

23 July 2020 – Tate & Lyle PLC

TRADING STATEMENT

Tate & Lyle issues the following trading statement for the three months to 30 June 2020.

As anticipated in our trading update on 4 May 2020 and in our full-year results statement on 21 May 2020, the Group's performance in the first quarter reflected the impact of lockdowns on out-of-home consumption in North America and Europe, partially offset by resilience from in-home consumption. Having seen fluctuating demand patterns in April and May, demand improved in both divisions in June as lockdowns started to ease. The full extent of the pandemic's impact still remains unclear.

Our response to Covid-19 has successfully focused on ensuring we look after the health, safety and wellbeing of our colleagues, their families and the local communities in which we operate; and to work closely with our customers to play our part in supporting the food supply chain with all our manufacturing facilities remaining fully operational in the quarter.

Three months ended 30 June 2020	Volume change	Revenue growth*
Food & Beverage Solutions	(2%)	+1%
Sucralose	(2%)	(1%)
Primary Products	(12%)	(9%)
Group		(5%)

* Growth in constant currency

Food & Beverage Solutions

Revenue was £232 million, 1% higher benefiting from good price and mix management and 9% growth in New Products¹ revenue. Volume was 2% lower as reduced demand for ingredients used in food and drink consumed out-of-home (representing 15% to 25% of revenue) outweighed stronger demand for packaged and shelf-stable foods for consumption in-home.

In North America, revenue for the quarter was 2% lower due to reduced demand for out-of-home consumption particularly in the food service sector. North America returned to revenue growth in June as lockdown restrictions eased. In Europe, Middle East and Africa revenue was in line with the comparative period reflecting solid demand for in-home consumption. In Asia Pacific and Latin America revenue was 8% higher reflecting good revenue growth in Asia Pacific as China emerged from lockdown, while in Latin America revenue grew modestly, slowing as the quarter progressed and the region went into lockdown.

Sucralose

Revenue was £39 million, 1% lower reflecting softer demand for products consumed out-of-home, particularly beverages.

¹ New Products are products launched in the last seven years

Primary Products

Revenue was £420 million, 9% lower. North American bulk sweetener volume was 12% lower reflecting reduced out-of-home consumption (representing around 30% of sweetener consumption) with demand recovering sequentially during the quarter as some US states began to ease lockdown restrictions. Industrial starch volume was 16% lower as the paper industry took actions to reduce capacity temporarily with many schools and offices still closed.

Reducing costs and preserving cash

The financial impact of lower demand was partially mitigated by actions taken to reduce costs including freezing salary increases and recruitment and significantly reducing discretionary costs. Procedures were also put in place to preserve cash through re-prioritising capital commitments and a rigorous approach to managing working capital. No employees have been furloughed and no government aid has been sought.

Strong balance sheet

Our balance sheet is strong with net debt at 30 June 2020 of £384 million, £67 million lower than at 31 March 2020 reflecting seasonal improvement and good cash management.

Nick Hampton, Chief Executive said:

“As expected, the first quarter presented many challenges and I am very proud of the way we are navigating the impact of Covid-19. We are encouraged by the improvement in demand we saw in June and the continued strategic progress we are making, with new product revenue growing 9% in the quarter. Our new business pipeline is healthy, we continue to find creative ways to use technology to support and connect with our customers, and all our manufacturing facilities remain fully operational.

The fundamentals of our business are sound. Demand for ingredients and solutions which enable consumers to enjoy healthier and tastier food and drink is strong, and we have the portfolio of products and technical expertise to help our customers deliver on these trends.

Looking ahead, our priorities are clear – to look after our people and communities, strengthen our relationships with customers, continue to progress our strategy and maintain our financial strength. I am confident that our future prospects remain strong.”

For more information contact Tate & Lyle PLC:

Christopher Marsh, VP, Investor Relations
Tel: Mobile: +44 (0) 7796 192 688

Nick Hasell, FTI Consulting (Media)
Tel: Mobile: +44 (0) 7825 523 383

About Tate & Lyle:

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

Tate & Lyle operates through two global divisions, Food & Beverage Solutions and Primary Products, supported by the Innovation and Commercial Development and Global Operations teams. Food & Beverage Solutions is focused on growth by building leading positions globally in the categories of beverages, dairy, and soups, sauces and dressings. Primary Products is focused on delivering steady earnings and generating cash.

Food & Beverage Solutions consists of: Texturants, including speciality starches; Sweeteners, including low- and no-calorie sweeteners; and a Health and Wellness portfolio comprising mainly speciality fibres; and Stabilisers and Functional Systems, which are bespoke ingredient blends that ensure foods retain their structure.

Primary Products consists of high-volume sweeteners, industrial starches and fermentation products (primarily acidulants). It also sells co-products from the corn milling process as animal nutrition.

Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. American Depositary Receipts trade under TATYY. In the year to 31 March 2020, Tate & Lyle revenue totalled £2.9 billion. For more information, please visit <http://www.tateandlyle.com> or follow Tate & Lyle on Twitter or LinkedIn.