

## **INTERIM MANAGEMENT STATEMENT**

**23 July 2009 – Tate & Lyle PLC**

### **Chairman's Annual General Meeting and Interim Management Statement**

This Interim Management Statement covers the period from 1 April 2009 to 30 June 2009 which is the first quarter of the financial year.

At the Annual General Meeting of Tate & Lyle PLC, to be held in London today, Sir David Lees, Chairman, will make the following statement<sup>1</sup>:

## **INTERIM MANAGEMENT STATEMENT**

### **SUMMARY**

The Group has made an encouraging start to the financial year. Profit before tax and exceptional items from continuing operations in the first quarter, after the benefit of favourable exchange translation, was in line with the comparative period and ahead of our expectations. Results have continued to benefit from cost reduction measures taken across the business.

In our Food & Industrial Ingredients divisions, demand from food and beverage customers was stable and profits from value added ingredients continued to grow, demonstrating the resilience of this sector. Sucralose traded above our expectations. Demand for industrial starches has remained weak.

Net debt of £1,068 million at 30 June 2009 has reduced from £1,231 million at 31 March 2009. Free Cash Flow from continuing operations was more than £40 million, and there was a material benefit from exchange translation. Capital expenditure was below depreciation, and we have maintained our strong focus on working capital management.

As indicated in the Central section of our announcement made on 28 May 2009, net interest was higher due to an increase in the pension charge and the suspension of the capitalisation of interest at Fort Dodge, although the impact of this on earnings was mitigated by a lower tax rate, principally due to the geographic mix of profits.

As previously communicated in our announcement made on 28 May 2009, we have recognised an exceptional charge related to the decision to mothball the sucralose plant in McIntosh, Alabama. This charge totalled £56 million.

### **DIVISIONAL PERFORMANCE**

At **Food & Industrial Ingredients, Americas**, performance was marginally below the level of the comparative period, with lower income from co-product sales partially offset by the favourable impact of exchange translation. Co-product sales remain under pressure from lower cereal prices, reduced demand from the US livestock sector and weaker US export markets.

At **Food & Industrial Ingredients, Europe**, profits were above the comparative period and continued to benefit from lower net corn costs.

**Sugars** performed ahead of expectations, but below the level of the comparative period. As anticipated, profits from molasses were below the exceptional levels achieved in the comparative period, as global cereal prices have reduced from the levels experienced during the second half of calendar year 2008.

The strong volume growth we have seen at **Sucralose** since the start of the calendar year continued, and the business achieved operating profits ahead of the comparative period. The process of mothballing the McIntosh plant is proceeding ahead of schedule.

## **OUTLOOK**

In the current economic environment, visibility remains limited to the short term, although the year has started better than we had anticipated, and demand from food and beverage customers remains resilient.

Looking ahead, we continue to anticipate a satisfactory performance in the second quarter, although the results are not expected to match those of the corresponding period which benefited from strong co-product revenues during the commodity price peak of summer 2008.<sup>2</sup>

Balance Sheet management remains our top priority and the results of our initiatives in this area are encouraging.

## **Footnotes**

<sup>1</sup> The text of the Chairman's Annual General Meeting speech will be posted on the Company's website, [www.tateandlyle.com](http://www.tateandlyle.com)

<sup>2</sup> Corn prices in the US saw an unprecedented spike in the 2008 calendar year, reaching almost US\$8 per bushel in July 2008. Corn co-product prices also peaked during the third quarter of the 2008 calendar year. However, the subsequent fall in corn and soy prices resulted in corresponding price declines for corn gluten feed and meal, and corn oil. Crude oil prices peaked at almost US\$150 per barrel in July 2008, but fell rapidly to below US\$40 per barrel during the second half of the 2008 calendar year.

## **END**

A conference call will be held today at 8.00am BST, hosted by Iain Ferguson, Chief Executive and Tim Lodge, Group Finance Director. Participants are requested to dial in at least 5 minutes before the commencement of the call. Dial in details are as follows:

Participant dial in number: +44 (0) 1452 555 566  
Conference ID: 16607473

Replay dial in number: +44 (0) 1452 55 00 00  
Replay passcode: 16607473#

A replay of this call will be available from two hours after the end of the live call for 7 days until 29 July 2009.

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

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**About Tate & Lyle**

Tate & Lyle is a world-leading renewable food and industrial ingredients company, serving a global market from more than 45 production facilities throughout the Americas, Europe and South East Asia. Our efficient, large-scale manufacturing plants turn agricultural products, corn and cane sugar, into valuable ingredients for our customers. These ingredients add taste, texture, nutrition and increased functionality to products that millions of people around the world use or consume every day.

Tate & Lyle's range of leading branded food ingredients includes SPLENDA® Sucralose, PROMITOR™ Dietary Fiber, STA-LITE® Polydextrose, Tate & Lyle Fairtrade Sugar and Lyle's Golden Syrup. Tate & Lyle also produces branded industrial ingredients including Bio-PDO™, Ethylex® and Sta-Lok® paper starches; and staple ingredients such as high fructose corn syrup, sugar, ethanol, citric acid and basic starches. In addition to providing a wide range of ingredients our expert sales and product applications teams support customers by providing technical advice and proprietary consumer insight studies.

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 2009, Tate & Lyle employed 5,718 people in its subsidiaries and joint ventures, and sales totalled £3.55 billion. <http://www.tateandlyle.com>.

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