

## Our business

Tate & Lyle is a global provider of **ingredients and solutions** for food, beverage and industrial markets.

Inspired by our **purpose of Improving Lives for Generations**, we work with our customers to make food and drink **healthier and tastier**.

Through our **expertise in key categories**, we deliver **sweetness, texture and fibre enrichment** to products enjoyed by millions of people every day.

## An integrated business



## Investment case

*A clear strategy for our business...*

### FOOD & BEVERAGE SOLUTIONS

TOP AND BOTTOM LINE GROWTH

By building leading positions in:

- Three global categories – beverage, dairy, and soups, sauces and dressings
- Two or three additional categories in each region where we have local expertise

### SUCRALOSE

MANAGE FOR CASH; RETURN ON ASSETS

### PRIMARY PRODUCTS

STABLE EARNINGS AND CASH GENERATION

By managing its portfolio to:

- Optimise product and category mix
- Drive operational efficiency
- Diversify into new and growing end-markets

*...driven by three priorities to accelerate performance...*

### SHARPEN

Focus on Customer

- Product to category
- Integrated commercial organisation

### ACCELERATE

Portfolio Development

- New product commercialisation
- Partnerships and Open Innovation
- More active focus on acquisitions

### SIMPLIFY

and Drive Productivity

- Drive faster decision-making
- Productivity agenda

*...to deliver returns for shareholders*

EARNINGS PER SHARE<sup>1</sup> – Accelerate growth

ORGANIC RETURN ON CAPITAL EMPLOYED<sup>2</sup> – Improve returns

DIVIDEND – Maintain progressive dividend policy

## Our purpose – Improving Lives for Generations

Supporting healthy living



Building thriving communities



Caring for our planet



We believe we can successfully **grow our business** and have a **positive impact on society**

<sup>1</sup> Adjusted diluted earnings per share from continuing operations in constant currency

<sup>2</sup> In constant currency

# 2 Key Financials – Six months to 30 September 2019

Adjusted performance metrics in constant currency

## Overview

### Encouraging performance – in line with our expectations

- Food & Beverage Solutions double-digit profit growth
- Sucralose performed solidly
- Primary Products profit lower in challenging market conditions
- Benefits from productivity gains and cost discipline

### Strong operational progress

- Good manufacturing and supply chain performance
- ‘Sharpen, Accelerate, Simplify’ priorities supporting performance
- Four-year US\$100m productivity programme on track
- Important sustainable agriculture programme launched

## Financial highlights

### SALES

**£1.48bn** +2%

### ADJUSTED PROFIT BEFORE TAX

**£181m** +3%

### ADJUSTED DILUTED EPS

**30.5p** +3%

### ADJUSTED FREE CASH FLOW

**£171m** +£19m

### NET DEBT (£173M HIGHER POST IFRS16)

**£465m** £45m lower LFL

### INTERIM DIVIDEND (PENCE)

**8.8p** +2.3%

### Food & Beverage Solutions

- Volume in line, 4% increase in sales to £478m
- 11% increase in profit to £90m

### Sucralose

- Customer mix and cost management largely offset lower volume
- Profit slightly lower at £29m

### Primary Products

- Sweetener volume in line but Industrial Starch volume 12% lower
- Profit 5% lower at £86m, Commodities profit in line

## Three key priorities supporting performance

### SHARPEN FOCUS ON CUSTOMER

- Increased customer interaction
- Collaborating in new ways
- Expanded labs in emerging markets

**Top-line growth**

### ACCELERATE PORTFOLIO DEVELOPMENT

- Better mix within innovation portfolio
- 12% growth in New Product sales
- New partnerships with start-ups

**Faster innovation**

### SIMPLIFY AND DRIVE EFFICIENCY

- Continuous improvement projects
- Capital investments to reduce costs
- Increased automation

**Productivity gains**

## FY2020 outlook unchanged

We expect earnings per share growth<sup>4</sup> in constant currency to be broadly flat to low-single digit

- Continuing progress in Food & Beverage Solutions
- Gains from productivity initiatives

### Offsetting:

- lower Sucralose profits
- Continued market challenges in Primary Products.

## Clear capital allocation framework

### Capital allocation priorities to maintain investment grade credit rating

Invest in organic growth (capex £130-£170m p.a.)

Acquisitions, joint ventures, partnerships

Progressive dividend policy

Return surplus capital to shareholders

Strong returns on capital employed

Forward leverage<sup>1</sup> range of 1.5x to 2.5x

**Attractive shareholder returns**

<sup>1</sup> Net debt:EBITDA including impact of IFRS16

See descriptions of adjusted results in Note 1 of the Statement of Half Year Results for six months to 30 September 2019 available on Company's website

# 3 Food & Beverage Solutions

## What are Food & Beverage Solutions?

Ingredients and solutions which add specific functionality, nutrition and health benefits to our customers' products

## Value proposition

Growing global market

Provide solutions which make food healthier and tastier

Category expertise

Innovation capabilities

Local labs for local tastes

## Major global consumer trends



HEALTHY LIVING



CLEAN LABEL



SUGAR REDUCTION

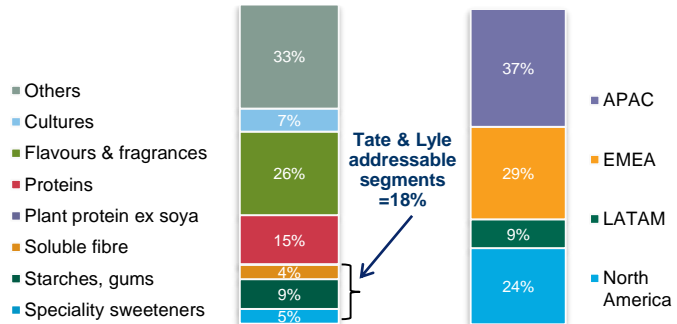


PLANT POWER

## Global speciality food ingredients market c.US\$49bn<sup>1</sup> market growing at 4% p.a.

### Segmental Split

### Regional Split



<sup>1</sup> Sources: Euromonitor; HIS; Grandview; GMI; Bain analysis; Company analysis

## Our core categories

We are differentiated by the intersection of our leading category expertise and product knowledge

Dairy



Beverages



Soups, sauces and dressings



## CUSTOMER SOLUTIONS

**Sugar and calorie reduction**

Adding sweetness whilst reducing calories

**Texturants**

Thickening and adding shelf-stability, reducing fat

**Enrichment**

Adding nutrition (e.g. fibre)

**Stabilisation**

Adding stability And texture (mainly in dairy)

## Six months to 30 September 2019

### Price/mix and operational leverage drive profit growth

	2019 £m	2018 £m	cc % change
<b>Continuing operations</b>			
<b>Sales</b>			
North America	235	211	6%
Asia Pacific and Latin America	115	105	8%
Europe, Middle East and Africa	128	127	-%
<b>Total</b>	<b>478</b>	<b>443</b>	<b>4%</b>
<b>Adjusted operating profit</b>	<b>90</b>	<b>77</b>	<b>11%</b>

- Volume flat, sales +4% driven by good price and mix management
  - ❖ North America volume +1%
  - ❖ ASPAC and LATAM volume +3%
  - ❖ EMEA volume 3% lower
- Profit +11% driven by sales growth, cost discipline and operating leverage
- New Products represent 11% of sales

# 4 Sucralose

## What is Sucralose?

A high-intensity sweetener which offers sugar-like sweetness, stability and versatility

## Driving value

Manage for cash

High return on assets

## Six months to 30 September 2019

### Solid results

Continuing operations	2019 £m	2018 £m	cc % change
<b>Sales</b>	<b>76</b>	77	(5)%
<b>Adjusted operating profit</b>	<b>29</b>	27	(1)%

- Volume 6% lower
  - ❖ Principally due to phasing
- Profit 1% lower
  - ❖ Customer mix
  - ❖ Cost management

# 5 Primary Products

## What are Primary Products?

High volume ingredients which are largely undifferentiated and compete primarily on quality, service and price

## Portfolio Management

### Mix management

- Optimise customer and product mix
- Margin expansion opportunities

### Operational efficiency

- Invest capital to drive cost efficiencies
- Continuous improvement projects

### Grind diversification

- From declining to growing product lines
- Target new end-markets

## Six months to 30 September 2019

### Profits slightly lower in challenging market conditions

Continuing operations	2019 £m	2018 £m	cc % change
<b>Sales</b>			
Total Primary Products	<b>922</b>	863	1%
<b>Adjusted operating profit</b>			
Sweeteners and Starches	<b>80</b>	80	(5)%
Commodities	<b>6</b>	5	-%
<b>Total Primary Products</b>	<b>86</b>	85	(5)%

- Total volume 2% lower
  - ❖ Sweetener volume in line
  - ❖ Industrial starch volume 12% lower
- Sweeteners and Starches profit 5% lower
  - ❖ Good manufacturing and supply chain performance, and cost discipline
  - ❖ £4m insurance recovery in comparative period
- Commodities profit in line

## Where we operate

Sweeteners



Industrial starches



Acidulants



Commodities



## Market conditions remain challenging

Bulk sweeteners

- Volume in US regular carbonated soft drinks declined by 1.6%<sup>1</sup>
- Exports to Mexico slightly lower
- Corn price volatility

Industrial starch

- Closure of paper capacity by customer
- Higher paper imports into US
- Weaker paper and packaging demand

## Shared corn wet milling assets

