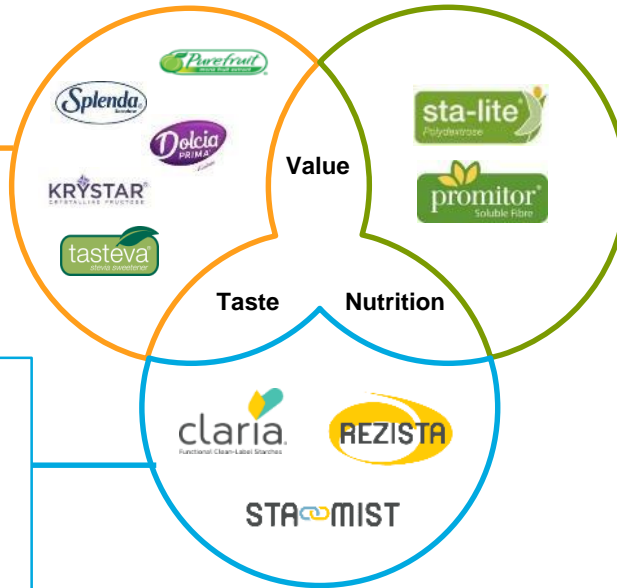
# FOOD & BEVERAGE SOLUTIONS: DELIVERING VALUE, TASTE AND NUTRITION

## Sweeteners

- Replace sugars
- Reduce calories
- Match sweetness
- Optimise product bulk and mouthfeel

## Texturants

- Add body and mouthfeel when sugars, fat or gluten are taken out
- Improves shelf life
- Provide stability
- Improve sensory appeal



## Health & Wellness

- Replace sugar to reduce calories while maintaining taste
- Add nutrition through fibre enrichment

# FOOD & BEVERAGE SOLUTIONS: ACCELERATING GROWTH IN NORTH AMERICA

## Winning with Global Accounts



## Winning in new customers/channels

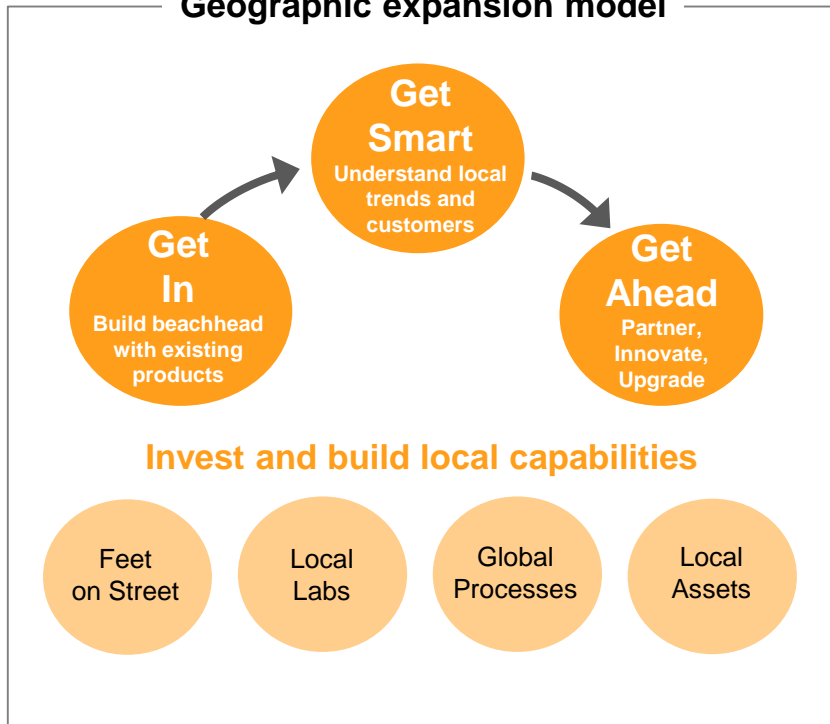


## Winning with Innovation

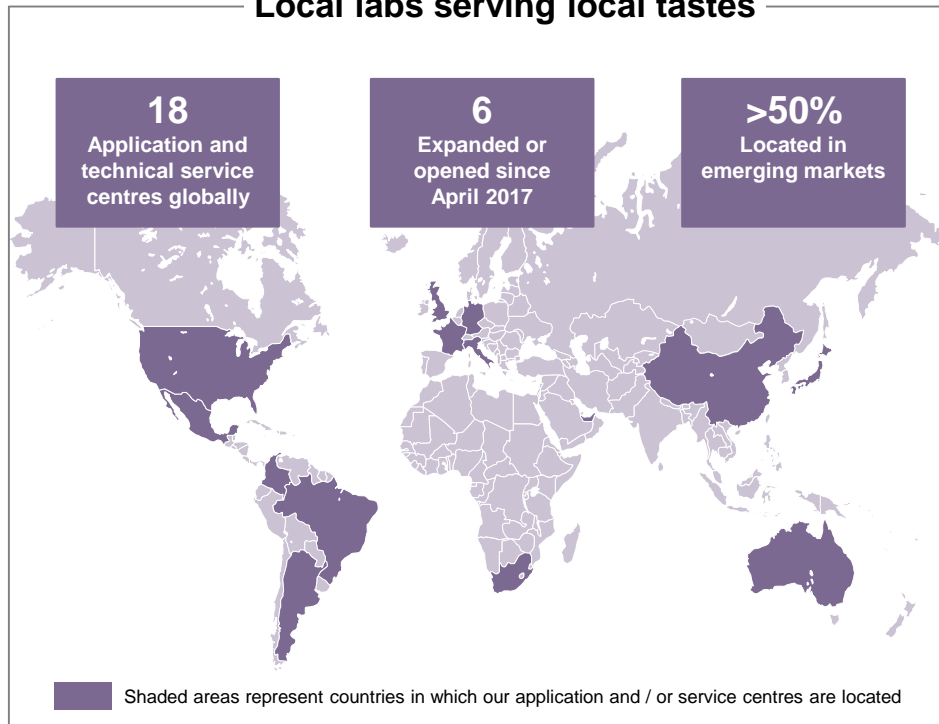


# FOOD & BEVERAGE SOLUTIONS: MAINTAINING MOMENTUM IN EMERGING MARKETS

## Geographic expansion model



## Local labs serving local tastes



# SUCRALOSE

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

## Year ended 31 March 2019:

- Volume +16%
  - Benefits of programme to optimise production and sale of excess inventory
- Sales £164 million
- Profit £61 million<sup>1</sup>
  - Softer pricing due to surplus industry capacity
  - £3 million gain from supply contract
  - Cost inflation in North America

Managed for cash and high return on assets

Market demand for sucralose continues to grow

Excess industry capacity, pricing pressure over time

Focus on customers who fully value benefits of our Sucralose

Finite capacity at single plant in US



<sup>1</sup> Adjusted operating profit

# PRIMARY PRODUCTS

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

## Year ended 31 March 2019:

- Volume in line
- Sales £1,702 million<sup>1</sup>
- Profit £148 million<sup>1</sup>
  - Sweeteners and starches £126 million
  - Commodities £22 million

## Value Proposition

North American market stable in 5 years to CY2017, weaker in CY2018

Strong positions in sweeteners and industrial starches

Scale, cost competitive assets

Trusted supplier

<sup>1</sup> Adjusted operating profit





# PRIMARY PRODUCTS: WHAT WE MAKE

## Sweeteners



HFCS 55  
HFCS 42  
Corn Syrup  
Dextrose

## Industrial starches



Adhesive starches  
Coating starches  
Binding starches  
Strength starches

## Acidulants



Citric Acid  
Malic Acid  
Fumaric Acid

## Commodities



Corn Gluten Feed  
Corn Gluten Meal  
Corn Oil  
Ethanol

## Joint ventures



DuPont Tate & Lyle  
Bio-Products  
Almex

# PRIMARY PRODUCTS: MARKET DYNAMICS IN 2018 CALENDAR YEAR MORE CHALLENGING

## Market dynamics US corn wet milling industry

2012-17 calendar years



2018 calendar year

### 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

### Weaker demand

- Volume in US regular carbonated soft drinks declined by 1.9%<sup>1</sup>
- Slightly lower US HFCS exports to Mexico
- Commodities markets more challenging

<sup>1</sup> Nielsen (compared to a 1.0% decline CAGR 2012-17; Source: IRI)

# PRIMARY PRODUCTS: PORTFOLIO MANAGEMENT DRIVING STEADY EARNINGS

## Actions

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

## Grind diversification



Capacity expansion

**+20%**

Complete mid-2019



## Product mix

### Paper customer

- Superior starch
- Lower cost-in-use
- Margin trade-up



# PRIMARY PRODUCTS: COMMODITIES

## Principal activities

- Corn procurement
- Network of storage facilities
- Sale of co-products

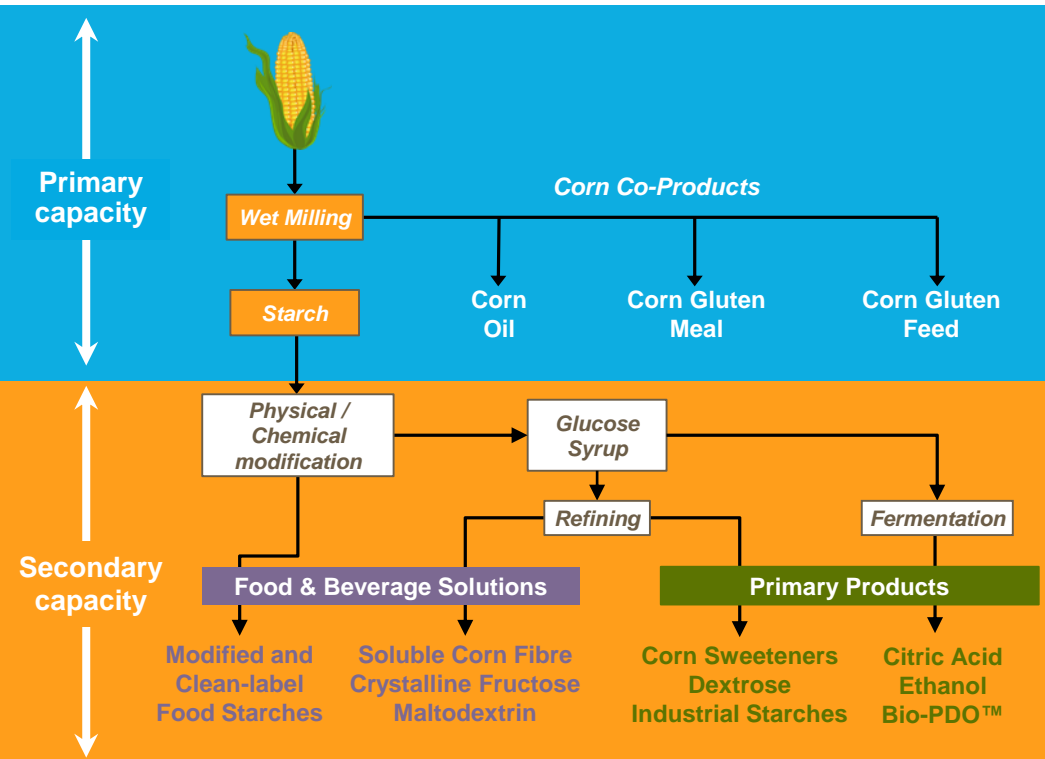
## Dampening volatility

- Conservative hedging strategy
- Investments in elevator network to manage cost effectiveness and security of corn supply
- Active management of co-product sales
- Reduced ethanol exposure

Enables efficient operation of corn-based business for both divisions



# CORN WET MILLING PROCESS



- Majority of our ingredients produced through corn wet milling
- We have 6 major corn wet mills: 4 in US, 2 in Europe
- Around 60% of a kernel of corn is starch. The remainder is co-products
- Primary Products represent c.80% of Tate & Lyle corn grind

# INNOVATION AND COMMERCIAL DEVELOPMENT

Brings together scientific and commercial functions to provide an integrated approach to developing and commercialising new products

Critical growth enabler

Unique strengths drive innovation

Driven by consumer and category insights

Strong track record of commercialising innovation

Accelerating portfolio development



# INNOVATION AND COMMERCIAL DEVELOPMENT: A KEY ENABLER OF TATE & LYLE'S FUTURE GROWTH

ICD's unique structure enables rapid  
commercialisation of new ingredients and solutions

**Platform  
Strategy**



**Research &  
Development**



**Nutrition Science  
and Regulatory**



**Open  
Innovation**



**Partner with  
leading customers**

**Rapid commercialisation  
with Food & Beverage Solutions**

**Globally  
connected**

# Accelerate Portfolio Development

## Pipeline



More line extensions and next generation projects

**+24%**

Increase in expected value of innovation pipeline<sup>1</sup>

## Open Innovation



More external partnerships to catalyse innovation

**>170**

Contacts with start-ups and research institutions

- Open Innovation delivered five development agreements with external partners
  - Sweetener testing
  - New sources of dietary fibre
- Positive FDA guidance
  - Tate & Lyle's fibres included under new definition of dietary fibre
  - Allulose exempt from 'Sugars' and 'Added Sugars' line of Nutrition Facts Panel in US

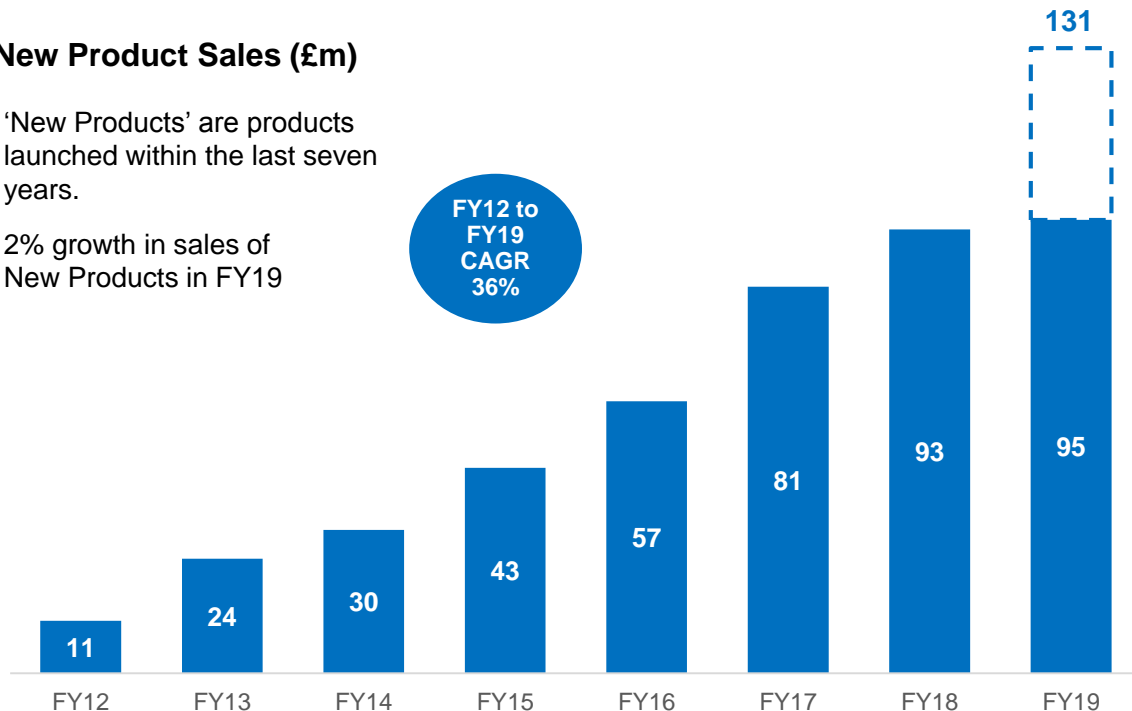
<sup>1</sup> Expected value of unlaunched projects in pipeline at 31 March 2019 compared to 1 April 2018



# STRONG TRAJECTORY OF INNOVATION PERFORMANCE: NEW PRODUCT SALES

## New Product Sales (£m)

- 'New Products' are products launched within the last seven years.
- 2% growth in sales of New Products in FY19



- Three ingredients were removed from New Products during the year since they were launched more than seven years ago
- +42% like-for-like sales growth in FY19 assumes those ingredients remain included in New Products

'New Products' are products launched within the last 7 years  
FY represents years ended 31 March



# APPENDIX



# CLEAR CAPITAL ALLOCATION FRAMEWORK

## Capital allocation priorities to maintain investment grade credit rating

Invest in organic growth

Acquisitions, joint ventures, partnerships

Progressive dividend policy

Return surplus capital to shareholders

## Balance Sheet

Strong returns on capital employed

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

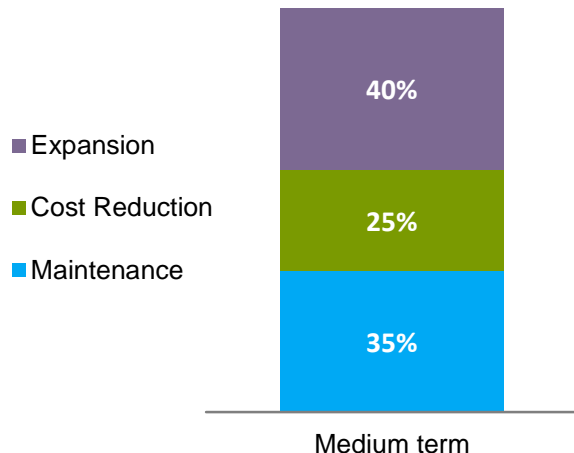
Attractive shareholder returns

<sup>1</sup> Forward leverage range stated before the impact of IFRS16

# DISCIPLINED USE OF CAPITAL

## Investing to Grow

Capital expenditure mix



Capital expenditure outlook

	FY20 <sup>1</sup>	Medium term
Capital Expenditure	£140m – £160m	£130m – £170m
Multiple of depreciation and amortisation <sup>2</sup> charge	1.0x – 1.2x	0.9x – 1.2x

- Strong balance sheet gives investment flexibility
- Invest behind growth as opportunities arise e.g. significant new product scale-up
- Continued disciplined use of capital, expansion projects approvals typically target 20% IRR

<sup>1</sup> Year ended 31 March

<sup>2</sup> Excludes amortisation of acquired intangible assets

# SOURCES OF PRODUCTIVITY BENEFITS

## Produce, Procure and Fulfil

Capital investment to reduce costs

Continuous improvement

Supply chain / Procurement

Operational reliability

~60%

## Selling, General and Administrative Efficiencies

Zero-based budgeting

Simplify organisation  
to make faster decisions

~40%

US\$100m productivity benefits evenly phased over 4 years

# CAUTIONARY STATEMENT

This presentation has been prepared solely to provide information to assess the Group's strategy and should not be relied upon for any other purpose.

It contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

With regard to the regulatory or labelling status of any ingredient referred to, this presentation contains our good-faith assessment of the matters discussed, based on information available as at the publication date; legal, regulatory and labelling policies and requirements are subject to change and vary in different jurisdictions; recipients of this information should take their own advice in each relevant jurisdiction with regard to the legal and regulatory aspects of our food ingredients.

A broader outline of the risk factors relevant to Tate & Lyle's business and a glossary of some of the terms used in this presentation can be found within our 2019 Annual Report which is available on our website.