

## 24 July 2014 – Tate & Lyle PLC

### INTERIM MANAGEMENT STATEMENT

This Interim Management Statement covers the period from 1 April 2014 to 30 June 2014, which is the first quarter of the financial year.

### OPERATING PERFORMANCE

The Group had a challenging first quarter as we dealt with the anticipated impact of the prolonged and severe winter in the US and also an unexpected shut down of our SPLENDA<sup>®1</sup> Sucralose facility in Singapore. These factors, together with the adverse impact of the strength of sterling against the US dollar and other currencies, meant that Group adjusted<sup>2</sup> operating profit for the first quarter was below our expectations. However, overall customer demand remains strong and we continue to expect that the Group's results in constant currency for the financial year will be broadly in line with our expectations when we announced our full-year results in May 2014.

As previously indicated, the first quarter started slowly in the US following the prolonged and severe winter which caused operational difficulties at the corn plants and led us to enter the current financial year with much lower inventories than usual. Although the impact on Bulk Ingredients was less than originally anticipated, it was greater on Speciality Food Ingredients, as we had to balance production to best meet our customers' needs. Inventories continue to re-build and are expected to return to more normal levels in the current quarter.

In Speciality Food Ingredients, we once again delivered good volume growth in the emerging markets although overall growth was held back by the US where, despite firm demand, volumes were only marginally ahead of the comparable period as a result of the supply constraints. The £100 million investment programme announced in May will provide greater flexibility to mitigate this kind of issue in the future.

Volumes for SPLENDA<sup>®</sup> Sucralose in the quarter were slightly lower than we expected predominantly due to a change in a large customer's order pattern. Overall, the sucralose market continues to be competitive and dynamic with the pressure on pricing in line with our expectations.

Following an industrial accident, production at our Singapore facility was temporarily suspended while the local authorities conducted their investigations and remained shut down for a longer period than we originally anticipated. We incurred £3 million of costs to resolve issues caused by this unexpected stoppage. During the quarter there was limited production and customer orders were largely met from inventories. As a result, fixed manufacturing costs of £8 million were expensed and reduced profits for the

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<sup>1</sup> SPLENDA<sup>®</sup> is a trademark of McNeil Nutritionals, LLC.

<sup>2</sup> Before exceptional items and amortisation of acquired intangible assets.

quarter, but these will reverse in the second half of the year. We also brought forward and will extend the running time at our McIntosh facility in the US although this had limited impact in the quarter due to the normal lead times. Both plants are now running with Singapore returning to normal production levels.

As expected, sales in Bulk Ingredients in North America were constrained by entering the financial year with much lower inventories in the US than usual following the prolonged and severe winter. This impacted most product lines, although it was less than originally anticipated, and was also partially mitigated by firmer ethanol margins.

## **DEBT MANAGEMENT AND BALANCE SHEET**

The Group's financial position strengthened during the period. Net debt of £271 million at 30 June 2014 has reduced from £353 million at 31 March 2014, aided by the translation effects of a stronger sterling.

Following the quarter end, we renewed the Group's US\$800 million committed revolving credit facility for a further period of five years.

## **OUTLOOK**

Overall, the Group's full year performance, before the impact of exchange rate movements<sup>3</sup>, is expected to be broadly in line with our previous guidance.

Performance in the first half will be impacted by the supply constraints in the first quarter and the temporary Singapore shut down, while the second half will benefit from the reversal of the Singapore costs. Accordingly, Group profits are expected to be weighted to the second half of the financial year.

The underlying divisional mix of profits in the first quarter is expected to be reflected in the full year and consequently we now expect the performance of Speciality Food Ingredients for the full year to be slightly lower than we anticipated. However, demand continues to be strong and, notwithstanding current market conditions for sucralose, for the full year Speciality Food Ingredients is expected to deliver volume growth above the wider speciality food ingredients market.

## **END**

A conference call will be held today at 7:30am BST, hosted by Javed Ahmed, Chief Executive and Tim Lodge, Chief Financial Officer. Participants are requested to dial in at least 10 minutes before the commencement of the call. Dial in details are as follows:

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<sup>3</sup> The translation of prior period results using actual rates for the quarter to date and rates as at 30 June 2014 (US/ £1.71 and Euro/ £1.25) for the balance of the financial year has the effect of reducing adjusted operating profit for the first half of the year by £17 million and the full year by £24 million.

Standard International Access: +44 (0) 20 3003 2666

Password: Tate & Lyle

UK replay number: +44 (0)20 8196 1998

International replay numbers: <http://www.meetingzone.com/en-GB/replaydialinnumbers.aspx>

Replay access PIN: 4120434

A replay of this call will be available after the end of the live call for 14 days until 7 August 2014.

**For more information contact Tate & Lyle PLC:**

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**About Tate & Lyle:**

Tate & Lyle is a global provider of ingredients and solutions to the food, beverage and other industries, with operations in over 30 locations worldwide.

Tate & Lyle operates through two global divisions, Speciality Food Ingredients and Bulk Ingredients, supported by our Innovation and Commercial Development group. The Group's strategy is to become a leading global provider of Speciality Food Ingredients through a disciplined focus on growth, and by driving Bulk Ingredients for sustained cash generation to fuel this growth.

Speciality Food Ingredients consists of three platforms: Texturants, which includes speciality starches and stabilisers; Sweeteners, which comprises nutritive sweeteners and our range of no-calorie sweeteners including SPLENDA<sup>®</sup> Sucralose; and our Health and Wellness portfolio which includes speciality fibres and our salt-reduction offering. Additionally, our Food Systems business provides a wide variety of blended ingredient solutions.

Tate & Lyle Bulk Ingredients includes bulk sweeteners, industrial starches and fermentation products (primarily acidulants). Corn co-products from both divisions are primarily sold as animal feed.

Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. American Depositary Receipts trade under TATYY. In the year to 31 March 2014, Tate & Lyle sales totalled £3.1 billion. For more information, visit: <http://www.tateandlyle.com>.

SPLENDA® is a trademark of McNeil Nutritionals, LLC.