Unlocking the Growth Potential of Tate & Lyle

Proposed sale of controlling stake in Primary Products to KPS Capital Partners

Monday, 12th July 2021

Transaction Highlights

Nick Hampton

Chief Executive, Tate & Lyle

Welcome

Good morning and welcome to the presentation about the announcement we made today to unlock the growth potential of Tate & Lyle through the proposed sale of a controlling stake in our Primary Products business. Today's announcement represents the start of a new era for Tate & Lyle and delivers on its long-term strategic ambition to increasingly focus on the potential of its higher growth Food & Beverage Solutions business.

The agenda for today's presentation is on the screen. I will start with an overview of the proposed transaction. Then I will outline why we are excited about the prospects for the New Tate & Lyle as a growth-focused food and beverage solutions business, our plans to build on the growth we have delivered over the last three years and the financial framework which we believe will drive strong returns for shareholders, balancing investment in growth with a continued commitment to a progressive dividend policy. Vivid Sehgal, our Chief Financial Officer and I will then take your questions.

Transaction highlights

Re-positions Tate & Lyle as a growth-focused food solutions business

The proposed transaction will enable Tate & Lyle to focus on its higher growth Food & Beverage Solutions business and to drive strong and sustainable growth through an acceleration in innovation and a step-up in R&D investment and solutions development. The transaction will also allow Tate & Lyle to reallocate capital to our faster-growing Food & Beverage Solutions business to drive organic and inorganic growth.

Strong new partnership for Primary Products

The proposed transaction also supports the long-term potential of the Primary Products business. We are delighted to be entering into a partnership with KPS Capital Partners who have a proven track record of successfully transforming a creating value in manufacturing and industrial businesses. The new joint venture, or NewCo as I will refer to it, will comprise the Primary Products business in North America and Latin America, representing 95% of the division's revenue. The small Primary Products business in Europe will remain with Tate & Lyle. Each partner will own 50% of NewCo with KPS having Board and operational control. The combined expertise of the two partners offers the potential for NewCo to create significant future value as an independent business

Delivers value for shareholders

The headline enterprise value of the transaction is $1.7 billion which is equivalent to multiple of 5.1x EBITDA for the 2021 financial year. Tate & Lyle will receive gross cash proceeds of approximately $1.3 billion and intends to return around £500 million to shareholders via a special dividend following completion. Tate & Lyle will also benefit from an ongoing cash dividend stream from NewCo and potential future value upside from the retained equity stake.

Two focused, standalone businesses

The proposed transaction will create two focused, leading businesses. Tate & Lyle as a global leader in sweetening, mouthfeel and fortification, dedicated to delivering healthier food and drink for consumers and NewCo as a leader in plant-based products for food and industrial markets. Each business will have its own assets and manufacturing base as shown on this slide. While there will be a level of interdependency between the two companies, the transaction has been structured so that this will be limited to relatively few product lines. Importantly, following completion around 75% of Tate & Lyle's revenue will come from ingredients produced at its own facilities.

Stronger NewCo business through partnership

KPS Capital Partners is a strong partner for NewCo

Primary Products is a resilient business that has delivered steady earnings over a number of years. After an extensive, competitive and thorough process in which we evaluated all options, we believe we have found a strong and like-minded partner in KPS to take NewCo forward on the next stage of its development. KPS invests exclusively in manufacturing and industrial businesses and has proven expertise in creating value from businesses like NewCo. KPS currently operates 149 production facilities across 22 countries. KPS is known for its ability to execute complex corporate carve-outs with recent investments including the acquisitions of Lufkin Industries from Baker Hughes and Schlumberger rod lift business. In the UK between 2009 and 2015 KPS delivered the successful turnaround and sale of Waterford, Wedgwood, Royal Doulton.

Partnership creates opportunity for future value creation

The combined operational expertise of the Primary Products management team and KPS will further strengthen NewCo and offer the opportunity to unlock potential future value in a way that would not be possibly given Tate & Lyle's current strategy and capital allocation priorities.

Long-term agreements provide supply security and economic protection

Tate & Lyle and NewCo will continue to work closely together and have established long-term agreements to provide supply security and economic protection for both parties. Under a 20-year agreement NewCo will supply certain speciality ingredients to Tate & Lyle and will also provide corn procurement services for Tate & Lyle in North America. Overall, having spent a significant amount of time with KPS over the last six months we firmly believe a partnership with them represents the best way forward for the NewCo business, its customers and our employees.

Strategic rationale for Tate & Lyle

Moving now to the strategic rationale for the proposed transaction for Tate & Lyle. Since I joined the business we have been on a journey to become a more focused solutions business and I am delighted that we have found an excellent partner in KPS to achieve this acceleration in our strategic ambition. The proposed transaction has a compelling strategic logic for Tate & Lyle on a number of levels. It repositions Tate & Lyle as a leading global food and beverage solutions business focused on faster-growing speciality markets with the opportunity to firstly benefit from growing and global consumer demand for healthier food and drink, a trend which the global pandemic is accelerating. Secondly, to accelerate growth through a step-up in R&D investment and innovation and thirdly, to increase the focus on solutions development to support and strengthen customer relationships. Importantly, the proposed transaction will substantially reduce our exposure to more volatile commodities markets and to bulk ingredients in North America. I am also confident that as a fully-focused speciality food and beverage solutions business our attractiveness as a partner to other speciality ingredients businesses will be stronger. With a simple business we will be able to refocus capital towards delivering stronger organic and inorganic growth.

Global Food Solutions Business

Nick Hampton

Chief Executive, Tate & Lyle

Focused, high quality business well-positioned to accelerate growth

I will now talk about the new Tate & Lyle, the benefits of the proposed transaction and our future financial framework. Centred around our Food & Beverage Solutions business, the new Tate & Lyle will continue to be a purpose-led business delivering growth and having a positive impact on society. It will be a global leader in sweetening, mouthfeel and fortification, creating solutions for customers which meet growing consumer demand for healthier food and drink. It will be centred around science and R&D, building on its long track record of innovation and scientific excellence. It will be a global business with a strong presence in developed markets and a platform for accelerated growth in the higher growth markets of Asia, Middle East, Africa and Latin America. It will retain its experienced management team and have a very strong balance sheet, providing significant flexibility to invest for growth. In short, the new Tate & Lyle will be a high quality, growth-focused speciality business operating in exciting segments of the food and beverage market that is seeing significant growth.

Purpose-led business: Improving Lives for Generations

Our purpose of improving lives for generations will remain at the heart of everything we do. We will continue to progress the ambitious targets we established last year for the three pillars of our purpose, all of which are aligned to specific United Nations Sustainable Development Goals. These include targets to reduce the amount of sugar in people's diets, progress equity, diversity and inclusion across our business and in our local communities, and significantly reduce greenhouse gas emissions across our value chain. The shape of our business may change but the importance of our purpose and our values will remain constant.

Strong platform built over the last three years

Over the last three years we have established a strong platform for growth, creating a position of strength from which to execute this transaction. Since 2018 we have significantly increased the focus on our customers, creating the successful innovation model, strengthened our technical capabilities and expanded our portfolio through new product launches and acquisitions. During that period in Food & Beverage Solutions revenue has grown by a compound annual growth rate of 4% and our customer pipeline by 14%. At the same time, revenue from new products has grown by a compound annual growth rate of 13% and the innovation pipeline by 14%. In the last three years alone our innovation team has launched 36 new products, a marked step-change from historic levels. This creates a strong platform from which to accelerate further. Growth has been delivered across all three regions with revenue from North America and Asia, Middle East, Africa and Latin America both up by a compound annual growth rate of 5% and in Europe by 2%. This is a business with positive momentum and now is the right time to unlock its true growth potential.

Business fully aligned to growing global consumer trends for healthier food and drink

Another reason why I believe this is the right time to take this step is that the pandemic has accelerated many of the trends in the global food industry that Tate & Lyle is very well-placed to benefit from. The world's population is expected to increase by over one billion in the next 16 years as people live longer and more people move into cities. This will drive a need for greater convenience, food with extended shelf lives and healthier snacking. For example, in Spain, France, Brazil and the UK people are snacking 50% more often than before the pandemic. The pandemic has also focused people's minds on their personal wellbeing and the importance of maintaining a healthier diet. They want products which are lower in sugar and calories with cleaner labels and more fibre to improve their gut health and help build immunity.

Sustainability is also a key trend in the food industry with growing demand for plant-based and more natural options, and for food that is sourced in a sustainable and environmentally-responsible way. Given that both consumers and governments are increasingly focused on the importance of diet and health, it is clear that these trends are here to stay. With Tate & Lyle, our unique portfolio and technical expertise in sweetening, mouthfeel and fortification, which helps remove sugar, calories and fats and add fibre to consumer products across the world, this is the right time to focus our people, innovation and capital to capture the full benefits of these trends.

Transaction offers opportunity to accelerate growth from strong platform

The proposed transaction we have announced today will allow Food & Beverage Solutions to build on this strong platform. We will do this by accelerating delivery of our strategic growth framework, strengthening our product portfolio and technical capabilities, leveraging our deep scientific expertise to meet growing consumer needs and by stepping up investment in R&D and innovation. To support these actions we will allocate capital to prioritise growth opportunities. Let me briefly explain each of these in more detail.

Creation of focused business accelerates delivery of strategic growth framework

This slide shows the strategic growth framework for Food & Beverage Solutions. This framework has been successfully executed over the last three years and the proposed transaction will give us the opportunity to accelerate its delivery. The framework is based on four main pillars, all underpinned by our sharpened, accelerate and simplify priorities. The first pillar is to continue to execute focused market strategies, maximising opportunities in developed markets and accelerating growth in the faster-growing markets of Asia, Middle East, Africa and Latin America. The second pillar is to expand our portfolio by further strengthening our three platforms of sweeteners, texturants and fortification and over time to move into new platforms. This will be achieved either organically or through value-enhancing acquisitions, like the tapioca and stevia businesses we bought over the past year.

The third pillar is to accelerate innovation by increasing our investments in R&D, both by building on our strong inhouse scientific expertise and with external partners through increased focus on open innovation. This step-up in R&D investment and innovation will also help strengthen our fourth pillar, developing an integrated solutions approach for customers to further strengthen our position as a partner for growth. Serving our customers is at the centre of our strategic growth framework. By accelerating its delivery in the ways I have just explained, the proposed transaction would expand our customer offering and enhance the way we serve them.

Strengthen product portfolio and technical capabilities to offer more solutions for customers

As a focused business with a strong financial position, the proposed transaction also provides an opportunity for Tate & Lyle to further strengthen its technical capabilities in sweetening, mouthfeel and fortification. These capabilities are highly valued by customers as they look to reformulate existing products and launch new products with a greater focus on health and wellness. This is an area of significant growth for us. Over the last three years in sweetening, revenue from products supporting sugar reduction, excluding sucralose, increased by a compound annual growth rate of over 20%. Over the same period in mouthfeel our range of clean label texturants delivered revenue growth with a compound annual growth rate of 30%. In fortification revenue for our soluble fibres grew by more than 15%. The proposed transaction will enable us to invest further in our network of application labs where we work with customers to reformulate their products for local markets. We already have 17 labs across the world, with a new lab being opened in Dubai later this summer.

Leveraging our scientific expertise to create solutions that address growing consumer needs

The transaction will also help us to further leverage and enhance our scientific expertise. Tate & Lyle has been at the forefront of food ingredient science and innovation for over 100 years. Our deep scientific knowledge in the fields of biochemistry and materials science are at the very heart of our company. Our core capabilities in enzymology and fermentation, industrial scale-up, drying, crystallisation and separation, and fractionation mean we are uniquely placed to create solutions which directly address the growing consumer trends I talked about earlier. For example, through the combination of our deep understanding of biochemistry and our separation capabilities we are able to take stevia leaves and produce natural and low-calorie sugar reduction solutions without a bitter after-taste. Supported by our nutrition and regulatory knowledge, the clinical research we undertake with academic organisations worldwide, intellectual property and ingredients reputation management, and our external partnerships and open innovation activities we have created a leading science-based innovation platform which we will use to accelerate growth.

Step up investment in R&D to accelerate innovation and drive growth

As I have just outlined, Tate & Lyle has some unique advantages that have underpinned the recent strong performance of Food & Beverage Solutions. This has translated into a proven track record of innovation success with revenue from new products more than doubling over the last five years and new products as a percentage of Food & Beverage Solutions revenue up from 8% to 14% over the same period. We believe this proposed transaction provides an opportunity to build on these successes, significantly increase our ambition for Tate & Lyle and drive stronger sustainable growth. Central to this is our intention to step up our investment in R&D to accelerate innovation and drive growth. Our ambition for the five years following completion of the proposed transaction is to increase investment in R&D from around 3% of Food & Beverage Solutions revenue to more than 4% annually and to grow new products revenue as a percentage of Food & Beverage Solutions revenue from 14% in the 2021 financial year to around 20% by the 2026 financial year.

Attractive organic growth augmented by accretive M&A

With positive momentum, the strong platform we have built, the increased focus from the proposed transaction and our plans to increase investment in innovation, we are confident we can sustainably accelerate organic growth. Our ambition for the new Tate & Lyle in the five years following completion is to deliver mid-single digit percent revenue growth. We also have an ambition to expand our operating margins by at least 50-100 basis points per annum from a pro forma base of 13% in fiscal 2021. This reflects positive sales mix from higher margin new products, increasing revenue through closer relationships with customers, strong operating discipline and the continuation of our productivity programme, operating leverage and the simplification of central activities. Operating margin excludes our share of NewCo profits which will be reported as a joint venture from completion.

We expect to continue to deliver strong cash generation, either as free cash flow from our controlled businesses or as dividends from the NewCo joint venture, both of which will be available to reinvest for growth. Our ambition is for top line growth and operating margin expansion to drive acceleration in earnings per share growth. The efficient use of capital will also remain a key focus, with an ambition to increase organic return on capital employed by 50 basis points on average each year. Finally, we will continue to look to accelerate growth through value-enhancing M&A.

Capital allocation to prioritise growth opportunities and drive shareholder value

Our capital allocation framework will be focused on prioritising growth and driving shareholder value. The disciplined use of our strong balance sheet will continue to be a key priority. We are targeting zero financial leverage on completion, providing us with plenty of flexibility to fund growth. While doing this we intend to maintain investment grade credit metrics. Within these disciplines we will prioritise investing in growth both organically and inorganically. Consistent with the sale of controlling stake in the Primary Products business, it is intended to reduce the dividend to reflect the earnings base of the refocused Tate & Lyle. The payout ratio is expected to be maintained and the dividend per share re-based by around 50%. Following completion, it is intended to return around £500 million to shareholders and to undertake a share consolidation. From there, it is intended that the existing progressive dividend policy will be maintained. Before moving on, I want to highlight that in the press release and the appendices to this presentation on our website we have provided reconciliations of the pro forma financial information for the year ended 31st March 2021 used in this presentation.

Growth profile benchmarks attractively to speciality ingredient peers

Following completion of the proposed transaction the growth profile of the new Tate & Lyle benchmarks attractively to speciality ingredient peers. Our ambition for top line growth and operating margin expansion over the next five years illustrate the step-up in performance we expect for our new growth-focused business. Together with the attractive return on capital employed, this benchmarks well against a best-in-class group of industry peers. The Board intends to align management incentives to these new growth ambitions.

Investment case: Growth-focused business

Moving to the investment case, the new Tate & Lyle will be a purpose-led and growth-focused business. Ultimately, that is what underpins our investment case. Food & Beverage Solutions will be focused on accelerating top line growth and margin expansion, supported by cash generated from sucralose and cash dividends from NewCo. We expect growth in earnings per share in constant currency to accelerate, organic return on capital employed to improve and strong cash generation to support our progressive dividend policy.

Financial Framework

Nick Hampton

Chief Executive, Tate & Lyle

Transaction details

Governance and structure

Returning now to cover some of the details of the transaction, on governance NewCo will be an independent business with a standalone management team. KPS will have majority Board voting rights and operational control. Tate & Lyle will cease to consolidate NewCo at completion with the Primary Products business being classified as held for sale and disclosed as a discontinued business in our half-year results. Following completion, Tate & Lyle will equity account for its interest in NewCo as a joint venture. Tate & Lyle will appoint two of up to seven directors on NewCo's Board. NewCo is expected to generate significant and steady free cash flow with the ability to pay meaningful dividends over time to Tate & Lyle and KPS.

Separation process

As stated at our full year results presentation in May, a significant amount of work has already been undertaken to prepare a blueprint for how to separate the two businesses. This has been shared with and agreed in principle by KPS. Operational, financial and IT separation planning is well advanced. The two partners will work together to ensure an efficient separation and where necessary, Transitional Service Agreements will be put in place for a limited period of time post-completion.

Timing and conditions

This is a Class 1 transaction and a shareholder circular will be distributed in due course and a general meeting is expected to be scheduled in the autumn. Closing of the transaction, which is conditional on shareholder approval, anti-trust clearance and various other conditions, is expected to occur in the first quarter of the 2022 calendar year.

Summary

Nick Hampton

Chief Executive, Tate & Lyle

In summary, today marks the beginning of a new, ambitious and exciting chapter for Tate & Lyle. The one strong company we are today will become two even stronger companies in the future, each focused on their respective strategies and capital allocation priorities. We are delighted to be entering into a new partnership with KPS and look forward to working together to provide NewCo with the opportunity to unlock its true potential. The 20-year agreements we have put in place will ensure both parties continue to work together to the benefit of the two businesses. The proposed transaction delivers strong value for shareholders with around £500 million intended to be returned to Tate & Lyle shareholders via a special dividend following completion.

Most importantly, the proposed transaction re-positions Tate & Lyle as a growth-focused, global speciality food and beverage solutions business. In the future Tate & Lyle will be able to focus all its resources and capital on capturing the significant opportunity arising from growing consumer demand, accelerated by the pandemic, for healthier food and drink. Growth will be accelerated by a step-up in R&D investment and innovation, with a strong balance sheet providing the flexibility to drive organic and inorganic growth. Tate & Lyle has an exciting future full of opportunities.

I would like to finish by thanking everyone at Tate & Lyle for the hard work that made today's announcement possible. It is people that make a company great and at Tate & Lyle we have truly amazing people. Thank you.

Q&A

Nick Hampton: Good morning everybody, thank you for joining the call at such short notice. I guess my nerves are still a bit shredded from last night and I wanted a different result from the penalty shoot-out than the one that we got. This really is an exciting day for Tate & Lyle as we announce the repositioning of our business to accelerate our journey to become a faster-growing speciality food and beverage solutions business. With that, Vivid and I will be very happy to take any questions you might have.

James Targett (Berenberg): Good morning, Nick, a couple of questions from me. Firstly, on the margin upside for the NewCo business, I suppose 50-100 basis points per annum for five years is quite aggressive. Could you talk about the phasing of that and where the big levers are going to be in that margin progression? Secondly, on the NewCo can you give us some idea of what the mid-term outlook for that business is in terms of growth rate and profitability and what your long-term ambition for your stake in the NewCo are? Then finally, you did mention inorganic investment and M&A. I wonder how this transaction has changed the priority of M&A strategically for Tate now.

Nick Hampton: Sure, James. Good morning and thank you for the three questions. Let me start with the operating margin expansion. As you know, in our Food & Beverage Solutions business we have been very successful at driving margin expansion over the last three years and that really reflects the progress we are making on bringing new products to market, improving the mix in the business and building a solutions-based business for customers. What this transaction allows us to do is to invest more heavily in R&D and accelerate that journey. That is a big piece of the margin expansion but on top of that we have got plenty of operating efficiency to go after and leverage as we grow the business. It is a mix of those things and we would expect to start that journey next year. We are already on a journey and the increased investment should help with that. I'll ask Vivid to add a bit more colour in a minute.

On the new Primary Products business or NewCo with a partner in KPS who are really committed in both investing for growth and driving margin expansion, we are very confident that we are going to see strong value creation from the 50% stake we are keeping. We have got a joint business plan for the next three years that delivers precisely on the ambitions that we set and we look forward to getting on with that with them as the transaction closes.

As I think about M&A our priorities have not really changed. It is about three things. It is about strengthening those three core platforms in sweetening, in mouthfeel or texture and in fortification. It is about potentially expanding into a fourth platform, if that helps us serve our customers better and that is the critical thing. Any new platform really has to contribute to that solutions capability we are offering to customers. Then thirdly it is about geographic expansion. We have said we have got aggressive growth goals for our growth markets across Asia, Middle East, Africa and Latin America where we are still under-represented. The M&A focus is really doubling down on those things with a team that is really capable of executing, as they have demonstrated through this transaction. We are excited about the potential, both for inorganic growth but more importantly the organic growth of the business. This is an organic growth story to start with.

Vivid Sehgal (Chief Financial Officer, Tate & Lyle): On the margin side, I think Nick said it well. To give a bit more colour, Tate & Lyle has a history of delivery. Our top line revenue has been extremely strong, our margin expansion is strong and we have got a strong balance sheet. However, in terms of the colour behind that if you think about this. We are going to have a step-up on the top line growth. This is going to be driven by future growth in NPV as well as growth market markets and both of those have strong margin profiles. We have a strong history that will continue on the productivity programme, as well as we are going to look at strong operating leverage and streamlining our central cost but re-investing back in R&D. I think the question was around cadence of that. In the first few years we are looking at cost control as the predominant element of that and as we focus and put more into R&D and innovation, you will see a step-up in the mix and the margin profile as we go forward. A very nice balance of cost, margin and mix profile going forward and we are confident we can deliver that.

James Targett: Thank you. Can I just have a quick follow-up on the M&A answer? I am wondering what was driving your decision to return the £500 million to shareholders versus investing that in acquisitions.

Nick Hampton: It is a very considered balance to recognise our shareholders upfront for the value of the transaction but also maintain enough firepower to do the kind of M&A we envisage in the next few years. As always, it is not a perfect science but we feel it is the right balance for both the growth of the business and for our shareholders.

James Targett: Okay, thanks very much.

Martin Deboo (Jefferies): Morning Nick and Vivid, just a few brief ones from me that go to the terms of the transaction. First of all, why a 50% stake and not a controlling stake? I appreciate KPS are in control of the JV but on the face of it, it is 50:50. Why not 51:49 or more aggressive than that? Secondly, on earnings solutions you are saying you will maintain payout ratio but the dividend will fall by around 50%. Is that effectively saying 50% earnings dilutive or am I missing something there? Thirdly, why a special dividend rather than a buyback to offset some of the dilution? I am intrigued why you have gone that route. Then fourth, very quickly, what broad brush is in the supply agreement? What products are coming back out of the JV back into FBS?

Nick Hampton: Let me take the last question first, Martin, on the long-term agreement. This is a long-term agreement that creates supply security and economic certainty for both sides. It is an agreement for supply of the 25% of FBS revenue that will come from the NewCo plant. Importantly, 75% of our revenue is coming from our own facilities as we move forward. Effectively, it is both a supply agreement based on volume, service, price and service levels agreements and then there is a reverse agreement for the primary products that we will supply to them out of Sagamore. It also includes an agreement on corn procurement so we maintain the scale of our corn procurement activities across the two businesses across North America. Importantly, it is a long-term 20-year agreement that secures supply for the medium-term for both sides of the business. We spent 12 months working through the shape of that supply agreement before we even talked to KPS and in the last six months they have agreed to the long-term agreement basically unchanged. That was a really important pillar of this, that alongside their commitment to invest and grow the Primary Products business going forward so we have got two strong businesses as we move forward.

If I then come back to your point about the 50:50, it was important for them that they have operating control of the business, understandably. However, equally it was important for us that we maintain a significant stake because we believe in the future potential of Primary Products and we want to be sitting at the table with them as we execute the transaction and the supply agreements. It feels like the right balance for now so we can deliver the deal. We can benefit from the ongoing dividend stream and longer-term benefit from the growth potential of the business as well. We are really happy about the balance of the agreement. I think that addresses your first two questions. Vivid, did you want to take the dividend point?

Vivid Sehgal: Sure. The line was not very clear, Martin, but I think the question was around why we step down 50%. The answer is very clear. The 50% reduction in our dividend is in line with the amount of profit and earnings that we are moving over to NewCo. There was a 50:50 split on that basis. We are really ensuring the payout ratio is maintained. What is important I think is that the special dividend, the £500 million, will allow a share consolidation. We certainly expect that dividend per share to be raised as part of that programme and then we will maintain a progressive dividend policy going forward. That is our current pathway with a pivot to growth as our crunch factor here.

Martin Deboo: If you did not hear me, the questions are very important so I will just try them again. Does the fact that you are saying that the dividend, aside from consolidation, will fall by 50% and you are maintaining a constant payout ratio, is that effectively guidance that the deal will be 50% earnings dilutive? I want to be crystal clear on that. The other question was why a special dividend, not a buyback?

Vivid Sehgal: The answer to your first question is yes. The 50% reduction is in line with the earnings dilution. That is correct. That is how we are looking at it. In terms of the second point, we felt that the element of a special dividend was actually a more efficient way of returning cash to shareholders. We felt that the share buyback was a long process that would take quite a bit of time and therefore the shareholders would appreciate the special dividend and the associated share consolidation and dividend per share step-up that that created.

Martin Deboo: Okay, thank you very much for those. Thanks.

Alicia Forry (Investec): Hello, my question is around the ongoing [inaudible] that you mentioned from the NewCo[?] take[?]. Are there any details you can provide us about that, perhaps a minimum payout or some discussion about is going to be structured? Then secondly, [inaudible] target, particularly the margin target, sucralose is obviously still a part of [inaudible] and there has been some margin erosion there and some uncertainty I think we all know going forward with regards to the shape of that business, there's an external [?] pressures there. I was curious whether your targets include some potential for the margin erosion out of sucralose? Then finally my third question is, have you decided who will be appointed to the NewCo Board from Tate and if so, could you share that? Thank you.

Nick Hampton: Maybe I will leave the dividend point to you, Vivid. On the operating margin, Alicia, it includes the whole of the business that we are talking about, the remaining Tate & Lyle, so it does include an assumption on sucralose. As we have said, we are looking to maintain steady earnings on sucralose going forward. It is still a very attractive product for us. The market is still growing for sucralose and we are seeing increased interest from customers still so we have built in an assumption on sucralose into our model and that is included in the 50-100 basis points of margin expansion.

On the NewCo Board, we will have very senior financial and operational membership so we will not announce the new Board members yet. We will do that as the transaction closes but the key for us is that we have got strong financial representation and strong operational representation so we can ensure the delivery of that long-term supply agreement.

Vivid Sehgal: On the dividend point, really the key factor here is that we expect our NewCo to be strongly cash generative, in which we would share a 50% dividend stream cash dividend from that. In terms of the numbers that is one that we will continue to work with our new partner on but both parties are committed to providing a cash dividend and both parties are committed to driving value as well as cash delivery. I think the really positive element for us is that our new partner in KPS has a track record of actual improvement in industrial assets and in cash generation. That was a very, very important part of our reverse due diligence on a potential partner to see their capabilities and how they have actually delivered in the past. The good news is that on both of those they delivered extremely well so we are confident that there will be margin and cash accretion from this deal.

Alicia Forry: Thank you.

Heidi Vesterinen (Exane BNP Paribas): Morning, I have a couple of questions and we will go one by one. First on M&A, you talked about the potential for a fourth leg. Can you talk about what sort of areas interest you and would you rule out going into completely new areas, for example flavours? That is the first question.

Nick Hampton: Okay, let me take that question then. I think we have been very consistent in saying that any platform that we would add to our business has to help us with providing integrated solutions for our customers. They are most likely to be plant-based because that is where the business is moving and where the food industry is moving. We have talked a little bit about plant proteins in the past. That is a good example. I would not speculate at this point about whether we would move broader afield into things like flavours because what we need to do is focus on things that could really add to the portfolio and increase relevance to our customers, on the solutions we can provide. They are all in the area of creating healthier food and drink and that is a trend that has been accelerating as a result of the pandemic, which is why this is such a good time to reposition the business.

Heidi Vesterinen: Thank you. Then, given that M&A multiple are very high in this industry is M&A contingent on NewCo getting a much higher valuation multiple or do you see opportunities as being [inaudible] now?

Nick Hampton: I think M&A is possible with or without a potential rerating. Clearly a rerating helps when you look at the maths but the key for us is whatever deal we do has to be both accretive from a growth perspective for the business, beneficial to our customers and our ability to serve our customers and provide the right value for shareholders. That is possible with or without a rerating. We proved that last year with the two deals we did. If a rerating happens, and the market will decide that, then that is obviously helpful.

Vivid Sehgal: Maybe I can just add, I think part of our strategy is to ensure that we have zero leverage and zero net debt on our balance sheet post a shareholder return. I think that will give us the agility and the flexibility in the event for both organic and inorganic opportunities. While we are tracking towards investment grade metrics we do have the flexibility to actually move quickly in the even that we need to. That is definitely part of our thought process at this stage.

Heidi Vesterinen: Thanks and then the next one, I saw on your slide where you benchmark yourself with speciality ingredients peers. I saw in the footnote you cite Kerry, Sensient, Corbion and DSM. Could you explain why you have chosen those peers specifically?

Nick Hampton: In conversation with our advisors it felt like they were a good representative group to use. We are disclosing that for transparency so you can look at who the peers we have used are. I think it is as simple as that really.

Heidi Vesterinen: Thanks and then while we have you here, is it possible to get a word on current trading please, both on new Tate and NewCo if possible?

Nick Hampton: As we have seen the world start to emerge from the pandemic across the world at different paces, we are seeing encouraging early signs of momentum in the business on both sides. No real change to what we said at our full-year results when we talked about the trajectory this year but we are seeing some encouraging momentum. It is different across various parts of the world but both businesses are tracking where we would hope them to be and we are only two months into the year obviously. It is a solid start for the business.

Heidi Vesterinen: Thank you.

Chris Pitcher (Redburn): Thank you very much, a couple of questions from me. On the new Tate business, could you give us a sense of what capex will be required to drive your growth ambitions? Does the transaction meaningfully change the working capital requirement of the new business? Then perhaps a follow-up on the earlier question around your operating margin target. You are looking for an increase of 1% in your R&D expenditure. Are you looking to invest more in commercial resources and will there be a new savings programme that you will discuss to help fund this and drive the margin target? Thanks.

Vivid Sehgal: From a capex perspective, we are going to see a small uplift. If you look at our current profile, we are expecting over the period to have between 5% and 6% capex. That will be front-faced so we are looking to invest capex within the next couple of years. That has been our plan to actually relate to the demand that we are seeing, particularly within new products as well as the growth markets. We are planning to do that capex investment that will be slightly higher in the next couple of years but on average that 5-6% is about right.

In terms of the working capital, this company is very disciplined in working capital. What we will see is a continued focus on working capital and perhaps a bit more stability with Primary Products being a bit more volatile with the corn price that is there. I think it is more of the same, constant discipline of working capital and a focus of disciplined capex with a small step-up at the beginning but one that we will control well.

Nick Hampton: Chris, coming back to your question on the step-up in R&D investment, it is really across three areas. Firstly, increasing the amount of investment we put in to Hoffman, into our ICD innovation centre, so more scientists to accelerate new product development internally. Secondly, focusing on open innovation so finding partners outside the business, increasingly to grow and provide more innovation power in the business. Then thirdly, clearly continuing to invest behind applications, capability to work with customers to provide solutions. That is the flywheel that really drives the growth.

In terms of funding that, the funding comes really from two areas. One is that growth and accelerated growth we have talked about and the margin expansion and secondly, to your point, we will continue with our productivity drive. That is what good companies do. As part of the agreements we made with KPS, we are going to continue the journey to the $150 million we have already announced across the two businesses. Like all companies, we will not stop there as we start to see opportunities arise and get more efficient at what we do.

Chris Pitcher: Thank you. Could I have one follow-up? On the joint venture, there is nothing around change of control or anything to be aware of there, that this transaction has been discussed with your JV partners?

Nick Hampton: No, there is not at all. It is all very straightforward.

Chris Pitcher: Thank you.

Alex Sloane (Barclays): Morning all, two questions from me. Firstly, on the joint venture supply agreements and the 20-year agreements that you have stated are in place, is there an expectation within that agreement that the 75:25 split in terms of supply from assets that you own versus the JV will own will change over time? Can that get to 100% by repurposing Sagamore in time? That is the first question. The second one, on central costs it sounds like that is going to be in the early years a key driver of your margin growth ambition. I wonder if you could frame maybe the context of that in terms of where ultimately central costs, maybe as a percentage of sales, might normalise for the pro forma company? Thanks.

Nick Hampton: Let me take your first question, Alex, on the supply agreements. Obviously, the 75:25 split and how that evolves will depend on where the business grows over time.

There is not a plan to take capacity out of the NewCo sites for the products that are manufactured there. Over time as we think about growing the business both inorganically and organically I would expect the shift to be more towards a higher number made in our own facilities. That is a natural evolution over time as we think about investing in growth but there is no specific target set as part of the supplier agreements. The key is that those agreements are in place to continue to supply the business successfully and economically. Also there is a commitment to invest in capital in the NewCo facilities if that is the right thing for growing the business as well.

Vivid Sehgal: On the central costs you are absolutely right. This is a focus of the company. First of all, Tate & Lyle has a history of optimising cost as well as operating leverage. If you look at our EBIT margins, our return on capital employed a large portion of that is driven by the cost efficiency of this company and that is going to carry on going forward. At this stage, we are not going to give a target but what I will say though is that it is an important focus of the company and we are already on a pathway as part of the blueprint towards separation and the future of Tate & Lyle. We are already looking at that so that is something that is firmly on our minds and we are coming out with that view of reallocating that cost back into the more commercial and R&D. What I can say at this point in time is very strong focus from us on cost, continued focus on EBIT margin expansion and that return on capital employed will be driven largely by both mix as well as cost efficiencies as we go forward.

Alex Sloane: Thank you.

Nick Hampton: Thank you all for joining the call today. In summary, today's announcement represents the start of a new era for Tate & Lyle. We are bringing in a strong partner in KPS to take NewCo forward on the next stage of its growth journey and it also delivers importantly on our long-term strategic ambition to increase our focus on higher-growth Food & Beverage Solutions business. We are really confident about the future of Tate & Lyle as a result and looking forward to completing the transaction over the next six months or so. With that, thank you for your time and I hope you have a good rest of your day.

[END OF TRANSCRIPT]