



**RESULTS FOR THE  
YEAR ENDED 31 MARCH 2017**



## Cautionary Statement

This presentation for the Full Year Results for the year ended 31 March 2017 contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

# Agenda

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Overview

Javed Ahmed

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Financial Review and Outlook

Nick Hampton

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Business Update

Javed Ahmed

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# Overview: Year of strong progress and delivery

## Commercial

- Speciality Food Ingredients performed well
- Particularly strong year for Bulk Ingredients

## Operational

- Very good performance across manufacturing network
- Continued strengthening of customer-facing capabilities

## Financial

- Strong cash generation
- Balance sheet flexibility

Final dividend maintained at 19.8 pence per share, continuing to build cover





**FINANCIAL REVIEW AND OUTLOOK**  
Nick Hampton, Chief Financial Officer

**TATE & LYLE**

# Financial Highlights

## Year ended 31 March 2017

Sales

£2.8bn

+2%

Adjusted profit before tax

£271m

+20%

Adjusted diluted EPS

47.1p

+16%

Adjusted free cash flow

£174m

+£121m

Net debt

£452m

up £18m

Return on Capital Employed

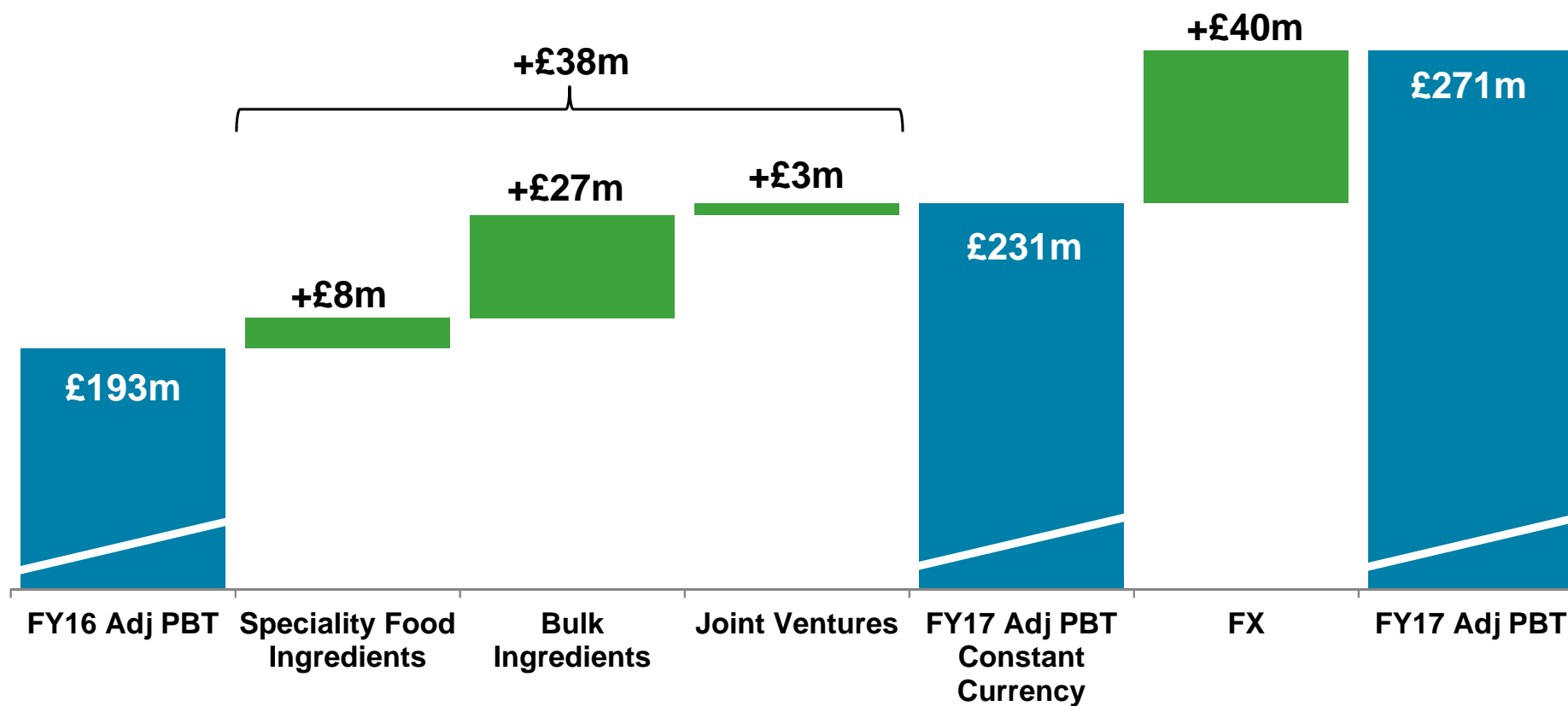
14.3%

+300bps

Adjusted results and a number of other terms and performance measures used in this document are not directly defined within accounting standards. We have provided descriptions of the various metrics and their reconciliation to the most directly comparable measures reported in accordance with IFRS, and the calculation where relevant of any ratios, in Note 3 of the Statement of Full Year Results for the year ended 31 March 2017 available on the Company's website. Percentage changes are in constant currency.

# Adjusted Profit Before Tax Analysis

## Year ended 31 March 2017



See descriptions of adjusted results in Note 3 of Statement of Full Year Results for year ended 31 March 2017 available on Company website

# Speciality Food Ingredients

## Year ended 31 March 2017

Volume

+1%

Sales

£996m

-3%\*

Adjusted operating profit

£181m

+5%\*

Adjusted operating margin

18.2%

+150bps

- 8%\* adjusted operating profit growth in core business and improved margins (volume +2%)
- North America volume 3% lower driven by softer demand from some larger customers
- Asia Pacific and Latin America volume +2% despite lower sweetener demand in Japan
- Europe, Middle East and Africa volume +14% benefitting from Slovakian acquisition
- New product sales increased to US\$105m

See descriptions of adjusted results in Note 3 of the Statement of Full Year Results for year ended 31 March 2017 available on Company's website

\* Percentage changes in constant currency



# Food Systems

## Challenging year

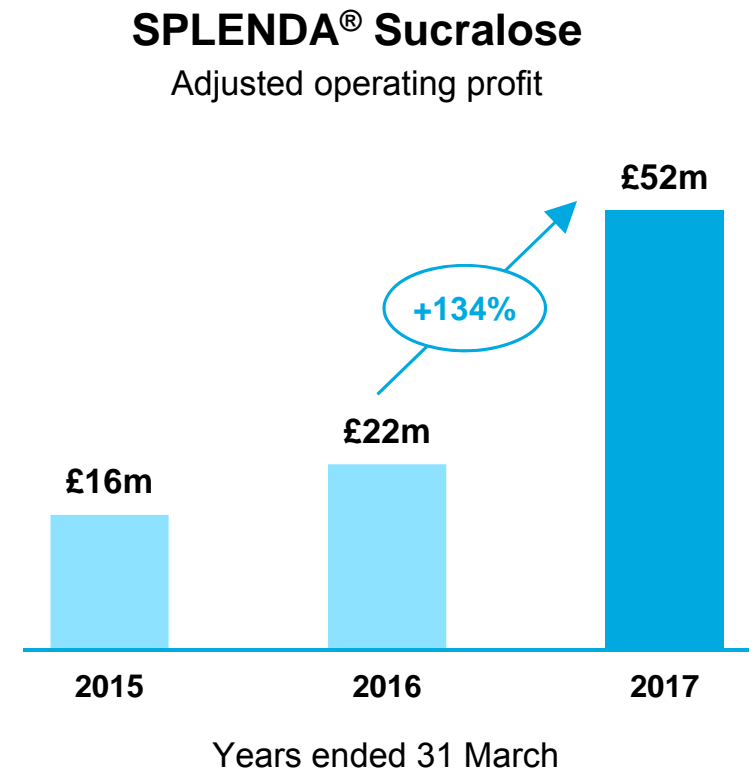
- Adjusted operating profit of £4m; £19m lower
- Volume 8% lower
- Weak performance in Europe
  - Consolidation of blending sites impacted sales
  - Credit issue restricted access to Russian market
- Restructured approach to market in China
- Impairment of investment in Gemacom

## Actions

- Completed consolidation of European blending sites
- Site in Germany focused on applications and solutions development for customers
- Russian market re-opening
- Building direct go-to-market model in China
- Adding resources to develop Gemacom business across Latin America

# SPLENDA® Sucralose

- Business repositioned
  - Rigorous value-based strategy
  - Transitioned to single production facility
  - Good customer engagement
- More focused, low-cost and sustainable business
- Adjusted operating profit of £52m
  - Better than expected pricing
  - Sale of excess inventory in H1
  - Benefit of lower costs in H2



# Bulk Ingredients

## Year ended 31 March 2017

Volume

+3%

Adjusted operating profit  
for Core business

£121m

+£28m

Adjusted operating profit  
for Commodities

£8m

+£17m

Adjusted operating margin

7.3%

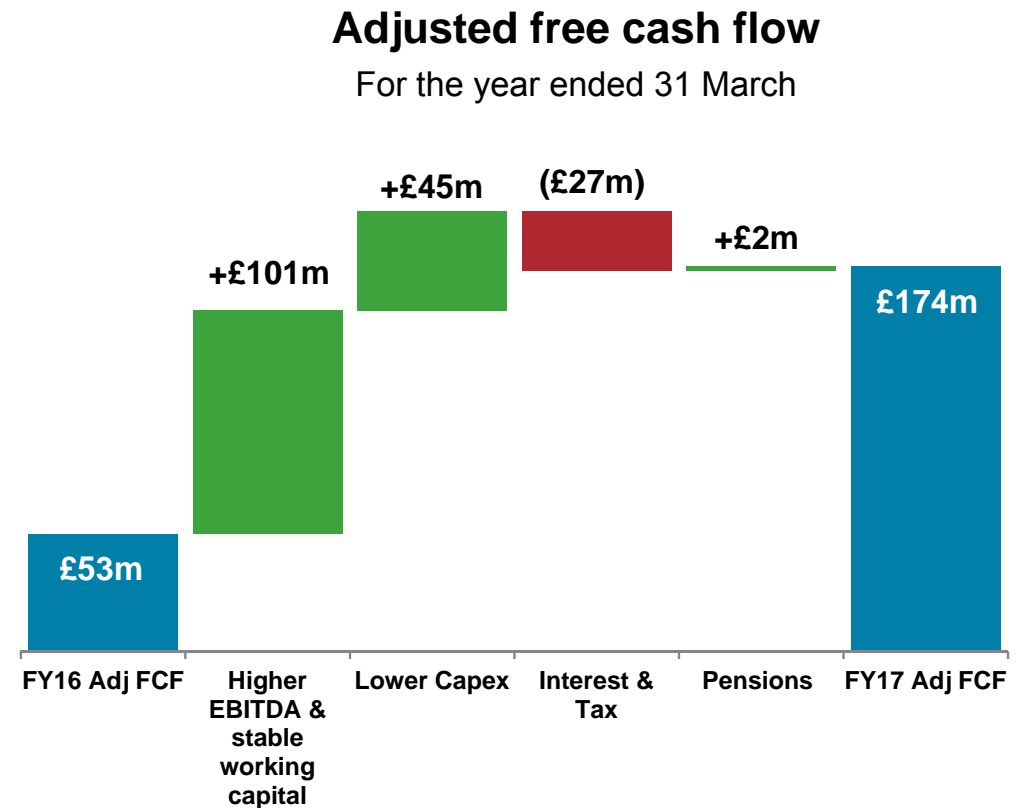
+150bps

- Strong commercial execution and manufacturing performance
- Improved margins supported by low input costs
- Good sweetener demand and mix improvement
- 3% volume growth in industrial starch
- Relatively stable commodity markets

See descriptions of adjusted results in Note 3 of Statement of Full Year Results for year ended 31 March 2017 available on Company website

# Cash Flow

- Improved operating cash flows
  - Higher operating profits in both divisions
  - Disciplined working capital management
  - Foreign currency translation benefit
- Capital expenditure £153m
- Higher cash tax
- Improved cash dividend cover (1.3x)
- Net debt increased slightly to £452m



See descriptions of adjusted results in Note 3 of Statement of Full Year Results for year ended 31 March 2017 available on Company website

# Taxation

## Full year adjusted effective tax rate (ETR) 18.2%

- Evolving tax legislation in US and UK
- Reported tax rate credit of 9.6% driven by deferred tax credits:
  - £34m: recognition of UK tax losses relating to internal financing arrangements
  - £31m: future tax benefits from transfer of Sucralose intellectual property assets
- Guidance
  - Based on current legislation estimate 2018 adjusted ETR in the range of 21% to 24%
  - Changes in legislation will determine ETR beyond 2018
- Cash tax and accounting tax rates expected to align over time



# Summary and Outlook

## Financial

- Significant profit and margin progression
- Excellent cash generation
- Strong balance sheet

## Operational

- Stronger commercial execution
- Good global supply chain performance
- Sharp focus on operational efficiency

## Outlook

We are confident the Group will continue to make underlying progress in the 2018 financial year



**BUSINESS UPDATE**  
Javed Ahmed, Chief Executive

# Year of strong progress and delivery

## Speciality Food ingredients



- Core margin progression
- Growth in emerging markets
- New product momentum
- Sucralose progress

### More work to do

- North America volume
- Food Systems

## Bulk Ingredients



- Strong performance in core
- Good commercial execution
- Operational efficiency
- Improved commodities

### More work to do

- Drive further operational efficiencies

# Speciality Food Ingredients: North America

## Strong underlying business

- Long-standing customer base
- Market-leading positions
- Deep category understanding
- Strong technical expertise

## Two key challenges

### 1) Market dynamics

- Volume in US Food & Beverage market flat year-on-year

### 2) Business mix

- Larger FMCG companies experiencing consumption softness
- Represent significant proportion of customer base



# Speciality Food Ingredients: North America

## Targeting higher growth sub-categories

### Health & Nutrition sub-categories

Speciality Food Ingredients North America  
volume growth in year ended 31 March 2017



Energy and  
nutrition bars

**+9%**



Meal replacements  
and supplements

**+12%**

## Strengthening customer-facing capabilities

### Selectively investing to accelerate progress



- Sales
- Applications development



- Technical service
- Nutrition expertise



# Speciality Food Ingredients: Emerging Markets

- Regions of increasing scale and presence
- Good growth across Asia Pacific other than Japan
  - Double digit volume growth in China
- Double digit volume growth in Latin America
  - Good performance from sweeteners and fibres
- High quality business mix with new products comprising a relatively higher percentage of sales

## Asia Pacific and Latin America Compound Annual Growth Rate FY11-17<sup>1</sup>



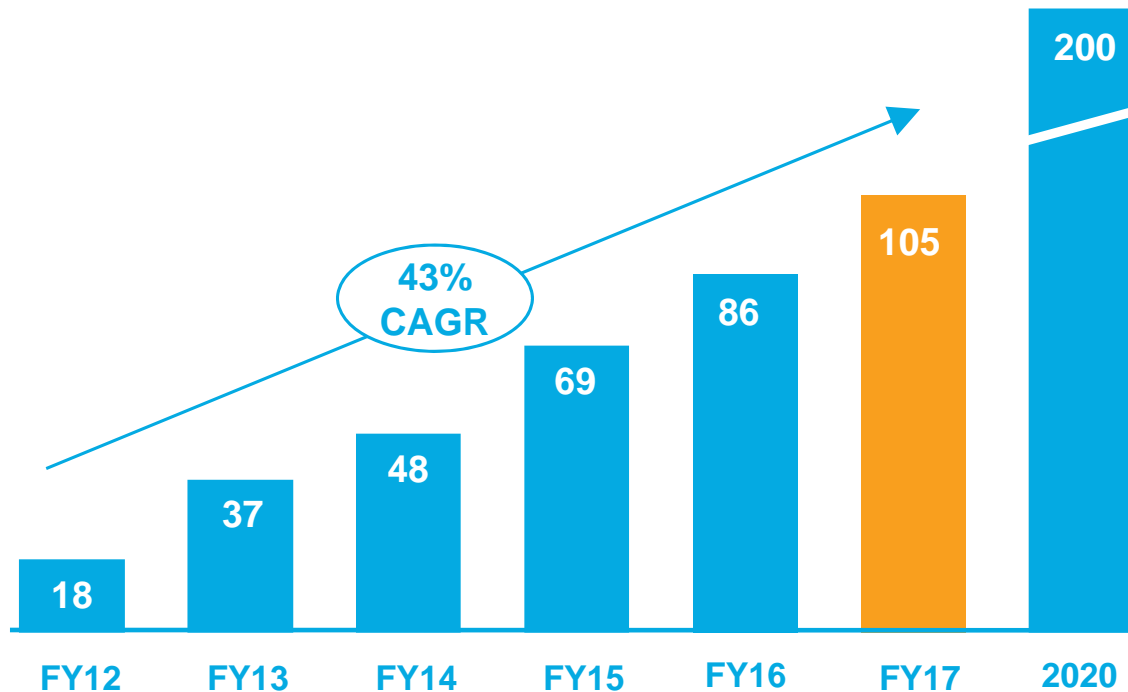
**+14%**  
Sales



**+54%**  
Adjusted  
operating profit

# New Products: Continued momentum

Sales growth from New Products (US\$m)<sup>1</sup>



- Growth across all three platforms
- Expanding product families
  - Non-GMO Starches
  - CLARIA<sup>®</sup> Bliss<sup>2</sup>
  - MULTIVANTAGE<sup>®</sup> Syrup
  - Crystalline DOLCIA PRIMA<sup>®</sup> Allulose
- Enhanced stevia portfolio through new exclusive distribution agreement with Sweet Green Fields
- Strong project pipeline

<sup>1</sup> New Products' are products in the first 7 years after launch

<sup>2</sup> CLARIA<sup>®</sup> Bliss was previously called CLARIA<sup>®</sup> Delight outside of the European Union

# Bulk Ingredients: Relatively stable market dynamics

## Supply/Demand

- US corn wet milling industry well-balanced
- Regular CSD consumption relatively stable
- Steady demand for paper and board

## Inputs

- Low/stable corn prices after recent good harvests
- Relatively stable commodities environment

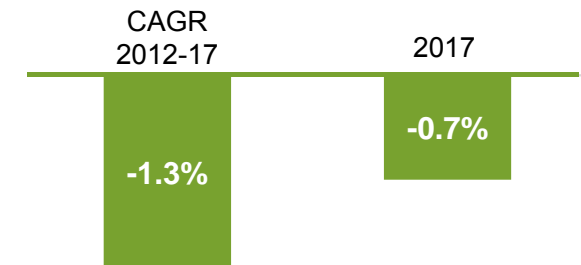
## Other factors

- North American Free Trade Agreement (NAFTA)

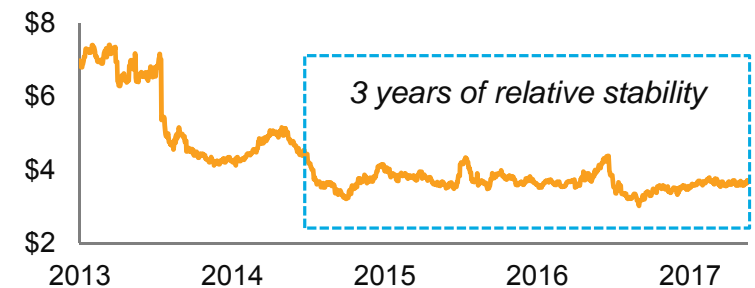
1 Source: IRI, Total US - Multi Outlet and Convenience stores

2 Source: Bloomberg

## US regular carbonated soft drinks Sales volume change (%) (Years to 31 March)<sup>1</sup>



## US corn price (US\$/bu) January 2013 to May 2017<sup>2</sup>



# Bulk Ingredients: Steady earnings delivery from core business

- Refined operating model with greater focus on
  - End-markets
  - Product mix and margin management
- Continuous improvement programme
- Investments in manufacturing efficiency
  - Co-generation facility in Loudon, Tennessee



## 2020 Ambition

**70% of Group profits from  
Speciality Food Ingredients<sup>1</sup>**

Year to 31 March 2017

**54%**

**30% of SFI sales from Asia  
Pacific and Latin America<sup>2</sup>**

Year to 31 March 2017

**23%**

**US\$200m sales contribution  
from New Products<sup>3</sup>**

Year to 31 March 2017

**US\$105m**

- Speciality Food Ingredients broadly in line with expectations, Bulk Ingredients well ahead
- Continued good progress in emerging markets
- Strong growth trajectory of new products

<sup>1</sup> Speciality Food Ingredients (SFI) profit includes SFI share of profit after tax of joint ventures and associates, Group profit is before Central costs and interest, but includes share of profit after tax of joint ventures and associates.

<sup>2</sup> Excluding SPLENDA® Sucralose and Food Systems.

<sup>3</sup> New Products' are products in the first 7 years after launch



# Conclusion

## Strong performance

- Both business divisions performed well
- Good growth trajectory of new products and in emerging markets
- Excellent cash generation

## Clear priorities

- Speciality Food Ingredients growth, including
  - North America volume
  - Food Systems
- Steady earnings from core Bulk Ingredients
- Operational discipline and cash generation

**Entering the 2018 financial year a stronger company**



**QUESTIONS**

# APPENDICES

## APPENDIX: Reconciliation of alternative performance measures

The following table shows the reconciliation of the key alternative performance measures to the most directly comparable measures reported in accordance with IFRS. Further detail can be found in note 3 of the accompanying Statement of Full Year Results.

£m unless otherwise stated	Year ended 31 March 2017			Year ended 31 March 2016		
	IFRS Reported	Adjusting items	Adjusted Reported	IFRS Reported	Adjusting items	Adjusted Reported
<b>Continuing operations</b>						
Sales	2 753	–	2 753	2 355	–	2 355
Operating profit	233	31	264	127	61	188
Net finance expense	(32)	7	(25)	(29)	6	(23)
Share of profit after tax of joint ventures and associates	32	–	32	28	–	28
Profit before tax	233	38	271	126	67	193
Income tax credit/(expense)	22	(71)	(49)	(5)	(27)	(32)
Non-controlling interests	–	–	–	–	–	–
Profit attributable to owners of the Company	255	(33)	222	121	40	161
Basic earnings per share (pence)	55.0p	(7.2p)	47.8p	26.1p	8.6p	34.7p
Diluted earnings per share (pence)	54.2p	(7.1p)	47.1p	25.9p	8.6p	34.5p
Effective tax rate	(9.6%)		18.2%	4.0%		16.5%