

## Tate & Lyle – Deutsche Bank conference 12 June 2013, Paris

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# Agenda

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- Business transformation and strategy
- Progress over last 12 months
- Outlook for FY2014

# Business transformation set out three years ago...

**High quality assets  
and leading positions in a  
number of markets**

**BUT**

**Strategic, operational and  
organisational  
challenges**

**Need for a clear, focused strategy**

**Need for a relevant operating model, disciplines and capabilities**

**Need to create a platform for sustainable, long-term growth**



## **Focus**

**Where should we focus?**

**Why should we focus  
there?**

**What should we move away  
from?**

## **Fix**

**Operating model**

**Operating disciplines and  
processes**

**Culture and capabilities**

## **Grow**

**Innovation**

**Customer engagement**

**New markets**

## ...foundations for long-term growth are largely in place

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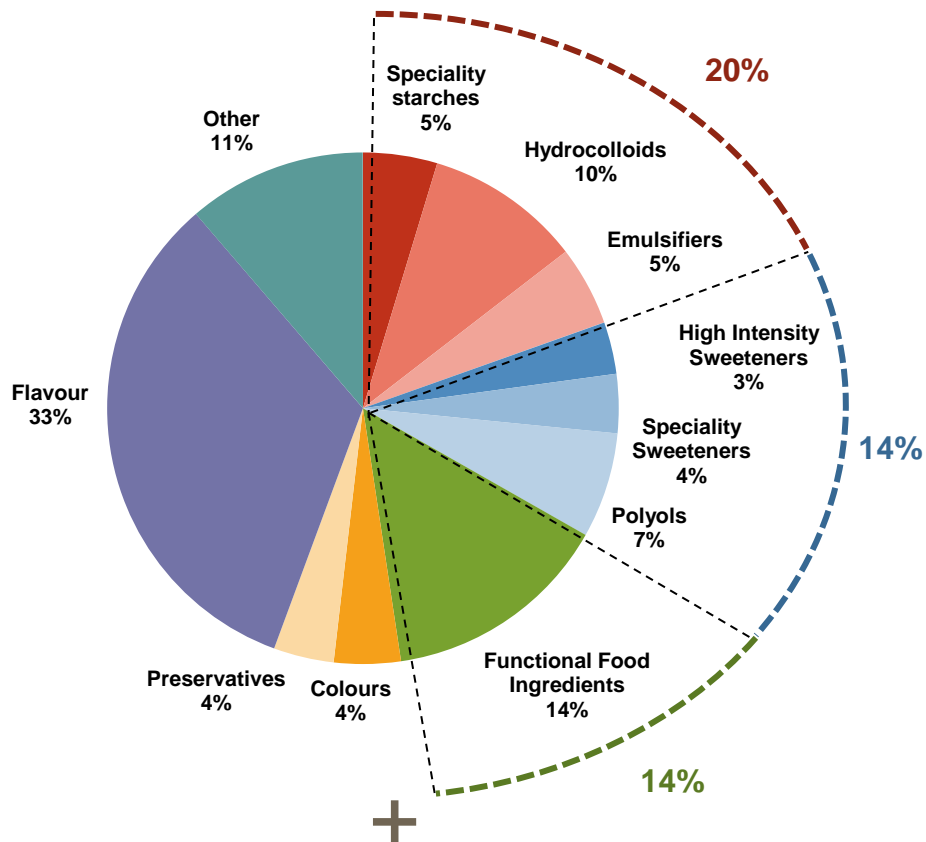
- Clear strategy to grow Speciality Food Ingredients division ✓
- Strong foundations laid for long-term growth:
  - Global operating model ✓
  - Innovation capabilities ✓
  - Organisational strengthening ✓
  - Emerging markets organisation ✓
- Some elements still work in progress:
  - Global IS/IT platform rolled out in Europe *Work in progress*
  - Developing a single global performance culture *Work in progress*



***Attention now turning towards execution of growth initiatives***

# Growth in speciality food ingredients through focus and depth

Global Speciality Food Ingredients Market  
c.US\$35 billion<sup>(1)</sup> growing at ~ 5% per annum



Global Food Systems market where multiple single ingredients are combined to make customised blends

## Where does Tate & Lyle play?

### Texturants

- Speciality food starches
- Dairy stabilisers

### Sweeteners

- SPLENDA® Sucralose
- Speciality corn-based sweeteners
- PUREFRUIT™
- TASTEVA™

### Health & Wellness

- Soluble corn fibre
- Polydextrose
- Oat beta-glucan
- SODA-LO™

# These platforms address strong, underlying consumer trends

## Convenience



24/7 lifestyles increasing demand for processed foods

## Health and Wellness



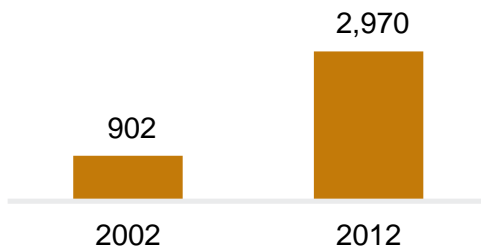
Greater understanding of the link between diet and health

## Natural

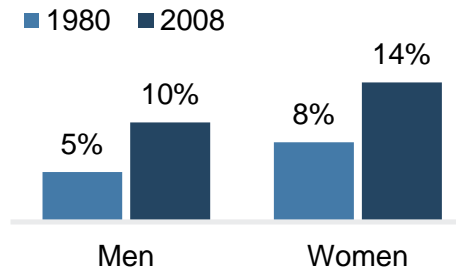


Trend towards natural, 'cleaner label' foods

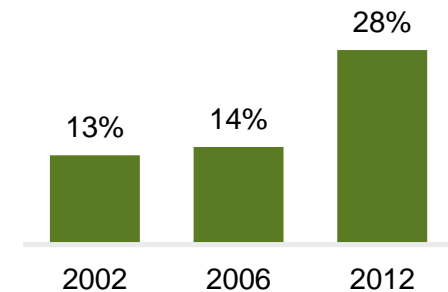
Convenience product launches in North America<sup>(1)</sup> per year



Global population who are obese<sup>(2)</sup>



Product launches in Western Europe labelled as 'natural'<sup>(3,4)</sup>



Sources: World Health Organisation, GNPD Mintel

(1) Includes microwaveable, on-the-go and time-saving/speedy products; (2) Obesity measured as BMI > 30; (3) Food and drink products claiming to be "natural" or "all natural" as a proportion of all food and drink product launches; (4) 'Western Europe' includes Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK

# Growth in speciality food ingredients through three main sources

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## ***Grow Speciality Food Ingredients***



### **Customer**

- Closer interaction and collaboration
- Deeper understanding and analysis

### **Innovation**

- Right operating model, skills and processes
- Focus resources/expertise on three platforms

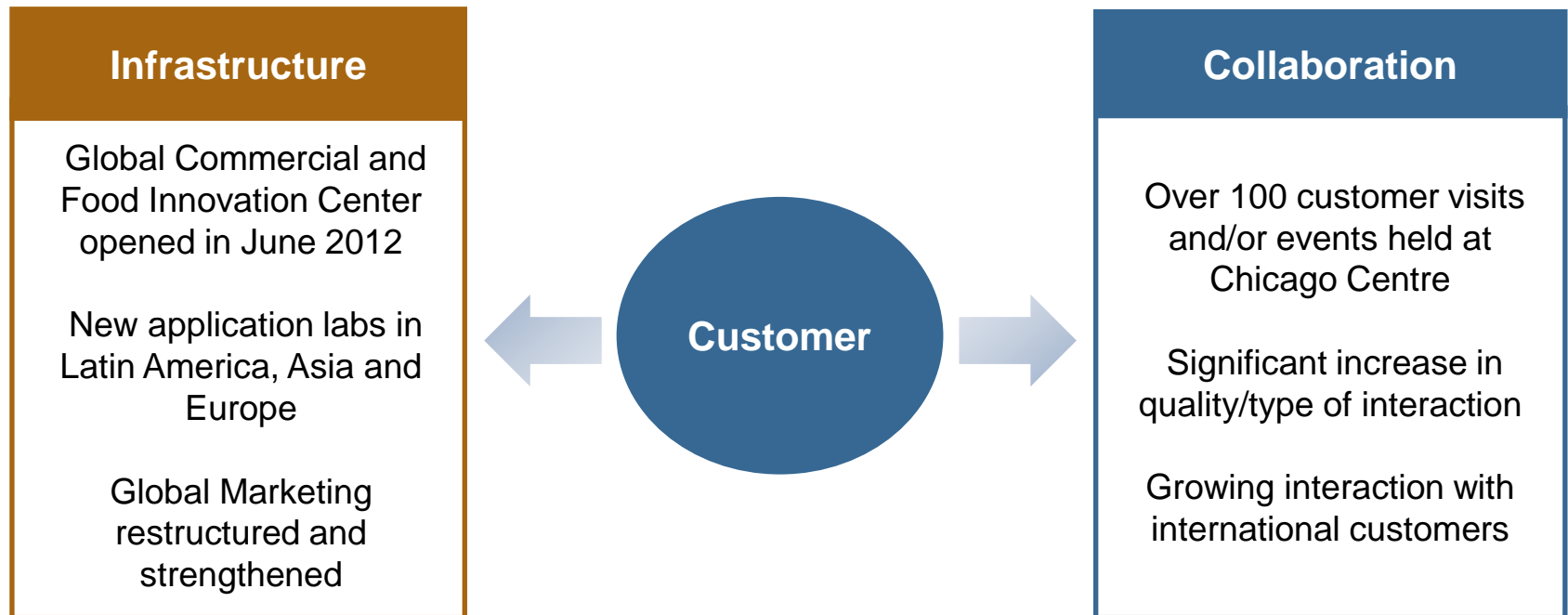
### **New markets**

- Build infrastructure and presence
- Strengthen capabilities and go-to-market

# Focus on the customer

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## Progress in last 12 months





# Focus on innovation

## Progress in last 12 months

### New products

- 6 new products launched from pipeline, including TASTEVA® Stevia Sweetener and SODA-LO® Salt Microspheres



### Open Innovation

- Development agreements signed with two University spin-offs for early stage technologies:
  - Nandi Proteins
  - Eminate (sodium bicarbonate)
- Open Innovation web portal established

### Tate & Lyle Ventures

- New £30 million venture capital fund launched on 1 January 2013
- To invest in early stage businesses covering:
  - Food science and enabling technologies
  - Developed and emerging markets

In-house

External

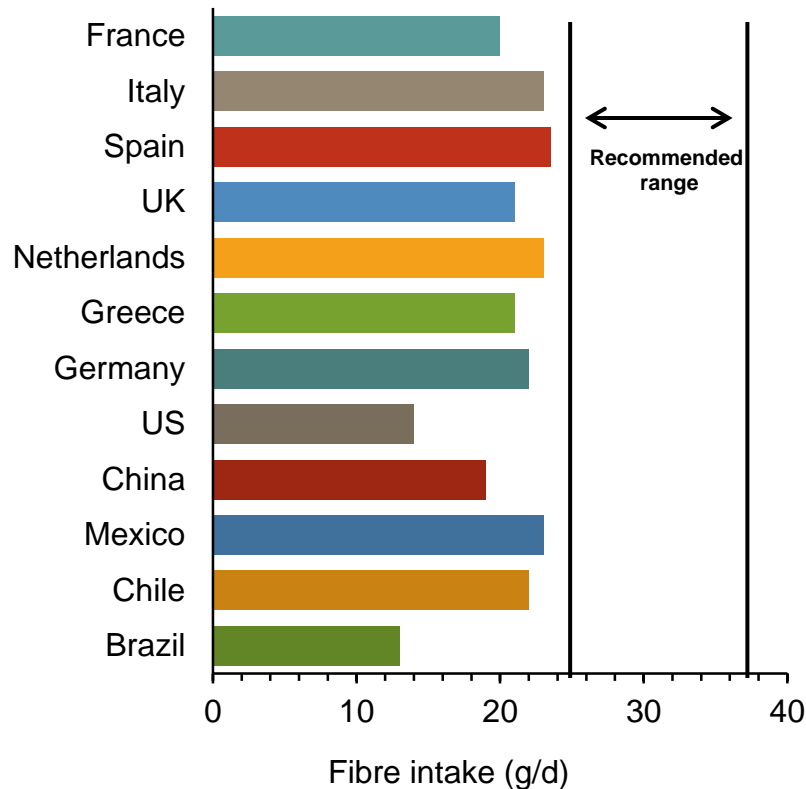
# Focus on new markets

- **Continued good growth in Asia and Latin America**
  - Emerging markets sales CAGR of 25% since 2010
  - China revenue growth trebled since 2010
- **Larger network of applications and technical service labs**
  - New labs in Mexico City, São Paulo and Shanghai
  - Enables us to meet local taste preferences
  - Deliver rapid response times
- **Expanded sales and technical teams**
  - 24% increase in customer facing resources in last year
  - More direct relationships with customers being established



# Building a stronger health & wellness offering

## Fibre intake below recommendations Adult fibre intake by country <sup>(1)</sup>



## Acquisition of Biovelop adds to our soluble fibre portfolio

- Biovelop, early-stage Swedish manufacturer of oat beta-glucan, acquired in May 2013
- Beta glucan has approved health claims, including EFSA, for lowering cholesterol and reducing post prandial glycaemic response
- Strong addition to existing fibres range:
  - STA-LITE® Polydextrose
  - PROMITOR® Soluble Corn Fiber
- Expands health & wellness offering

(1) Amalgamation of sources for each country; Most recommendations for adults call for fibre intakes ranging from 25-38g/day depending on country specific guidelines. The World Health Organization suggests worldwide recommendations of 25g per day

# Drive Bulk Ingredients for sustained cash generation

- Good cash generation helps to fuel growth in Speciality Food Ingredients
- Reduce earnings volatility and optimise margins through diverting corn grind to:
  - Speciality Food Ingredients and
  - New areas like 'green chemistry'
- Reduce costs / improve operational efficiencies

Liquid sweeteners



Paper starches



Animal feed



Citric acid



Fuel ethanol



High volume, relatively undifferentiated products

Mature markets, generally more sensitive to economic swings

Industry capacity utilisation key determinant of pricing power

**TATE & LYLE**

**Results for year ended 31 March 2013**

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# Headline Results

## Year ended 31 March

### Continuing operations<sup>1</sup>

	2013 (£1=US\$1.57)	2012 (£1=US\$1.60)	Change	Change (constant currency)
Adjusted operating profit <sup>2</sup>	<b>£358m</b>	£348m	+ 3%	+ 4%
- SFI operating profit in line in constant currency				
- BI operating profit up 7% in constant currency				
Adjusted profit before tax <sup>3</sup>	<b>£329m</b>	£318m	+ 4%	+ 4%
Diluted EPS <sup>3</sup>	<b>57.0p</b>	54.7p	+ 4%	+ 5%
Net debt <sup>4</sup>	<b>£479m</b>	£476m		
Dividend	<b>26.2p</b>	24.9p	+ 5.2%	

<sup>1</sup> Excluding the results of discontinued operations in both periods

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

<sup>3</sup> Before exceptional items, amortisation of acquired intangible assets and post retirement benefit interest

<sup>4</sup> Net debt translated at closing exchange rates (£1=\$1.52)

# Key Performance Indicators

	KPI	Measure	Year ended 31 March		
			2013	2012	Change*
Financial performance <sup>1</sup>	Growth in Speciality Food Ingredients	<b>Sales</b>	<b>£947m</b>	£887m	+ 8%
	Profitability	<b>Adjusted operating profit</b>	<b>£358m</b>	£348m	+ 4%
	Working capital efficiency	<b>Cash conversion cycle<sup>†</sup></b>	<b>42 days</b>	36 days	Lengthened by 6 days
	Return on assets	<b>ROCE</b>	<b>19.8%</b>	21.6%	- 180 bps
Financial strength	Balance sheet	<b>Net debt / EBITDA<sup>**</sup></b>	<b>1.0x</b>	1.1x	
		<b>Interest cover<sup>**</sup></b>	<b>11.1x</b>	11.1x	
Corporate Responsibility <sup>^</sup>	Safety	<b>Recordable incident rate</b>	<b>0.85</b>	0.85	No change
		<b>Lost-work case rate</b>	<b>0.26</b>	0.21	3 more lost-work cases

<sup>1</sup> Excluding the results of discontinued operations in both periods

\* Change reported in constant currency

<sup>†</sup> Calculated as the average cash conversion cycle at the end of each of the four quarter ends to show the underlying performance throughout the year

<sup>\*\*</sup> Calculated under banking covenant definitions

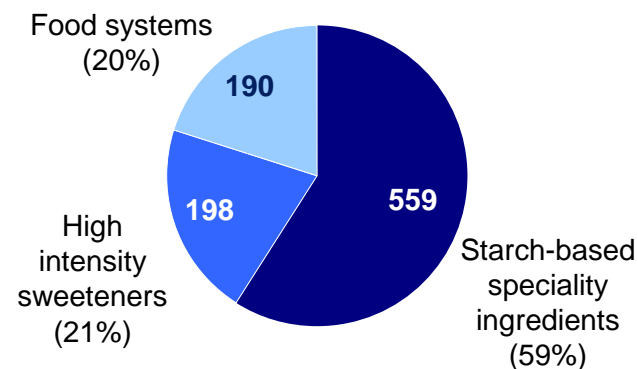
<sup>^</sup> We report safety performance by calendar year because we are required to do so for other regulatory reporting purposes

# Speciality Food Ingredients

## FY2013 highlights

- Volumes up 4% with sales up 8% to £947 million
- Lower operating margins reflecting:
  - Step change in fixed costs due to business transformation initiatives and restart of SPLENDA® Sucralose facility in McIntosh, Alabama
  - Lower sucralose volumes
  - The impact of higher corn prices on percentage margins
- Adjusted operating profit broadly in line at £213 million

Speciality Food Ingredients  
Sales £947m



### Convenience



24/7 lifestyles increasing demand for processed foods

### Health and Wellness



Greater understanding of the link between diet and health

### Natural



Trend towards natural, 'cleaner label' foods

NB. Sales and adjusted operating profit growth presented in constant currency

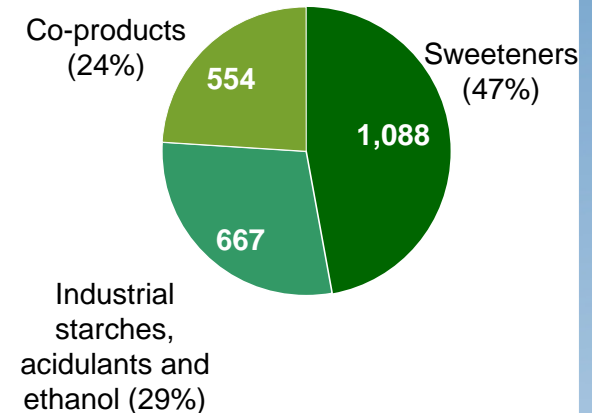


# Bulk Ingredients

## FY2013 highlights

- Sales up 6% to £2,309 million due to higher corn prices
- Volumes down 2% reflecting grind diversification
- Adjusted operating profit up 7% to £182 million:
  - Strong performance from sweeteners in US and Europe
  - Continued challenging market conditions in US ethanol
  - Adverse impact from aflatoxin

**Bulk Ingredients Sales**  
£2,309m



**Strong demand for US  
and EU sweeteners**

**Significant increase in  
corn prices**

**Challenging market  
conditions in US ethanol**

# Transformation remains on track....another year of progress

- Good sales growth in Speciality Food Ingredients
- Step change in customer interaction and engagement
- Innovation programme and pipeline gaining traction
- Further growth in sales and presence in emerging markets
- Good progress expanding health and wellness offering
- Roll-out of the first phase of new global IS/IT platform
- Talent base further strengthened



***Overall another year of solid progress; the transformation of Tate & Lyle to deliver long-term, sustainable growth remains on track***

## **Outlook**

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# Outlook for year ending 31 March 2014

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## **Speciality Food Ingredients**

- Expect to deliver good sales and profit growth with volume growth across all major product categories

## **Bulk Ingredients**

- Against a backdrop of continued corn price volatility, improved bulk sweetener unit margins in the US are expected to offset a softer start in US bulk sweetener volumes and lower isoglucose margins in Europe
- Profits within Bulk Ingredients are expected to be more evenly distributed between the first and second half than in the prior year

*Overall, we expect to deliver another year of profitable growth*

## **Questions & Answers**

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