

Y 2025 Earnings Call

Company Participants

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

Other Participants

- Antoine Prevot, Analyst, Bank of America
- Chris Pitcher, Analyst, Redburn Atlantic
- Damian McNeela, Analyst, Deutsche Numis
- Fintan Ryan, Analyst, Goodbody
- Karel Zoete, Analyst, Kepler Cheuvreux
- Matthew Webb, Analyst, Investec
- Nicola Tang, Analyst, BNP Paribas Exane

Presentation

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

After five years of virtual presentations, it's great to see you in person today. Thank you for joining us and, of course, to all of you on the webcast. It's been another exciting year for Tate & Lyle and Sarah and I are delighted to present our results for the year ended the 31st of March 2025.

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

The last time I spoke to you, I was only six weeks into this role. Now I've been with Tate & Lyle for more than eight months. I've got to know the business and most importantly, my colleagues much better. Whether it's learning about the complexities of corn wet milling in the US, we're seeing amazing new technology in our labs in Singapore that will change the way we create new products for customers in the future or simply talking to farmers in the vast orange groves of Brazil. It's been a fascinating eight months.

It's clear to me that Tate & Lyle has great people with a real passion for what they do and that growth potential of our business is substantial.

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

We have three key messages we want to share with you today. Firstly, following the combination with CP Kelco, one of the most admired and high-quality businesses in our industry, Tate & Lyle's structural transformation into a growth-focused specialty business is complete. Secondly, we made significant strategic progress during the year while delivering robust financial performance. And thirdly, the potential of our combined business is significant and our focus now is on accelerating top-line growth.

Moving to the first of those three key messages. At every results presentation, over the last seven years, we have shown tangible and consistent progress in the transformation of Tate & Lyle. Through a major restructuring program, of which the combination with CP Kelco is the final piece of the jigsaw puzzle. We have transformed Tate & Lyle into a growth-focused specialty Food and Beverage Solutions business. A forward-looking

business that is dedicated to meeting growing consumer demand for healthier, more nutritious and sustainable food and drink.

If you look over the last five years in particular, every part of our business is transformed. We've transformed our commercial model to focus on consumer categories and solutions to better serve our customers. In doing this, we've more than trebled the number of applications and technical resources working with customers.

We've transformed our focus on innovation. With over \$370 million invested in innovation and solution selling. We've transformed the geographic mix of our business with a much greater presence in the faster-growing markets of Asia Pacific, Middle East and Africa and Latin America. In Asia Pacific, the biggest and fastest-growing region, we have more than doubled revenue to \$500 million. And just as importantly, we've transformed the way we are impacting society.

Through our sweeteners and fibres, we have removed over 40 trillion calories from people's diets over the last five years. Amazingly, that's more than the recommended daily calorie intake of the entire global population.

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

As I've got to know the business, I've seen this transformation with my own eyes. Over this period, the business has demonstrated incredible resilience. We've had to navigate the global pandemic, customer stocking, then destocking, inflation, then deflation and now trade tariffs. Throughout all this, Tate & Lyle has delivered impressive and consistent financial performance.

Over the last five years, revenue is up 7% on a compound annual growth rate basis. EBITDA has grown by 10%. EBITDA margins have expanded by 350 basis points and we've generated more than GBP700 million of free cash flow. In addition, we have returned over GBP1.2 billion to the shareholders by way of dividends and share buybacks.

With that, let's turn to our second key message for today, our robust financial performance. As I talk through these numbers, I will focus on adjusted measures and items with percentage growth are in constant currency unless I indicate otherwise.

I'm pleased to report we delivered what we said we would, robust performance with revenue 5% lower and EBITDA growth of 4%. CP Kelco performed well. On a pro forma basis, for the full year, the business delivered 3% revenue growth and 9% EBITDA growth. Bringing the two together on a pro forma basis, the enlarged Tate & Lyle saw revenue 3% lower and delivered EBITDA growth of 5%. The combined business has an attractive EBITDA margin of 21%.

Turning to the divisional highlights. Revenue in Food and Beverage Solutions was 7% lower. This reflected volume growth of 3% and decreases of 6 percentage points from the pass-through of input cost deflation, 3 percentage points for mix and 1 percentage point of price. EBITDA was 2% higher and EBITDA margin grew by a healthy 200 basis points to 23.1%.

Sucralose had another solid year. Robust customer demand saw revenue up 16% while EBITDA grew 18%. EBITDA margin was up 40 basis points at 31.1%.

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

If I can jump in for a moment just to reflect on the impressive EBITDA margin progression over the last seven years, Food and Beverage Solutions has seen margins increase by 800 basis points, demonstrating the increasingly specialty nature of its portfolio. At the same time, the EBITDA margin of Sucralose has increased from 29% to 31%, delivering consistently attractive returns.

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

Absolutely, Nick. A key driver in our margin expansion has been productivity. And once again, this was a real success story this year. We delivered an excellent \$50 million of productivity savings. \$33 million of this came from operational and supply chain efficiencies, with the remaining \$17 million from strong cost management and SG&A savings. We are now well ahead of the run rate to meet our productivity target of \$150 million in the five years to March 2028.

One of the main drivers of productivity program is our investment in digital enablement, and I want to focus on this in more detail. Last year, in two of our largest plants in the US and the Netherlands, we rolled out new digital tools in two specific areas to improve productivity and efficiency. The first is what we refer to as Intelligent Planning, which is using advanced technology to improve production scheduling and forecasting. The second is Smart Manufacturing, and by that we mean using enhanced data platforms to improve productivity and lower costs.

Our data enablement program has been successful at both sites, with savings in many areas such as yield improvement and reduced downtime. We intend to roll out this program to up to four more plants in the coming year. This will support the continued delivery of our productivity program and, more importantly, further strengthen customer service.

Moving on to CP Kelco, which performed ahead of our expectations. On a pro forma basis for the full financial year, revenue grew by 3%, reflecting 8% higher volume and 5% lower price mix. EBITDA grew by 9%, benefiting from increased operational leverage. EBITDA margin increased by 100 basis points to 17.6% ahead of our acquisition plan. This further reinforces our confidence in its phased margin improvement.

Since the 1st of April, we've been operating as one combined business under a new regional framework of three operating segments: Americas, Europe, Middle East and Africa, and Asia Pacific. This is how we'll be reporting our performance in the future and this slide sets out pro forma financial information under this new framework.

The Americas, including Latin America, is our biggest segment, reflecting the heritage of both businesses. Margins differ between the three segments, reflecting the maturity of their markets and our regional strategies. For example, in Asia Pacific, the future growth opportunities are significant and that is why we'll continue to invest in this region.

Turning now to the enlarged business, which includes the benefit of CP Kelco from its acquisition in mid-November. EBITDA grew by 18% to GBP381 million. Profit before tax was 9% higher at GBP270 million and earnings per share increased by 4% to GBP0.503. As expected, following the CP Kelco acquisition, return on capital employed decreased to 12.8%. I will talk about cash and net debt in more detail shortly.

The adjusted effective tax rate was 22.6%, 150 basis points above the prior year. This was mainly due to CP Kelco's operations being located in higher tax jurisdictions. Including CP

Kelco, in the full year, we expect the adjusted effective tax rate in the 2026 financial year will be in the range of 23% to 25%.

On exceptional items, net pre-tax exceptional charges were GBP96 million. GBP59 million of this relates to the exit from our tapioca facility in Thailand. While tapioca starch remains a key mouthful ingredient in the Asian market, we have concluded that an alternate sourcing model will be better support of long-term growth. Other costs relate to integration, mostly severance costs and restructuring.

Finally, the Board is recommending a final dividend of GBP0.134 per share, bringing the full year dividend to GBP0.198 per share, an increase of 3.7%.

Turning to free cash flow. I'm pleased to report that cash generation was once again strong, with cash conversion at 82%, well ahead of our target. In addition to an increase of GBP53 million of EBITDA, net working capital was GBP1 million better, benefiting from strong performance by standalone Tate & Lyle. Working capital Management is one of the areas we believe we can drive improvement within CP Kelco over time.

Investments in infrastructure, growth capacity and technology led to capital expenditure of GBP121 million or GBP11 million higher. For the 2026 financial year, we expect CapEx will be in the region of GBP120 million to GBP140 million. Net interest was GBP11 million higher, reflecting higher borrowings. Overall then, adjusted free cash flow was GBP190 million, GBP20 million higher.

Our balance sheet remains strong. Net debt at 31 March was GBP961 million with the increase mainly due to the acquisition of CP Kelco. Long-term financing is in place at a competitive mix of floating and fixed interest rate notes, and we have a well-balanced range of debt maturities running out to 2037. We continue to have strong liquidity with access to GBP1 billion through cash in hand and are committed but undrawn revolving credit facility.

Net debt to EBITDA leverage at 31 March was 2.2 times, better than expected when we announced the CP Kelco acquisition. Net debt remains within our 1 to 2.5 times long-term range and we continue to expect to deleverage to the midpoint of this range by the end of 2027 financial year.

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

What's been notable this year is how we have continued to make strategic progress in parallel with the CP Kelco acquisition. Our focus on innovation is unrelenting and once again revenue from new products grew strongly by 9% on a like for like basis. Innovation is a key driver of our ability to provide customers with the solutions they want. More than 60% of revenue from our new business pipeline involves the formulation of one or more of our new products.

Solutions-based revenue from new business wins remained steady at 21%. We are also invested -- we also invested \$80 million in innovation and solution selling. This was to strengthen our capabilities in areas such as sensory and applications, consumer and caspian [ph] sites infrastructure to enhance our customer-facing labs and to develop our solutions chassis program. Over the last three years, we have increased investment in innovation and solution selling by a compound annual growth rate of 5% and this will continue to be an area of focus for us into the future.

During the year, we established three new partnerships to enhance our customer offering and strengthen the resilience of our supply chain. In October, we announced a partnership with Manus, a leading US-based bio alternatives platform, to expand our customer offering for sugar reduction solutions. The first ingredient introduced through this new partnership is stevia Reb M, the highest quality stevia available to the market today.

Manus operates the only large-scale stevia bioconversion facility in the US. Its entire supply chain, from stevia leaf to final product, is within the Americas, providing enhanced supply security. We are seeing strong interest from customers, particularly as the vast majority of stevia leaf globally is sourced from China.

We also entered into two partnerships to provide local supply of food starches in regions where we don't have starch production facilities currently. One is in Brazil to serve customers across Latin America and the other is in China to serve the domestic market. Both these partnerships have started well.

Our predominantly regional production model and agile supply chain means we are well placed to supply our customers around the world. For example, around 90% of our US sales come from products made in the US. However, the imposition of trade tariffs and their associated uncertainty have increased costs for both us and our customers, mainly for products we supply between the US and China. We are working closely with customers in China and across the world to support them as needed.

Given the significant benefits of the combination with CP Kelco, we expect the enlarged Tate & Lyle to deliver an attractive medium-term financial algorithm with annual revenue growth towards the higher end of our 4% to 6% range, EBITDA margin improvements and strong cash generation. While we await further clarification on tariffs, we currently expect that for the year ended the 31st of March 2026 in constant currency and compared to pro forma comparatives, we will deliver revenue growth at or slightly below the bottom of our medium term range with EBITDA growth ahead of revenue, balancing productivity, cost synergies and investment in future growth.

Moving now to the third key message for today, the significant growth potential of the combined business and our focus on accelerating top-line growth.

Before we dive into this, let's cover briefly progress on the CP Kelco integration. So, Sarah, over to you.

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

I've been involved in many integration programs throughout my career. And coming into the company in mid-process, I've been impressed by the attention to detail and the willingness on both sides to get things done well. This is reflected in the strong progress we have made so far. On the 1st of April, we started operating as one combined business. This was made possible by a comprehensive organization design process which every role and its accountabilities have been clearly defined.

We put a real focus on creating a new organization that's simple and agile and containing the very best of both Tate & Lyle and CP Kelco. A huge amount of work has been undertaken to build a common culture. This included interviews, focus groups, surveys involving over 2,000 colleagues across both organisations as well as discussions with our leadership team and the Board.

Brand is a critical part of any company's culture and identity. As part of the integration, we decided to refresh the Tate & Lyle brand to incorporate the best elements of CP Kelco. This brand was launched on the 1st of April and has been well received by employees and customers alike.

We are also seeing high levels of engagement from customers on our combined portfolio and capabilities. Nick will talk more about this later but maybe I can highlight one success. Last month, we had an online Mouthfeel masterclass, a webinar hosted by Food Navigator to showcase the power of our combination. It had a record attendance of over 1,100 people, including many of our key customers. This just shows the strong customer interest and appetite for our new and unique offering.

This positive engagement and our increased customer access gives us confidence that we will deliver our targeted revenue synergies of 10% of CP Kelco's revenue over medium term. On cost synergies, we are already making good progress. We targeted cost synergies of \$50 million by the end of the 2027 financial year. We said we would deliver \$25 million in the 2026 financial year and we are confident we will deliver more than that.

Overall, the integration is going well and it underpins our confidence in the future growth potential of this business.

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

CP Kelco is the perfect fit with Tate & Lyle's growth-focused strategy. As I have said in previous results and Capital Markets Day's presentations, our growth framework is built on four pillars, each focused around the customer. These are: accelerating innovation, building integrated solutions, expanding our portfolio and growing in key markets.

CP Kelco significantly strengthens each of these pillars. It brings unique technical and solutions capabilities and a high-quality portfolio operating within our existing addressable markets. It takes us from having two to seven of the nine main Mouthfeel ingredients used in food and beverage applications, the broadest of any player in the market. It also brings a business with over 45% of its revenue coming from the faster-growing markets of Asia, Middle East and Africa and Latin America.

The addition of CP Kelco's products to our portfolio significantly strengthens our three platforms and our Mouthfeel platform in particular. By combining our texturants with CP Kelco's portfolio of hydrocolloids, we now have a unique technical understanding of how these products work together in a food formulation. The combination has also enhanced the specialty nature of our portfolio with EBITDA margins for our Sweetening, Mouthfeel and Fortification platforms all over 20%.

Our expanded portfolio and technical capabilities are already delivering broader and deeper customer interactions. While it's still early days, progress is very encouraging. Let me give you just a few examples. An existing Tate & Lyle customer in North America had been experiencing challenges stabilizing a new high-protein fruit smoothie. In short, the formula kept curdling. CP Kelco's technical service experts joined our existing team and they introduced a specialty pectin which resolved the customer's formulation issue. This is a great example of the power of the combination and the value it brings to our customers.

A CP Kelco customer in Japan that Tate & Lyle had not worked with before has approached us to reformulate a solution for a dipping source as they want a cleaner label, lower

sugar and fiber fortified solution. They have done this because CP Kelco is a trusted supplier and they can see that the combination provides a much broader offering than before.

To drive new business. We are holding workshops with a number of customers to showcase our expanded portfolio and capabilities. These have been well received. One dairy customer in France is now working with us to develop new solutions for its range of desserts. As from the workshop, they could see that our Mouthfeel capabilities are now the best in the market. Where we have joint customers, the ease of doing business with us has increased significantly. For another dairy customer, this time in the Middle East, CP Kelco and Tate & Lyle has historically provided separate Mouthfeel solutions and worked in separate teams. Now these two teams are combined. The customer is very happy and asking us to design multiple new solutions, expanding our growth opportunities with them.

This increased customer activity gives me real confidence that we will deliver on the benefits of the combination. This confidence is also underpinned by our enlarged portfolio and capabilities being directly aligned to society's most pressing needs. The increase in demand for healthier, more nutritious and more sustainable food is systemic and is not going away.

This demand can only be met by the reformulation of a large part of the food we eat today. By taking out sugar, calories and fats and adding in micronutrients such as fiber and protein. That is exactly what we do. We are experts in reformulating food and drink to improve its nutritional balance. That is why we see the increase in the use of anti-obesity medicine and the debate around ultra-processed food as significant growth opportunities for us.

Let's briefly look at how we can help users of anti-obesity medicine, or AOMs, as they're called. Our portfolio is very well placed to support users before, during and after they take anti-obesity medicine. Our proprietary research shows there are five needs that users must manage across their AOM journey. These are: nutrient density, gut health, satiety, hydration and permissible indulgence. Our portfolio is ideally placed to deliver on all of these consumer needs and we have over 200 solutions available that our customers can use to help AOM users today.

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

This is one of the subjects we will be talking more about at our Capital Markets event on the 1st of July. We will also have a deeper dive on the CP Kelco business and the power of the combination, how Mouthfeel is driving customer solutions and how our enhanced scientific and innovation capabilities are positioning us at the centre of the future of food.

This will be followed two days later by a visit to our pectin facility and labs in Denmark. Nick and I look forward to welcoming you to one or both of those days alongside our broader leadership team.

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

Bringing all this together then the CP Kelco integration is progressing well and we are confident in the delivery of both the cost and revenue synergies. The combination has significantly strengthened the four pillars of our growth framework and enhanced the specialty nature of our portfolio. The combination is also driving broader and deeper

discussions with customers, not least because our enlarged portfolio is directly aligned to addressing many of society's and our customers most pressing challenges. Together, these factors give me confidence that our focus on accelerating top-line growth will be successful.

To conclude, with the transformation complete, Tate & Lyle is now exactly where we want to be, right at the centre of the future of food. Through our leading positions across Sweetening, Mouthfeel and Fortification, we are experts in formulation, making healthy food tastier and tasty food healthier.

As we look ahead, our focus is on delivering the benefits of the CP Kelco combination and accelerating top-line growth. The enlarged Tate & Lyle, with its expanded portfolio, enhanced solution capabilities and greater customer access, has significant growth opportunities and we are confident in the growth potential of our business.

With that, Sarah and I will be happy to take your questions. We will take questions from both the floor and those joining remotely. For the purposes of the recording, please state your name and institution. Can we please have our first question from the floor? Damian?

Questions And Answers

Q - Damian McNeela {[BIO 15992231](#) <GO>}

Thank you. Damian McNeela from Deutsche Numis. Two questions for me, please. Just firstly, I think you've mentioned sort of how the industry is moving, but we've sort of seen with the new US administration some sort of changes in their approach to human health. Can you just talk about whether you're seeing any change from customers in that regard in the near term? And how you feel about the longer-term opportunity arising from that?

And then secondly, sort of on guidance, can you talk about how the growth rate that you've put out there fits in with wider industry growth as you see it, and also some of the particular challenges that you're seeing, which is why you're at the sort of lower end of that sort of 4% to 6% range and then perhaps some granularity on regional growth rates as well, please.

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

Sure. So, let me take the first question and then Sarah and I'll cover the guidance point as well. So I mean, in general, the focus around the world from governments and institutions, and most importantly, in many ways, those who really understand the science behind nutrition, is a positive thing for us. So in principle, we're very supportive of the idea behind making America healthy again. The key is that that's founded in sound science ultimately.

And when you look at the world today and the growing need to feed a growing world population, food demand is going to go up in a world where food has a significant impact on climate change. And processed food has a huge role to play in that as a solution because it improves food safety, it improves the ability to store and ship, it reduces food waste. The key though is to make processed food nutritionally balanced. And that's the opportunity that we see ahead. So all of the focus on improving diets we're hugely supportive of because of all of the challenges we're seeing around the world. And that was part of the logic behind the way we started to reshape the portfolio seven years ago. I mean that trend was existed pre-COVID. There's nothing to suggest that post-COVID or

today that's not going to accelerate over time in a world where, fundamentally, we've got to make more food in the next 50 years because of the growing global population. So making healthier food, making it more -- making it processed in a way that makes it healthy, so it reduces things like food waste, which reduces climate challenge is clearly very important.

So the US drive is an example -- baked-in [ph] example of many drives around the world, right? We've been working with Singapore government on it for a decade already. So we're very positive about that trend as it relates to our business in the near term and going forward. And we see signs of that from customers. I mean, you see customers talking about creating products for consumers on anti-obesity medicine. We see customers increasingly looking to provide more balanced choices for consumers and retailers are playing their part as well. So all of those trends are very clear to see.

In terms of guidance, if you think about the world we're in today, we're in a very cautious customer consumer environment and we said we're going to deliver volume and revenue guidance -- volume and revenue growth together this year. We're somewhat impacted by the current uncertain -- uncertainty around tariffs, but that's manageable. And as with all of the other challenges we faced over the last five years, COVID, macro inflation, destocking, stocking, will manage it well and we've demonstrated the ability to do that and -- with resilience. I think it's very -- what we're saying today is very consistent with the world that we're seeing in food and beverage in general around the world.

To your point about regional differences, are there differences? Yes. There are faster pockets of growth in Asia, for example. But in general, it's a relatively muted demand environment at the moment.

Sarah, would you want to add anything to that?

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

Yes, maybe just to add, so I think indeed, to reiterate, so we're confident we're going to find the volume and revenue growth leading to EBITDA growth. A lot of our supply chain is regional-based, majority is regional-based. But highlighting there is obviously some supply chain between us and China, which will be impacted based on what we know today on tariffs, but the China percentage revenues in about 2%. So, whereas there will be impact, which obviously working super close with our customers to navigate that. There is -- and any -- but any impact is clearly manageable, given we've got such a secure balance sheet to work from.

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

So I think we'll go to -- over here. Chris, sorry, I didn't see your hand.

Q - Chris Pitcher {[BIO 2496733 <GO>](#)}

A couple of questions. I'm sorry, Chris Pitcher from Redburn Atlantic. A couple of questions from me. In terms of the solutions selling and the percentage of revenue of new business wins at 21%, there's quite a big ramp to your target in fiscal '28. Is this dependent upon your customers increasing their rate of innovation, which seems to have slowed in the slower consumer environment? And what does it mean for your margin guidance if you're not hitting that 32% of new business wins?

And then following on for the revenue guidance, you talk about revenue synergies from CP Kelco of 10%. Is there anything in fiscal '26 for that? And how quickly do you think those revenue synergies could scale? Because it works out at sort of an extra point per annum on my calculations. Thanks.

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

So let me take the first question and then you take the question on revenue synergies. Look, solution selling and the proportion of new business coming from solution selling is only one measure of progress in the business and it's important because it demonstrates closeness to our customers. And of course, there has been somewhat of a slowdown in innovation in recent years for all of the factors that we've talked about. So we would like to see that innovation accelerate and we think we will. But this is about the whole portfolio as well. And we're going to continue to focus on that because it's a good measure for us. But it's not the only thing we look at, think about new product revenue being up 9% last year on a like-for-like basis. And the fact that so many of our new business comes from new products, that's a sign of the quality of the portfolio improving as well.

So yeah, of course, we're going to continue to focus on that move towards more solution selling, but we also should manage the whole portfolio. And you sort of seen that in the nature of the financial results right over the last few years. It's a combination of that, the self-help and discipline on productivity, balancing off investment and continuing to drive the growth of the business. So we'll continue to manage all of those factors in concert, working with our customers to help them innovate increasingly and what will be required when you look at some of the trends that we're seeing globally.

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

And then coming back to the revenue, so clearly, the combination is about top-line growth and how it can accelerate our top-line growth. And we remain really confident about that. What's been exciting is, as we come together and some of these workshops, we can see build a pipeline that is taking the strength from the broader portfolio. Clearly, that's going to take time to translate from pipeline into -- to revenue. So that will be back-ended, but we will see single-digit, hopefully, in terms of revenue this year. But then it really starts to ramp up.

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

So we'll take one more question from the room and then we'll go to the first online question and come back to the room.

Q - Fintan Ryan {[BIO 17719503](#) <GO>}

Good morning. Fintan Ryan here from Goodbody. Two questions from me, please. Firstly, in terms of -- I appreciate you've given the guidance at the sort of pro forma group level, but if -- and you are more integrated than you were historically, but on sort of a run rate basis, what would be the EBITDA growth of the sort of the legacy F&BS business in terms of both top line and EBITDA.

And then secondly, just in terms of the free cash generation and sort of the bridge for FY26, can you give some sense in terms of -- you've talked about your CapEx guidance, but what are you guiding towards in terms of maybe synergy implementation costs?

Should we start to see some of the working capital benefits come through already? Just sort of what's the run rate free cash, please?

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

So again, let me take the first question and then Sarah can take the cash flow question. We don't think about the business that way anymore. So you know, we've moved -- from the 1st of April, we've moved to an integrated commercial model on a regional basis. And we -- and as we laid out, say that's how we're going to report. What is very clear when we look at the shape of both businesses is we're expecting to see healthy growth in both. And but -- and we will report on a regional basis going forward rather than separately.

It's actually quite difficult to separate. So how do I define a revenue growth that comes from a solution that's got both products portfolios in it? It's almost too complicated to measure and to be honest, in many ways for us it doesn't matter because it's about the strength of the whole portfolio.

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

And then on cash, obviously, cash delivery remains important. Cash conversion still targeting 75%. Obviously we're going to see some future cash flow coming from the increased EBITDA. We are indeed looking at working capital improvement that is going to take a bit of time as we really get our arms around the whole enlarged business and we might have to take some shorter term measures to ensure we have the right inventory, the right places given the tariff uncertainty. And as you mentioned, we are absolutely managing CapEx tightly. So we intend to see free cash flow grow into FY26.

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

I think, importantly, we're very clearly still seeing getting back into the middle of our leverage range in the timeframe that we talked about.

So I promise I'll come back to the room, but I do want to take the first question from the line, which comes from Karel Zoete at Kepler Cheuvreux. Karel, can you hear me?

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

Yes, very well. So, thanks for taking the questions. I had a question with regards to the improving results at CP Kelco and particularly the volume improvement. Can you speak a bit, which platforms did well and why? Is that the pectin business, the gums business? And the other questions I wanted to ask is more on -- on Asia, how you exit the business in Thailand, but also what you're seeing more broadly in your Asian business? Thanks.

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

Sure. So firstly on CP Kelco improvement. As we had planned, as we put the two businesses together, we saw a return to very robust growth on pectin. As pectin demand recovered and CP Kelco is the number one player, we saw very encouraging growth on gellan gum. So, if you remember, there were some manufacturing challenges, but that's improved as well. And we saw growth on carrageenan and very high growth on citrus fiber actually, from a very low base. So the good news is it's broad-based and it's consistent with what we had looked to do as we put the two businesses together.

If I look at Asia, as we've rethought the whole of our Asia strategy, bringing the two businesses together and we've built a scaled partnership on tapioca in Asia, we felt it better to use that partnership to grow our tapioca business in Asia and therefore, we're shutting down the small factory that we invested in in Thailand. But that tapioca business continues. And in general, in Asia, we saw very encouraging momentum in China last year, returning to volume growth, although China is still muted from a consumer perspective. But in general, Asian economies are relatively positive and we saw good broad-based growth last year and we're hoping to continue that momentum this year.

So, back to the room, maybe. I'll come to you next, Matthew.

Q - Antoine Prevot

Hi. Antoine Prevot, Bank of America. Two questions, please. So one on the cost savings, again, super strong this year. And it looks like next year also looking good from what you're saying. Any maybe upside to the 150 million you were initially seeing, and with CP Kelco now into the mix, do you also see productivity gains beyond the cost savings that could be an upside that?

And second question on FX. Obviously, USD bit weak, a bit of a headwind. Is there any benefits on the financing expense considering most of your debt is in dollar as well?

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

I definitely won't take the second question. I'll leave that for Sarah. On productivity, it's a muscle, right? And we continue to find new ways of generating productivity. The technology-based investment in manufacturing is the latest example and we've only just started on that. I mean, clearly with the broader portfolio in CP Kelco, it gives us more opportunity to think about productivity, not just in terms of synergies between the two businesses structurally, but more to do with the sharing of best practices across both.

So we're very proud of the record on productivity because it enables us to reinvest in the business. It has the double effect of creating funds for investment, which is incredibly important for any business. But we've also got a much broader opportunity now, bringing the two businesses together, very early on. But as Sarah said in the presentation, very confident of the base synergies we're seeing. And as we learn more about the supply chains and the various nuances of the two businesses, there's a big opportunity in sharing best practice that will continue to mine and we will update appropriately as things move forward.

Right, the ForEx question.

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

So obviously based on spot rates today, that does impact our potential results in sterling. So this -- I think Page 36, it's been a popular question this morning. So about 5% strengthening of sterling, you get a 50 million impact on revenue and a GBP50 million impact on your EBITDA. Of course, there are other exposures. We have Brazilian real, Kroner and Euro. It comes back to most of our activity is within region. So there's a opportunity from an operational hedge point of view. Yeah. And then your point about funding, that is again balanced to our footprint. So there might be a slight tailwind, but it's not going to be a big mover.

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

So, Matthew, I promised I'd come to you next, so I will.

Q - Matthew Webb [{BIO 19890601 <GO>}](#)

Yeah. Matthew Webb from Investec. Two questions, please. The first on tariffs. Obviously, you're citing that as a headwind, understandably. Could you just clarify whether that is predominantly the direct impact of those tariffs or whether it's the indirect impact on uncertainty amongst your customers and consumers? And actually, where it is direct, whether you will pass that cost on to your customers or not.

And then the second question, on the relative margins between the various functions, I see the margin on Mouthfeel is significantly lower than on Sweetening and Fortification. I just wondered whether there are any structural reasons why that will continue to be the case, or whether the fact that you're now clearly such a strong player in Mouthfeel, and that's maybe where the most overlap has been, whether that's the function where you'd expect to see the biggest increase in profitability. Thank you.

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

So, on tariffs, primary -- the primarily -- primary axis of uncertainty for us is US-China. And we've said that very clearly and Sarah laid out that earlier, and we're reflecting in our guidance, some uncertainty around that axis and the ability to pass through where necessary tariffs to customers in a disciplined and sensitive way, if you like. So working with customers on it. A bit like we had to do through all of the hyperinflation driven by the Europe -- Euro crisis a few years ago. So it's important that we work with customers to maintain business and also share the cost where appropriate.

In terms of the overall macro environment, I think we're reflecting in our guidance the sense that we're not going to see a massive macro recovery in the near term. And, we'll continue to reevaluate that through the year. It would be foolish of me to say that we've got a precise window on what the future looks like at the moment. But as we sit today, we feel like that's pretty balanced. And as I said, as we've done before, this is an irritation and a challenge that's hit us. But we'll deal with it with agility and resilience as we always have done.

In terms of Mouthfeel margins overall, a little bit lower than the rest of the portfolio, but still very attractive. Let's start with that. I mean, it's a nice problem to have to have that being the lowest of your margins. To a certain extent it reflects the fact that the majority of the CP Kelco portfolio is within Mouthfeel and as you remember, on a recovery path there. And that recovery path is on track and in fact, I think probably slightly ahead of where we thought it would be as we end the year. Because there's no real structural reason why we won't see that improving over time.

So, any other questions in the room? Chris, I'll come back to you.

Q - Chris Pitcher [{BIO 2496733 <GO>}](#)

Yes, Chris Pitcher, again. Just in terms of your medium-term outlook, I'm just intrigued why you peg yourself to margin growth. I mean, even stripping out the sucralose contribution, you're still pretty profitable compared to most of your specialty ingredients peers, and it seems like it's a growth story. In terms of the CPK revenue objective. Why do

you feel the need to grow margins, particularly percentage margins, which are determined by commodity prices a lot of the time? Are we talking unit margin? I just want to get that feel.

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

I mean, ultimately, the most important thing is top-line growth because that fuels everything else. I mean, productivity scale, customer relevance. However, we want to do it in a profitable way as well. That kind of goes without saying. And of course, when we put the two businesses together, we said we were on a margin improvement plan for CP Kelco. But what we won't do is compromise top-line growth because that's the sustainable thing here. And we will manage all of the variables through price mix, productivity, leverage on an annual basis. And then ultimately, the key thing is unit margin, by the way. Because, inflation, deflation, we saw that through COVID, right? So on a product line by product line basis, you'd like to hold or modestly grow unit margins. That's certainly the way I think about how we try and manage the business, but with the laser focus on top-line growth.

So I think we've got a call on the line or question on the line from Nicola Tang at BNP Paribas. Nicola, good morning.

Q - Nicola Tang [{BIO 17400903 <GO>}](#)

Hi. Hi, everyone. Thanks for taking the question. I just wanted to delve a little bit deeper into FBS and the emerging markets. So I was wondering if you could give a bit more color on volume trends in the second half last year? Because I think you had a super strong volume performance in the first half, so it implies a little bit weaker with the second.

And then the second question, just coming back in terms of sort of current volume trends and the impact of tariffs. I was wondering whether you think there could have been any impact in terms of customers sort of re-buying, given the uncertainty. Thanks.

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

So, let me take your second question and then maybe Sarah, you could cover the kind of half one, half two in Asia and kind of the around. I mean, as always, as you close out a year, there are pluses and minuses on volume. We didn't really see anything significant in the last couple of months of the last financial year that would indicate there was any heavy pre-buying from customers. It felt like a pretty normal cycle to us. So, nothing significant, I think, would be the key message. Do you want to take the...

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

Yeah, on the FBS. So, I think indeed, I think what's -- it reminds us that our FBS portfolio is a broad array of many different products to many different customers. So there's a lot of ebb and flow through that period. In H2, for example, was a bit stronger in parts of Latin America but less than maybe North Latin America and Europe, bit slower than North Europe but a bit more activity in the Middle East. So it's a real -- I think for me, it gives the strength of diversification of portfolio of product, but also geography. And that's absolutely -- it's even stronger as we bring the old FBS together with the new combined, including CPK, and then, how are we presenting our array of products to our customers and getting traction there.

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

Any more questions in the room? Okay. We've got no questions online either. So if there are no more questions, just let me finish by reminding you of our three key messages. First, following the combination with CP Kelco, our transformation into a growth-focused specialty business is complete. Second, it's been another strong year with significant strategic progress and robust financial performance. And third, as we said in the Q&A, we're focused on accelerating top-line growth and we see significant opportunities ahead. With that, we're confident in the growth potential of our business.

So thank you for joining us today, both in the room and on the webcast. And Sarah and I, and of course, other members of our leadership team, look forward to seeing many of you at our Capital Markets event in July. Wish you a good day and thank you for being here.

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