

Q3 2025 Sales and Revenue Call

Company Participants

- Anthony Nicholas Hampton "Nick", Chief Executive Officer
- Sarah Kuijlaars, Chief Financial Officer

Other Participants

- Alex Sloane, Analyst, Barclays
- Damian McNeela, Analyst, Deutsche Numis
- Joan Lim, Analyst, BNP Paribas Exane
- Lisa De Neve, Analyst, Morgan Stanley & Co
- Matthew Webb, Analyst, Investec
- Patrick Higgins, Analyst, Goodbody

Presentation

Operator

Good morning and welcome to the conference call for Tate & Lyle's First-Half Pre-closing Statement. Today's call is hosted by Nick Hampton, Chief Executive Officer; and Sarah Kuijlaars, Chief Financial Officer. I will now hand over to Nick Hampton.

Anthony Nicholas Hampton "Nick"

Thank you, operator, and good morning, everyone. Welcome to the conference call. I will make some introductory comments and then Sarah and I will be happy to take your questions. First I want to look at the bigger picture. We continue to make very good progress delivering the benefits of the CP Kelco combination. Customers are increasingly recognizing the strength of our combined portfolio, especially our expertise in mouthfeel. And this is led to a very encouraging early processing successes with the value of the pipeline more than doubling in the last 2 months alone.

The strong interests are combined offering and reformulation expertise is generating with customers, clearly demonstrates the strategic logic of bringing to get Tate & Lyle and CP Kelco together. And reinforces our confidence in the growth potential of the combined business. While the level of customer engagement is high, we are operating in a tough market and have seen a slowdown in demand as the first-half progressed, particularly over the last 2 months, which in turn has slowed our recent performance. We are seeing different dynamics across each region. In the Americas, we expect revenue in the first-half to be slightly lower, reflecting softer consumer demand, notably in North America, still our largest market. In Europe, Middle East and Africa, revenue is expected to be mid-single-digit lower despite slightly higher demands. In Asia Pacific, revenue is expected to be broadly in line after absorbing the impact of tariffs, which we continue to navigate well.

Against this more challenging backdrop, we are accelerating a series of steps to drive delivery of top line growth. These include investing in enhanced customer segmentation, further strengthening our customer facing capabilities such as solution selling, applications and marketing, working even more closely with customers to accelerate innovation through technology and optimizing capacity in a manufacturing network to

accelerate productivity. The margin of the CP Kelco portfolio is expected to improve further in the first half. Planned revenue and hostilities, and delivery of savings from our productivity program remain on track. And demand for sucralose continues to be strong. Overall then for the first half in constant currency and compared to the pro forma comparatives, we now expect group revenue to be 3% to 4 % lower. Reflecting this top line softness, the investments we continue to make to grow, and the planned rating of cost images into the second half, EBITDA in the first half is now expected to be high single digit percent lower. We are providing more detailed updates on the business, and the actions we are taking when we announce half year results on the 6th of November 2025.

Turning to the full year outlook. While they anticipate the near term market demand environment will remain challenging, we expect performance to improve as you move into the fourth quarter. This will be driven by the acceleration of actions we are taking to drive delivery of top line growth and increasing benefits from the CP Kelco combination. Including acceleration in cross-selling, the migration of distribution relationships to a direct service customer model and delivery of cost synergies. Therefore, for the year ending the 31st of March 2026 in constant currency and compared to pro forma comparisons, we now expect revenue and EBITDA to decline by low single digit percent compared to the prior year.

In summary, then in April, we started to operate as one combined business. Since then, we have made real progress setting up the business for future growth, while also operating in a period of considerable economic volatility. The benefits of the combination are clear to see. Looking ahead, the fundamental growth drivers of our business remain strong. Consumer demand for healthcare and more nutritious food and drink continues to grow. And our expertise in food and drink reformulation, and our leading positions across sweetening, mouthfeel and fortification, meaning we are well positioned to capture this growth. Typically, we are determined to accelerate top line growth and are fully focused on successfully delivering the benefits of the CP Kelco combination. With that, I will open up the call for questions.

Questions And Answers

Operator

Thank you, sir. (Operator Instructions) We'll now take our first question from Matthew Webb from Investec. Please go ahead.

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

Thank you. Good morning everyone. I wonder if I could start off by just asking about the split of the revenue decline, both in H1 and expected for the full year between volume and pricing. And I suppose I'm particularly interested in the extent to which the weakness and volume demand has had the knock on effect on pricing and what sort of good competitive behavior has been as well as a result of that weakness? That's my first question.

A - Anthony Nicholas Hampton "Nick"

Okay, Matthew, good morning and thank you for the question. Look, I mean obviously overall we're seeing a lack of consumer cost confidence and sluggish markets and the dynamics across regions are somewhat different. So, in North America we're seeing pretty broad based category softness, fueled by inflation and tariffs, I think. But we're seeing

relatively balance prices -- balance pricing environment so, broadly in line, slightly positive. In Europe as we said when we did our full year results, we consciously invested some price in driving volume momentum. So in Europe we're actually seeing, this slight volume momentum, but some pricing decline. And in Asia we're seeing relatively muted demand with some pricing pressure, especially driven by softness in China.

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

Yeah, got it. Thank you. And then I wonder if you could perhaps try and separate out the impact that tariffs have had here, on the reduced guidance. Is that a big factor and I suppose there, I mean, more about the direct impact of tariffs on you rather than the sort of broader impact of tariffs on consumer demand?

A - Anthony Nicholas Hampton "Nick"

And you're asking the right question, of course. Because the second order impact on consumer confidence is difficult to measure. But clearly, we're seeing that especially in North America. And overall the team is navigating the tariff situation well, given that it's still bumping around a bit, it's relatively uncertain. And we're focused on customer supply security recovery of tariffs where possible and alternative supply routes. So, but if you look at it around the world, we said if the full year that about 2% of our revenue shipped into China was being impacted. There's a little bit going the other way. The other thing that's happened is, the significant imposition of tariffs on Brazil because we ship (Technical Difficulty) out of Brazil into North America. So we think -- and again it's very difficult to be precise when you look at supply routes, probably 3% to 5% of our revenue pre -- any mitigation is being impacted by tariffs because of the flow of goods. As I said, we're mitigating that in various ways. So I think about it in that kind of level.

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

Right. Okay. Thank you. And then sorry, final question. I mean, clearly the deterioration in the market environment, as you said has been a relatively recent thing or at least has become worse of late. And I wonder therefore, how much sort of confidence and visibility you've got in the ability to improve your performance in Q4? Just sort of feels like you're slightly swimming against the tide there. How confident, can you be that we will see that improvement?

A - Anthony Nicholas Hampton "Nick"

So we're not assuming any near-term improvements in the market environment. So, because until we see that then we shouldn't be building that into our assumptions. However, what we are clearly going to see in Q4 is the benefits of the combination starting to flow through. So if you remember, we always said the cross-selling benefits, the distribution to direct benefits would only start to flow towards the end of the year. And we have very clear line of sight to those. And we're also seeing the pipeline building on our solution selling portfolio, because of the benefits of bringing the two portfolios together, so we're really assuming any improvements in quarter four is coming from the benefits of combination flow through more fully and the actions we're taking to accelerate growth regardless of the environment we're operating within.

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

Got it. That's really helpful. Thanks, Nick.

Operator

Thank you. We'll now take our next question from Patrick Higgins from Goodbody. Please go ahead, sir.

Q - Patrick Higgins [{BIO 17720947 <GO>}](#)

Hey, good morning everyone. And couple of questions if I may. And firstly, just in terms of, I guess that innovation pipeline and you touched on it there, Mark, but -- Nick, sorry -- but maybe you could just elaborate, like one of the things we've heard from a lot of customers of yours or peers is, the pipeline and the demand from an innovation perspective, particularly in the U.S. as reformulation really starts to kick in, has never been stronger. So be interested to hear comments on that. And secondly, lot apologies, I didn't hear all of your prepared remarks. But on sucralose and could you maybe just give us a comment on in terms of how that business is trending, and how much of the softness you've called out today is related to that business?

A - Anthony Nicholas Hampton "Nick"

So let me take your second question first on sucralose. We're still seeing very strong demand for Sucralose is what we do. We've talked about this a number of times and we had put simply, we're pretty much selling everything we can make. And whilst there's been some noise on Sucralose in the market recently, we're seeing very strong robust demand and continue to see that, so that's pretty clear.

On your first point, yes, we are seeing strengthening of the pipeline. And a lot of that is to do with the benefits of bringing the combination together as well. I think the question we're still asking ourselves internally is how fast that pipeline converts in an uncertain consumer environment. And because what we're seeing at the moment is, a lot of relative pricing in the market versus innovation. So, the question we can't answer yet is, the pace of conversion of that pipeline that the wind success rate is very good actually. In the pipeline we're looking at. When those products come to market is still less, certain I would say.

Q - Patrick Higgins [{BIO 17720947 <GO>}](#)

Great care. Thank you.

Operator

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

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

Morning. A couple of questions from me please. So, you mentioned you were taking a series of actions with customers. I was wondering if you could help with providing more color as to how the conversations look like? What else you're doing with the customers? So that's my first question. And second question was the categories. In terms of categories, I know you said broad based softness in North America. But I wondered if there were any like beverages or specific categories you could call out, in terms of latest color on market trading? Thank you.

A - Anthony Nicholas Hampton "Nick"

So let me take the first. The second question first. We're actually seeing pretty consistent softness across our key categories currently. I wouldn't call any out specifically and a sort of macro category level, clearly when you go, double click one level below into subcategories, we're seeing more slightly healthier demand for the better for you, type part of the portfolio. But overall net-net, there isn't a significant difference across the core categories that we always talk about serving. And we're obviously continuing to track that closely as we go forward.

In terms of what we're doing, the benefits of the portfolio clearly allow us to think differently about how we serve our customers. And a big part of that is frankly working through which customers we want to double down our efforts on. So, where do we see the most growth and how do we deploy our resources with the right ammunition to accelerate growth with the customers where we see most opportunities, so we're doing a lot of work on segmenting our customers both globally and locally to deploy our resources as effectively as possible. And at the same time making sure that based upon what we're seeing in terms of consumer demand and consumer trends, we're building the ammunition and the solutions focused on those areas of consumer opportunity. And we'll talk more about that when we do our half year results in November.

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

Nick sorry, can I just follow up on that. So you mentioned customers locally and globally. Are you seeing a difference between the local and regional customers and the bigger customers?

A - Anthony Nicholas Hampton "Nick"

I mean, it's always when you go across the world, you see different behaviors. I wouldn't call out a specific trend that's global versus regional, it's just more importantly for us, it's about making sure in each region we're working with the right customers because of how they're building their businesses locally, and that can vary global customer resources regional.

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

Okay. Because, I think that global customers have been losing share to the local and regional who might be growing faster, so I wondered if there were any?

A - Anthony Nicholas Hampton "Nick"

Yes, what's important that we build a balanced focus across all customer types to make sure we're focusing on where we see most growth potential.

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

Okay. And then on your broad based category softness, was it just in North America or was it across regions?

A - Anthony Nicholas Hampton "Nick"

And specifically referencing to North America in the more recent months, I mean we are seeing varying cash and go dynamics across the world. In Latin America, we're seeing

stability in Brazil, some suffers in Mexico. Across Asia, we're seeing relatively muted demand, but there are opportunities in places like health and wellness. In Europe, we're seeing relatively stable demand with opportunities in categories like dairy and clean labels, so the points I made earlier in some ways about customer segmentation, you have to look at it region by region, and get a given surface of where the key trends are.

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

Okay. Thank you very much.

Operator

Thank you. We'll now take our next question from Alex Sloane from Barclays. Please go ahead.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

Yes, hi. Thanks for taking the questions two fromme. One is the follow up, in terms of the assumptions in the second half, it sounds like you're not assuming much in the way of improvement inflection in underlying market conditions from a volume perspective. What are you assuming in terms of the pricing round? So obviously, I guess kind of weaker demand probably doesn't bode that well there. So you -- have you been conservative in your assumptions there? And I guess the -- sort of the overarching question there is, how confident can we be that this kind of one and done? Or is there more risk to the revised full year guidance? And the second question, I think in your prepared remarks you talked about CP Kelco margins moving higher in the first-half, despite, obviously the fact that, the kind of the group's profits are going to be down, high-single digits. So, is it fair to assume that sort of more of this pressure is being felt in the legacy Tate FBS business than CP Kelco? Thank you.

A - Anthony Nicholas Hampton "Nick"

So, on your first question, Alex. And obviously we're very early in the framework agreements we're building for next year customers. And that process will continue through the next few months. We've been relatively conservative in our assumptions for the contracts around at this point in the year. And as always, we'll give you more color on that as the round evolves. On the CP Kelco margin point, yes, we are seeing improvements in the gross margin levels. You have to remember of course that, we're not measuring profit margins separately across the two businesses at the moment because they're integrated. So, to a certain extent, some of the investments are making the business sit alone. the gross margin level, but it would be fair to say that we have seen some pressure on the legacy Tate & Lyle business, especially because of the pricing we chose to put back into the market in the last round.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

Okay, thanks. And maybe just if I can squeeze in one more. Just in terms of the Brazil tariff situation that's obviously kind of relatively newer, I think those kicked in August. Could you give a bit more color in terms of -- or you're mitigating that and more impact that has had? Yeah, I guess what impact you're assuming that has for the full year? Thank you.

A - Anthony Nicholas Hampton "Nick"

So roughly about 1% of our revenue is shipped out of Brazil into North America. We are shifting supply routes to source more out of Europe. Because of course we've got protected manufacturing in Brazil and Europe. And the -- obviously where possible we're passing tariffs through. So we -- we've assumed a rebalancing between Brazil and Europe. And an appropriate level of cost associated with the tariff shipping into the U.S. that's built into the overall solutions we've given you today. Sarah, do you want to add anything to that?

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

No, I think that's absolutely I think, but I think maybe linked to that, as we navigate through tariffs, obviously we are really focusing having the right products for the customer in the right place, which impacts our supply chain and I think that leads to an inventory level which is not yet optimal, and that will come later. But obviously it's that the prime focus is the right customer sorry the right product in the right place for our customers.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

But maybe, sorry, just just one more. Obviously you've done well over the last few years in terms of driving activity savings, if the outlook actually does deteriorate further, is there more you can look at on this front?

A - Anthony Nicholas Hampton "Nick"

We absolutely, we will continue to drive productivity hard as you say, we've got a very successful track record, and the overall the program that we announced a couple of years ago is running ahead of target. So we'll continue to double down our efforts on that. And of course as we learn more about the potential of the combined business, we'll I'm sure unearth more opportunities that will help with building the business.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

Thank you.

Operator

Thank you. We'll now move to our next question from Damian McNeela from Deutsche Numis. Please go ahead.

Q - Damian McNeela {[BIO 23793777 <GO>](#)}

Morning everybody. Few from me please. Firstly, just on the sort of the demand outlook, I think in North America, you're scribing the slowdown to broadly economic factors. Just wondering to what extent do you think GLP and consumers just eating less is impacting this, and how we should think about that, when we think our about our medium term expectations for that business is the first question. Second question is on sucralose. Now I hear what you said around, the sort of current trading of sucralose. But what do you think the risks are around changing regulatory sentiment towards high intensity sweeteners, and how sucralose positions to deal with that? And then I guess the final question is perhaps for you, Sarah, given the sort of downgrades we're sort of looking at today, and the sort of increased talk about destocking across the sector, how should we think about cash generation for the full year?

A - Anthony Nicholas Hampton "Nick"

So, Damian, on the demand outlook, I'll say, I mean the fact that we're seeing here are significant consumer inflation in price in North America. So, if you look at the retail sales data, whilst volume is down, value is up quite significantly and that's always a big driver of relative demand. On GLP-1, no doubt it's changing the way people eat. And as we talked about in our capital markets event a couple of months ago, we see that as an opportunity for reformation over time, because of the need to provide more nutritionally balanced and dense food for those on GLP-1 and then to provide healthcare alternatives when they come off the drug. So, we're looking at through the lens of opportunity and obviously we'll see how that plays out. When I look at the data, it looks like the price inflation is driving a significant piece of the volume softness in the near term.

On your question on sucralose, there's been a continual pressure on high intensity sweetness for a number of years, and we continue to see the demand for sucralose especially, to be very robust in growing across the world. And that's a trend we've seen for the last 10 years. So, we're very confident about the outlook for our sucralose business, especially as we are very focused on customers who really value what we do, and we're capacity constrain at this point. However, were there a decrease in demand behind institutes, that's the power of the overall portfolio, because we have other sweetening solutions in the business that can replace high intensity sweeteners and provide the same kind of impact, all be it that there's often a cost trade off there. So if you take a high intensity speaking out, you've got to put something else in. And our natural sweetener solutions like stevia can really play against that trend should that happen. So I think the portfolio balance here is really important and the way we position our sucralose business is really important when you think about the future.

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

And then Damian, on cash, of course, we continue to focus on cash, and continue to focusing on target cash conversion 75% and the reduction of our leverage. However, as per the one of the earlier answers, we've got to acknowledge that the working capital is going to take a bit of time to be optimized because, given the volatility in the tariff environment that doesn't help optimizing our inventory position at the moment, absolutely, we're focusing on getting inventory in the right place to support the customers. And obviously we'll talk more about where cash lands on November the 6th waffle for H1 results.

Q - Damian McNeela {[BIO 23793777 <GO>](#)}

Okay. Thank you very much both of you..

Operator

Thank you. (Operator Instructions) Another move to our next question from Lisa De Neve from Morgan Stanley. Please go ahead.

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

Hi, good morning. I have two questions and one is a bit of a follow-up on the demand comments you've made. So, can I just ask you to which extent, I mean CPGs are being here much more cautious in their purchases, and are either mimicking the underlying market, or are they actually being a lot more cautious than perhaps the softness we're seeing in

the market? I'm just trying to understand and disentangle what's driving this demand weakness. Because my understanding is, that the North American market and global food and beverage market is trending broadly flattish with CPG, the big ones being down. And I'm just trying to understand, is it just CPGs being even more cautious on their purchases and managing their inventories? Is it specific ingredients that where you see softer demand? I mean would be great to get a little bit more granularity on this? And then secondly is a bit of a follow-up on the forecast question, in the light of this sort of softer year for you. And it's very much across the sector. But just talking about you, I mean, how committed are you to the dividend? Thank you.

A - Anthony Nicholas Hampton "Nick"

So, on your updates on CPG and overall demand, we've clearly seen the decline in volumes in North American retail in the last quarter. So that's a clear trend we're seeing. Whether that's then impacting customers inventory levels and how they think about that is a bit early to tell. But we're certainly seeing a reduction in demand in the near-term. As you rightly correct more broadly across the world, things are relatively more stable, not growth, but stable. Now that's a gross generalization because you have to look market by market, but the thing we've really seen in the recent -- a couple of months or so, is a notable slowdown in North America. On your question on the dividend, the Board has a very clear capital allocation structure, framework and has been committed to a progressive dividend for the last 10 to 15 years. So we're absolutely committed to the dividend and the Board will continue to appraise the capital allocation framework as normal as we go forward.

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

Thank you very much.

Operator

Thank you. It appears there are currently no further questions today. So with this, I'd like to hand the call back over to Nick Hampton for any additional or closing remarks. Over to you, sir.

A - Anthony Nicholas Hampton "Nick"

Thank you, operator, and thank you for your questions. So in summary, we continue to make good progress delivering the benefits of the CP Kelco combination. Customers are increasingly recognizing the strength of our combined portfolio and the cross-selling pipeline has more than doubled in value over the last two months. A slowdown in market demand has impacted our recent performance and we are accelerating actions to drive top line growth. Looking ahead, the fundamental growth of our business remains strong, consumers demand for healthier and more nutritious food and drink continues to grow and our expertise in food and drink reformulation mean we are well positioned to capture this growth. We are determined to accelerate top line growth and are fully focused on successfully delivering the benefits of the combination. Thanks for your time and questions and I wish you all a very good day. Thank you.

Operator

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

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