

Q3 2026 Sales and Revenue Call

Company Participants

- Nick Hampton, Chief Executive
- Sarah Kuijlaars, Chief Financial Officer

Other Participants

- Joan Lim, BNP Paribas Exane
- Karel Zoete, Kepler Cheuvreux
- Lisa De Neve, Morgan Stanley
- Matthew Abraham, Berenberg
- Ranulf Orr, Citi
- Samantha Darbyshire, Goldman Sachs
- Setu Sharda, Barclays

Presentation

Operator

Good morning, and welcome to the Conference Call for Tate & Lyle's Q3 Trading Statement. Your speakers today are Nick Hampton, Chief Executive; and Sarah Kuijlaars, Chief Financial Officer.

I will now hand you over to Nick Hampton for some opening remarks.

Nick Hampton {BIO 18794378 <GO>}

Thank you, operator. Good morning, everyone, and thank you for joining this third quarter conference call. I will start by making a few remarks on our performance and strategic progress, and then we'll open it up to Q&A. Trading in the third quarter was in line with our expectations and consistent with the first half. Our guidance for the full year remains unchanged. On a pro forma basis and in constant currency, revenue was 2% lower in the quarter, reflecting continued muted market demand, with performance in all regions broadly in line with the first half. On a reported basis, which includes CP Kelco from the date of acquisition on the 15 of November 2024, Group revenue was 15% higher. For the nine months to the 31 of December 2025, on a pro forma basis, revenue in the Americas was 2% lower, with modestly higher pricing more than offset by lower volume. In Europe, Middle East and Africa, lower pricing resulted in 5% lower revenue, while in Asia-Pacific, revenue was up 1%, driven by higher volume.

Turning to the renewal of customer framework agreements for the 2026 calendar year, which is well-advanced. With our number one priority returning the business to top-line growth, we have selectively chosen to invest to drive volume and revenue growth. This is the right thing to do for the business, giving us a stronger platform for future growth. And we are pleased with the engagement from customers to our expanded offering. We are making good progress on the series of actions we set out at our interim results to drive top-line growth and improve performance. Let me give you one or two examples of progress. We continue to accelerate the rollout of our solutions chassis program, with a focus on mouthfeel.

We launched two new mouthfeel chassis in the quarter, one to improve the stability of pourable salad dressings, and another to support egg reduction. The level of customer engagement on our enlarged portfolio remains high, with the value of cross-selling opportunities in our new

business pipeline increasing by more than a third in the quarter. Revenue synergies from the CP Kelco combination are growing in line with our expectations. And we remain confident that run rate cost synergies will exceed our target of \$50 million by the end of the 2027 financial year. And finally, our 5-year \$200 million productivity program continues to operate well, with further savings delivered in the quarter.

Overall, then, I am pleased with the progress we are making. There is a real determination and focus across the business to deliver on the actions we are taking. And I am confident that in the near-term, they will improve the top-line performance of the business. We will give you more detail of our progress when we announce our full-year results in May. At that time, as usual, we will also provide guidance for the 2027 financial year.

To conclude, with our leading positions in sweetening, mouthfeel and fortification, we remain well-placed to benefit from the global trends towards healthier and more nutritious food and drink. With the breadth of our portfolio, our formulation expertise, and the targeted investments we are making to accelerate customer wins in key growth areas, we are well-positioned to drive profitable revenue growth over time.

With that, Sarah and I would be happy to take any questions.

Questions And Answers

Operator

(Question And Answer)

Thank you, sir. (Operator Instructions) We will now take our first question from Karel Zoete from Kepler Cheuvreux. Please, go ahead.

Q - Karel Zoete [{BIO 4452327 <GO>}](#)

Yes, good morning, all. Thanks for taking the question. I have two questions. The first one is in regards to the price investment you mentioned to sustain volume growth, or to improve volume growth. Can you bit -- be a bit more specific, which markets you decided to invest and then what that might mean for pricing going forward? And the other question is around fibers. I think more and more evidence or discussions in the public domain about fiber, and that fiber being the new protein, et cetera. What kind of engagement do you see with your customers on the fiber ingredients you sell? Thank you.

A - Nick Hampton [{BIO 18794378 <GO>}](#)

Okay, Karel, let me pick up on the fiber question first. I think it's an important one, and I'll let Sarah handle the selected view on pricing. Look, I mean, fiber clearly is a big global trend. In fact, there was an article yesterday on Bloomberg about fibermaxxing, and we're seeing very encouraging progress with customers on our fiber portfolio, both products going into market, notably in the U.S. market, where in both beverages and dairy, we're seeing fiber fortification as a trend, and increasing the pipeline for fiber is growing. But it's a global trend as well and we're seeing that trend across Europe and Asia, too. And I expect that to continue as we think about the continued desire to create more nutritious processed foods, especially in a world where people have a significant shortfall of fiber in their diets and all of the nutritional trends we're seeing, point towards fiber addition as a strong growth opportunity for us going forward.

A - Sarah Kuijlaars [{BIO 20542857 <GO>}](#)

Thanks, Nick, and Karel, good morning. So, when we think about our framework agreements, I think it's worth taking a step back, and we're all very aware that market demand remains muted. And as we've stated, our number one priority is to deliver the top-line growth, so that's volume and mix-driven top-line growth. So, we've taken the decision to set our business up stronger for the future is that we're selectively investing to drive that volume and the revenue growth. So, if we think about this as, if we're being very selective, so it's by product, by customer, and by region to ensure that we are positioning [ph] ourselves up for that growth, particularly now that we have a broader portfolio following the acquisition of CP Kelco.

Q - Karel Zoete {[BIO 4452327 <GO>](#)}

All right. Thank you.

Operator

Thank you. Our next question is from Ranulf Orr from Citi. Please, go ahead.

Q - Ranulf Orr {[BIO 20313890 <GO>](#)}

Hi, thanks for taking the question. Just one from me. I mean, you talked a bit in the past about the sort of 4Q improvements, can you just provide a bit of an update on that? What's going well and where you have visibility on some of those sort of factors coming through? Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

You mean the fourth -- in the fourth quarter?

Q - Ranulf Orr {[BIO 20313890 <GO>](#)}

Yes, yes.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Yes, I just wanted to get clarity on the question. Look, so -- and I think we're seeing encouraging signs of increased customer engagement on reformulation. It's very clear the sentiment in the market is, my customers at least, increasingly thinking about the need to put price back in to drive momentum. But we're not assuming any improvement in market outlook in the fourth quarter in our underlying guidance for this financial year. What we saw in the third quarter was consistent performance with the first half and very clearly in line with our expectations. And so far, as we've entered the fourth quarter, we've stayed the same. Always as you go from Q3 to Q4 and across a calendar year, you get some kind of pluses and minuses between December and January from a phasing perspective. But we're seeing the kind of customer demand that we would be expecting given the underlying guidance given for this year.

Q - Ranulf Orr {[BIO 20313890 <GO>](#)}

Okay. That's very clear. And just one more, if I may? On the price investments for the year ahead, can you give any kind of quantification or indication of the scale of those maybe in relation to the current year? Thanks.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Look, I mean, I think we haven't finished yet because we're still closing out the renewal of agreements for this calendar year. We'll give you a precise view on that when we get to our May

results as things have settled down. But I think it's fair to say that a little bit more this year than we did this -- in this calendar year than we did in the last calendar year, to ensure that we're really driving momentum with key customers and obviously, offsetting that with real focus on productivity and the benefits of the combination coming through in both cost synergies and the revenue synergies, of course, because let's not forget, this is now the second year of the new business. This is -- and this is the first year we're entering as one combined business.

Operator

Thank you. We'll move to our next question from Joan Lim from BNP Paribas. Please, go ahead.

Q - Joan Lim {[BIO 17002696 <GO>](#)}

Hello. Good morning, all. Quite a few of my questions have been asked, but maybe just could you provide more color on trends by regions and category? Like, for example, which category has been doing well or you're seeing more uptake with customers? So, you mentioned a bit about fiber, is that more driven by innovation in beverages, for example, and supported by GLP-1 users taking more fiber? And my second question is, do you have any indication of how FX will be like for the next year? And lastly, maybe an update on CP Kelco's volume and margin recovery, please? Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Okay. So, let -- let me give you some headlines on the overall shape of what we're seeing in the market, and then maybe Sarah can pick up on the ForEx and the CPK question. I mean, overall, what we saw in the third quarter was quite consistent in the first half. And in the Americas, we're seeing modestly higher pricing, more than offset by lower volume, and that's very consistent with the Nielsen volume data that we saw in the first half, where you saw volume down and value driven by pricing, which was big part of the pass-through tariffs at the time, if you remember, and that's actually pretty consistent. In Europe, volume pretty flattish, volume/mix with the pricing investment driving lower revenue, and then in Asia, encouragingly, some revenue growth driven by higher volume, so some signs of momentum.

I think underlying that, though, is important to say, what we're seeing with customers in terms of trends is some clear benefits of the combination flowing through, so in the quarter, the cross-selling pipeline was up over a third, having been strong at the first half, and we're seeing double-digit growth in our innovation pipeline to customers, and that's driven by some key themes. So, as we've already talked on the call, we're clearly seeing a focus on fiber fortification across many categories, and, Joan, I think it may well be driven by this need for nutritional density, driven by nutritional needs for processed food, and the GLP-1 point you made, we're seeing that especially in beverages and dairy in the U.S. In EMEA, we're seeing dairy and beverages being more resilient, bakery and snacks a bit softer, and in Asia, actually, overall robust category performance. We talked about recovery in China at the half, driven by CPK.

Beyond fiber fortification, the other trends we're seeing is renovation for value, so, cost efficiency and product renovation. We're also seeing continued focus on sugar reduction, and that link to mouthfeel that we talked about at the half, where, as you take sugar out, being able to control the texture and mouthfeel of a product is really important, and that's where the combination is really helping us build a stronger pipeline, which we expect to build as we go into next year.

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Thanks, Nick. And Joan, next question is about ForEx. So, indeed, we saw a headwind of -- in the U.S. in the first nine months, which is approximately 2% to 3% of revenue, and that we expect to continue. That is partly offset by the strength in euro, and remember, with the acquisition of CPK, we now got a broader footprint, so there's also some impact of Brazilian real, Danish kroner, et cetera, but overall, a headwind in sort of the statistics, and then on the top-line, that's a slightly higher impact on EBITDA, given the important contributions from the North American -- the profitable North American [ph] business.

And turning to CPK, so clearly, the integration continues to go well, cost synergies well in hand, and as Nick has spoken about, now, obviously, the attention on the pipeline growth of those cross-sells, and it has been really powerful going into this -- the conversations this year as a combined portfolio, fronting [ph] up the combined commercial staff, really demonstrating the ability and the strengthening capability of the portfolio and the stronger together. It has been very powerful, good to see.

Q - Joan Lim {[BIO 17002696 <GO>](#)}

Very helpful. Thank you.

Operator

Our next question is from Setu Sharda from Barclays. Please, go ahead.

Q - Setu Sharda {[BIO 20963749 <GO>](#)}

Hi. So, my question is on the selective investments. Like, how should we think about the margin impact of these investments as we move into FY '27? Are you viewing this as a one-year reset to drive volume recovery or a more structural change in pricing intensity? And my second question would be regarding like to what extent can be the ongoing productivity program and CP Kelco cost and revenue synergies can offset the margin impact of these investments? Should we expect net margin pressure or stability as we bridge from FY '26 into FY '27?

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Okay. So, I think -- let me start by saying we'll give very clear guidance on fiscal '27 when we get to our full-year results, as we need to complete our planning process for next year and see how trading evolves in quarter one of the calendar year? But the way I think about it is, if you think about the building blocks going to next year, we're clearly -- because of the market demand remain muted and putting some selective investments into price to drive the top-line, both volume and revenue. Alongside that, we've got clear offsets from productivity delivery and accelerating the benefits of the CP Kelco combination. And different to last year, we've also got the benefits of the combination flowing through in terms of the pipeline and the cross-selling opportunities, so to support the framework of renewals. So, we're confident that that builds a strong platform for growth.

Where that leads us to on overall earnings delivery and margins will be much clearer about when we get to the -- get to our full-year results. But the key here is the quality of the portfolio to build a growing pipeline of business for customers. And as we see markets start to improve, and the trends that are -- are fed [ph] from a positioning of the business perspective, we fully expect to drive all those going forward and into the medium-term. And we'll give very clear guidance on the nearer-term when we get to our May results.

Q - Setu Sharda {[BIO 20963749 <GO>](#)}

Thanks for that. Just a follow-up on the fiber thing. Thanks for giving some color on that. So, are you seeing a meaningful increase in customer briefs or RFP activity linked to high-fiber formulations? And how does the current pipeline compare with the time last year?

A - Nick Hampton {[BIO 18794378 <GO>](#)}

So, if you think about our pipeline in the last quarter, it grew double-digit overall. And that is driven by a focus on things like fiber fortification. I think the question always is, at what pace are those pipeline projects converting to innovation in the market? And as you know, we've probably seen -- we haven't really seen an increase in innovation pace yet, but we're anticipating that coming as these projects start to flow through.

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

And Nick, maybe I'd just add, it's not simply just adding fiber to a product. With fiber, you really need the mouthfeel. And that's really where, thanks to our sweet -- sweet sauce [ph], because you really need the appealing mouthfeel food -- for the fortified products to be successful in the market.

Q - Setu Sharda {[BIO 20963749 <GO>](#)}

Thank you. That's quite helpful, yes.

Operator

Thank you. We'll now move to our next question from Samantha Darbyshire from Goldman Sachs. Please, go ahead.

Q - Samantha Darbyshire {[BIO 21449076 <GO>](#)}

Good morning. Thanks for taking my question. I just kind of wanted to talk about some of the themes you're seeing in the market longer-term. So, we had a lot of feedback at CAGNY last week about clean-label reformulation, including away from artificial sweeteners like sucralose and several emulsifiers, some of which I think are in your portfolio. What proportion of products are being reformulated this way? And is the increased customer opportunity that you're seeing with CP Kelco from fortification and protein and fiber, is that enough to offset this headwind? Are you still seeing structural growth in the way that customers are reformulating with your ingredients? Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

So, Samantha, thanks for the question. Look, I mean, all of those trends that we talked about at CAGNY this month, actually play to the reshaping of the portfolio. And I think it's important to say that sucralose clearly is an important part of our portfolio as our artificial sweetener of choice. But it's growing in demand. And we're selling every kilo of sucralose that we can make because it's the best tasting artificial sweetener out there. It's also important to say that if there was a shift away from artificial sweeteners, we've got lots of non-nutritive, natural sweeteners in the portfolio, everything from Stevia, we're the only company with a -- all-Americas supply chain for Stevia, for example, through some monk fruits and allulose. So, we're well-placed for the reformulation to more natural and clean-label. And emulsifiers actually aren't part of our portfolio. We do a lot of replacements of emulsifiers, and that's where the CP Kelco portfolio comes in as well.

So, all of the trends that we're seeing people talk about are the trends we really believe the combination of our three core platforms can help customers with, because that sugar replacement or artificial sweetener replacement that we talked about also comes with a need for mouthfeel modulation, as Sarah just talked about. So, the things that we heard from CAGNY are precisely the reason that we've repositioned the business the way we have done it in the last five years.

Q - Samantha Darbyshire {[BIO 21449076 <GO>](#)}

Thank you.

Operator

We'll now move to our next question from Matthew Abraham from Berenberg. Please, go ahead.

Q - Matthew Abraham {[BIO 22324865 <GO>](#)}

'Morning, all. Thanks for taking my questions. Just first one relates to the fiber fortification services you've touched on. I'm just wondering, if you can provide a sense of the margins from those services relative to the rest of the Group? If fiber demand does accelerate meaningfully, could there be a broader impact on overall Group margins? And then the second question just relates to the price investment commentary that you've provided. Is that a reflection of a perception of improved demand elasticity or is it more a reflection that demand is such that it requires stimulation through price investment? Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

So, on your first question on fiber, our fiber portfolio generates very nice margins for us. And obviously, it depends on a customer-by-customer basis, how much fiber we're using, what other components we're putting in to help with that solution? But I think the key is the fiber fortification trend is driving a solutions model where typically that business is stickier business than good margin business. So, it's certainly helpful in that regard.

In terms of your question on price and price elasticity, we're clearly in a world where consumers are more challenged. Food is 20% to 30% more expensive than it was pre-pandemic because of all of the geopolitical challenges we've seen over the last three or four years. And there clearly is a requirement that some price simulations drive demand. But more importantly for us, we're trying to balance the way we think about growing our business to make sure we're well-positioned for growth through the cycle. And in a cycle where demand is more muted, we want to make sure we're stimulating growth so that we're well-positioned as markets start to improve.

Q - Matthew Abraham {[BIO 22324865 <GO>](#)}

Excellent. Thank you. I'll pass it on.

Operator

Thank you. (Operator Instructions) The next question is from Lisa De Neve from Morgan Stanley. Please, go ahead.

Q - Lisa De Neve {[BIO 21015154 <GO>](#)}

Hi, thank you for taking my questions. I have two. First, can we talk a little bit about what you're seeing in APAC? Various players in this reporting season have noted an improvement in China

specifically, and I believe your sequential local currency growth is modestly better in APAC. So, any color on that would be great. That's one. And secondly, can you provide us a little bit of color on how your raw materials are trending in -- into this year on average? How should we think about the direction for cost input, inflation, or deflation? Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

So, maybe let me pick up the APAC question, Sarah can pick up the input cost one. Look, I mean, we're encouraged by the progress we're seeing in Asia. As you mentioned, we did see some improvements in China in the first half. And that continued through the third quarter. I mean, it's difficult to talk about Asia as one region, because it's actually a vast -- vast, vast area. But we're seeing good progress in China, solid demand in North Asia, across Japan and Korea. And that gives us some encouragement for the future.

And if I look at APAC in the broader sweep [ph], we've grown our business significantly over the last 5 years, where we're now a \$500 million business revenue, when we were around about 105 years ago, and it's a huge growth opportunity for us still, because it's 60% of the world's population and a lot of the trends which we talked about on the call are true in Asia as well. So, the opportunity there is very clear. And the fact that we're starting to see some stability and improvement is very encouraging as we go into the next 12 months.

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Thanks, Nick. And then, Lisa, on the raw materials, I think it's worth reminding you that we've now got a much broader array of raw materials. So, thanks [ph] to CPK, there's not just corn, there's also pectins, there's seaweed, et cetera. And broadly, it's a more benign environment. There's not a strong inflationary push coming through there. So, it's more benign, and we're well-diversified.

Q - Lisa De Neve {[BIO 21015154 <GO>](#)}

Thank you.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

I think it's fair to say we're seeing pretty flat year-on-year costs overall. I mean, with some up -- ups and downs, but nothing significant. So --

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Yes, indeed.

Operator

Thank you. It appears there are currently no further questions in the queue. Well, pardon, we have a follow-up question from Joan Lim from BNP Paribas. Please, go ahead.

Q - Joan Lim {[BIO 17002696 <GO>](#)}

Hello. Sorry, I'm just squeezing in one more question because everyone seems to be asking about margins. Nick, you've historically talked about how important it is to protect unit margins. Has this changed? Are you confident of maintaining unit margins this year?

A - Nick Hampton {[BIO 18794378 <GO>](#)}

No, I think the focus on unit margins hasn't changed at all. I think in the near-term, we're trying to balance all the levers we have to get the business back into top-line growth. And doing that in an environment where market is more -- markets are more sluggish means we're having to make some choices about where we invest and what choices you make? But fundamentally, over time, we expect to focus on maintaining unit margins and using mix to improve margins to the quality of the portfolio. We're in a cycle at the moment where we're having to make some choices.

Q - Joan Lim {[BIO 17002696 <GO>](#)}

Okay. It's reassuring to hear that you're confident of maintaining the unit margins. Thank you very much.

Operator

Thank you. With this, I'd like to hand the call back over to Nick Hampton for any closing remarks.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Thank you, operator, and thank you, everybody, for your questions. So, just to summarize, trading in the third quarter was in line with our expectations and consistent with the first half. And importantly, our guidance for the full year remains unchanged. As we've talked a lot about on the call, our number one priority is returning the business to top-line growth. And we're clear on the actions we're going to take to improve top-line performance of the business in the near-term. We remain focused on top-line growth, execution, and delivering for our customers. So, thank you for your time and questions, and I wish you all a very good day.

Operator

Thank you. This concludes today's conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.

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