

Y 2024 Earnings Call

Company Participants

- Dawn Allen, Chief Financial Officer
- Nick Hampton, Chief Executive

Other Participants

- Alex Sloane, Barclays
- Chris Pitcher, Redburn Partners LLP
- Damian McNeela, Deutsche Numis
- Joan Lim, Exane BNP Paribas
- Karel Zoete, Kepler Cheuvreux

Presentation

Nick Hampton {BIO 18794378 <GO>}

Good morning, everyone and thank you for joining us. I am pleased to present Tate & Lyle's results for the year ended 31st of March 2024. The agenda for today's presentation is on the screen. I will begin with an overview of the year, Dawn will run through the financial results, and then I will come back to talk about our strategic progress and the outlook. Finally, Dawn and I will be happy to take your questions. So starting with the key headlines. We successfully delivered a strong financial performance in a challenging external environment, with profit growth in line with our guidance and excellent cash generation. The sale of our remaining interest in Primient, which we also announced today completes the transformation of Tate & Lyle into a fully-focused specialty Food & Beverage Solutions business. Following completion of this transaction, we intend to start a share buyback program to return the net cash proceeds from the sale to shareholders.

We continue to make good progress delivering our strategy with solutions new business wins once again increasing in the year. We are also taking a leadership position on sustainability, a critical area for the future of the food industry. Turning to our financial performance, group revenue was 2% lower, with EBITDA up 7%. Free cash flow was GBP49 million higher with 85% cash conversion and we delivered \$41 million of productivity savings, significantly ahead of targets. Earlier today, we announced we have signed an agreement to sell our remaining stake in Primient to KPS Capital Partners for \$350 million. This values our 49.7% stake, well ahead of the valuation when we sold a controlling interest in this business in April 2022. It is anticipated that the completion of the sale will be before the end of July and that net cash proceeds after tax will be around \$270 million. The 20-year supply agreements between Primient and Tate & Lyle put in place in April 2022 will continue to operate.

The sale completes our staged exit from Primient well ahead of expiry of the original lockup period of eight years to April 2030. Total gross cash proceeds from the sale of Primient together with dividends received since April 2022 exceed \$1.5 billion. The Board intends to return the net cash proceeds from the sale of Primient to shareholders by way of an on-market share buyback program. This is expected to commence on completion of the Primient sale. This decision is consistent with the Board's capital allocation policy, which Dawn will talk about later. Further details about the share buyback program will be announced in due course. Over the last six years, we've been on a journey to transform Tate & Lyle into a fully-focused specialty Food & Beverage Solutions business. With the sale of Primient this transformation is complete.

Over that period, we have fundamentally changed the way we focus on customers and categories, invested in our innovation and solution selling capabilities and significantly strengthened each of our sweetening, mouthfeel and fortification platforms through both new product launches and acquisitions. The transformation has positioned Tate & Lyle right at the center of the future of food, focused on creating solutions that meet growing consumer demand for healthier, tastier and more sustainable food and drink. We have a clear strategy and purpose and are very well placed to capture the considerable growth opportunities ahead. Moving to our strategic progress during the year. I am pleased to report we made good progress on our ambition to accelerate growth from innovation and solution selling. New products as a percentage of Food & Beverage Solutions revenue was 16%, and we met our target of growing our investment in innovation and solution selling by at least 5% in the year.

Solutions revenue from new business wins increased to 21% and I will talk more about this later in my presentation. Finally, turning to our purpose targets where we continue to perform well. We made strong progress reducing greenhouse gas emissions, both within our own operations and across our supply chain. Our Scope 1 and 2 emissions have been reduced by 11% over the last four years, benefiting in particular from an increase in the use of renewable electricity. Our Scope 3 emissions are now 20% lower, exceeding our 2030 target of a 15% reduction seven years ahead of schedule. This has been driven largely by the investments we made previously in three plants now owned by Primient to eliminate the use of coal and the success of our sustainable agriculture programs for corn and stevia.

Our other purpose metrics are also progressing well. For example, over the last four years, our no and low calorie sweeteners and fibers have helped to remove 7.9 million tonnes of sugar from peoples' diets. That's 31 trillion calories or more than the recommended daily calorie intake for the entire global population. As a purpose-led business, we recognize the importance of combining growth with responsibility. And that means playing our part in tackling climate change. This is critical for the future of the food industry as around a third of the planet's greenhouse gas emissions comes from food production and agriculture. In addition, agriculture currently uses 70% of the world's fresh water. For that reason, I am delighted that earlier this month, we announced a significant increase in our climate ambition with new Scope 1 and 2 and Scope 3 emissions targets to 2028. These targets have been validated as science-based by the Science-Based Targets initiative

and are aligned to a 1.5-degree centigrade trajectory in line with the goals of the Paris Agreement.

In summary, this means we will now be delivering a larger reduction in emissions at a faster pace. We are already taking actions to make this happen and I look forward to sharing our progress in future presentations. I will come back to talk about our strategic progress and the outlook later. But for now, I would hand over to Dawn to talk through the financial results.

Dawn, over to you.

Dawn Allen {BIO 20417710 <GO>}

Thank you, Nick, and good morning, everyone. In line with previous presentations, I will focus on adjusted measures. Items with percentage growth are in constant currency, unless I indicate otherwise. As Nick said, we have successfully navigated a challenging external environment and softer consumer demand with considerable agility to deliver another year of strong profit growth in line with our guidance and acceleration in our productivity program with savings well ahead of our target, excellent cash generation, driven by significantly improved working capital discipline and continued investment for the long term across all three pillars of science, solutions and society. In terms of financial highlights, despite the fact that group revenue was 2% lower, we delivered EBITDA growth of 7% with EBITDA margin 170 basis points higher at 19.9%.

Profit before tax was 18% higher, reflecting strong performance from Food & Beverage Solutions and improved performance in our minority holding in Primient and lower finance charges. Earnings per share were 18% higher. Return on capital employed was 20 basis points lower at 17.4%, while on an organic basis, it was 40 basis points higher. Finally, free cash flow was up GBP49 million at GBP170 million. So overall, the business showed considerable agility and resilience to deliver a robust financial performance. Moving onto our three operating segments. Starting with Food & Beverage Solutions. This business is our growth engine and represents more than 80% of our revenue. Revenue was 2% lower, with 5 percentage points decrease from volume and price mix, partially offset by 3 percentage points increase from the recovery of net inflation across the year.

The volume and price mix decrease of 5 percentage points was driven by two factors. Firstly, 6 percentage points volume reduction from the impact of consumer demand softness and customer destocking. Secondly, a 1 percentage point benefit from our continued focus on mix management and solution selling. Looking at the performance of our three regions. In North America, revenue was 3% lower, driven by cost of living pressures on consumers, resulting in softer demand across our core categories. In Asia, Middle East, Africa and Latin America, revenue was down 3%. In Asia, revenue was lower, reflecting pricing pressure and weaker demand, particularly in China. In Latin America, revenue declined, driven by lower-priced imports from outside the region, especially in Mexico. And in the Middle East and Africa, revenue was ahead of the prior year with strong demand for dairy solutions in North Africa.

In Europe, revenue was slightly ahead, driven by good demand across the dairy and infant nutrition categories. This was offset by the exit of some low-margin business in line with our strategy and increased competition from imports from outside the region. Our approach last year was to focus on margin ahead of volume, this drove EBITDA growth 8% higher, benefiting from positive customer and product mix and increased solution selling. Productivity savings and strong cost discipline also contributed to higher profits with 180 basis points of EBITDA margin expansion. Food & Beverage Solutions has a proven growth track record with revenue growth of 12% and EBITDA growth of 10% over the last three years. Let's move to Sucralose. This is a strongly cash-generative business and its role is to provide attractive returns. Revenue was broadly in line with the prior year as volume remained flat and customer mix led to modestly lower pricing.

EBITDA at GBP52 million was 4% lower, reflecting cost inflation across a range of imports. Industry demand for sucralose remains robust, driven by growing consumer demand for reduced sugar and calories in food and drink. We continue to see good demand from our larger customers. Primary Products Europe is the smallest segment, comprising 7% of our revenue. We continue to successfully optimize its financial performance as we transition capacity to higher-margin Food & Beverage Solutions ingredients. Revenue was 12% lower, mainly reflecting reduced volume. Adjusted EBITDA losses reduced significantly from GBP9 million to GBP5 million, benefiting from lower input costs. So pulling this all together, Food & Beverage Solutions increased EBITDA by 8% or GBP20 million. Sucralose saw a slight decline in EBITDA of GBP3 million, which was more than offset by Primary Products Europe, where EBITDA losses were GBP4 million lower.

Overall, this led to an increase in absolute EBITDA in constant currency of GBP21 million or 7%. This growth is impressive, given that we had to offset input cost inflation of around GBP60 million in the year and we continue to invest in long-term growth. Finally, the impact of foreign exchange was to decrease EBITDA by GBP15 million to GBP328 million. Turning to productivity. We delivered \$41 million of productivity savings in the year, demonstrating the strong productivity culture we have embedded across the business. Savings came from the following areas, 70% was from operational and supply chain efficiencies and 30% was from strong cost management and savings in SG&A. A strong contribution came from our manufacturing excellence program, which includes projects to drive production yield improvements at our plants. We also made good savings optimizing our logistics network. Our investment in digital also continues to be a key enabler of productivity savings and to enhance our end-to-end customer experience.

For example, we are using process analytics to identify bottlenecks in our supplier invoice chain, helping to eliminate manual touchpoints and improve our processing rates. We are also using digital to enhance our demand planning processes not only improving the customers' experience, but also delivering working capital efficiencies. Given our strong progress, we are increasing our productivity savings target for the five years to the 31st of March 2028 by 50% from \$100 million to \$150 million. Let's move on to talk through tax and exceptional items. The adjusted effective tax rate was 21.6%, 170 basis points above the prior year. This was due to an increase in the headline U.K. corporation tax rate from 19% to 25% and more profit

being taxed in higher-rate jurisdictions. We anticipate the adjusted effective tax rate for the 2025 financial year will be in line with the 2024 rate.

On exceptional items, net pre-tax exceptional charges were GBP24 million, most of which related to restructuring costs for organizational improvements and productivity benefits. From a cash flow perspective, this translated into a total exceptional cash outflow of GBP27 million. Moving on to Primient. Our share of profit was 53% higher at GBP35 million as Primient benefited from strong customer contracting in both 2023 and 2024, robust sweetener demand and improved operational performance. This was partially offset by higher finance charges. We received \$74 million in cash dividends from Primient in the year. Moving now to free cash flow. Adjusted free cash flow was GBP49 million higher at GBP170 million. This drove cash conversion 23 percentage points higher to 85%, well above our long-term target of 75%. Increased discipline in inventory management and improved demand planning led to GBP112 million improvement in net working capital.

We also continue to invest in long-term growth with capital expenditure GBP39 million higher at GBP110 million. For the 2025 financial year, we expect capital expenditure will be in the GBP100 million to GBP120 million range. Cash generation will continue to be a key priority and our focus in the future is to consistently exceed cash conversion of 75%. Moving on to net debt and dividends. Net debt was GBP85 million lower at GBP153 million. This was the result of three main factors. Firstly, a step change in cash generation. Secondly, the receipt of \$74 million of dividends from Primient. And lastly, the payment of dividends to shareholders of GBP76 million. Our net debt-to-EBITDA ratio is 0.5x and we continue to have strong liquidity headroom to invest for growth. During the year, we have repaid \$120 million of debt from cash, of which \$95 million was floating rate debt. Earlier this month, we renewed our committed undrawn and sustainability-linked revolving credit facility of \$800 million, extending its maturity to 2029.

The Board is recommending a final dividend of GBPO.129 per share. This brings the full year dividend to GBPO.191 per share, an increase of 3.2%. Our capital allocation framework remains unchanged. Our priority is to continue the disciplined deployment of capital and to maintain Tate & Lyle's financial strength. Under our capital allocation framework, we have a clear prioritization, firstly, investment in organic growth, secondly, investment in acquisitions, joint ventures and partnerships, thirdly, our progressive dividend policy, and finally, to return capital to shareholders should it become surplus to the needs of the company. Consistent with the above, as Nick said earlier, we intend to return the net cash proceeds from the sale of our remaining stake in Primient to shareholders from completion. We have a strong balance sheet, and looking forward, we want to retain the flexibility to drive value-accretive growth, guided by our view that our long-term efficient leverage is in the range of 1x to 2.5x net debt to EBITDA.

We remain focused on converting our profit into cash to support all uses of capital in line with our capital allocation policy. I want to leave you with three key messages. The first is that we delivered strong profit performance, in line with our guidance, while navigating a challenging external environment. Secondly, we've improved the

quality of our financial performance. We have done this through the delivery of a specialty EBITDA margin of 21% in Food & Beverage Solutions, the acceleration of productivity savings with our five year target increasing to \$150 million and a step change in cash generation ahead of our long-term target. And thirdly, we continue to apply our capital allocation framework to drive value accretive growth through investment for the long term as well as returning surplus cash to shareholders.

With that, let me hand you back to Nick.

Nick Hampton {BIO 18794378 <GO>}

Thank you, Dawn. I'm now going to give you a brief update on our strategic progress and then cover the outlook. I am going to focus on three areas. Firstly, the completion of the transformation of the business following the sale of Primient. Secondly, how we are accelerating our solutions-based business with customers. And thirdly, the investments we are making in technology, innovation and new capacity to support our customers and drive long-term growth. Over the last six years, Tate & Lyle has been through a major transformation, with the sale of Primient, this transformation is now complete. Driven by our purpose of transforming lives through the science of food, Tate & Lyle today is a growth-focused, specialty Food & Beverage Solutions business. A global leader in sweetening, mouthfeel and fortification, with world-class scientific and solutions capabilities and strong customer relationships. It is a focused and agile business with an ambitious purpose and a clear strategy for growth.

And the growth opportunities are considerable. The global specialty food ingredients market is \$75 billion and expected to grow at around 6% on a compound annual basis. \$19 billion of this market is addressable by Tate & Lyle's three platforms. Our core categories of beverages, dairy, soups, sauces and dressings and bakery and snacks represent 70% or \$13 billion of this addressable market. The other 30% is in categories such as confectionery and infant nutrition where we have regional expertise. But the real opportunity is even bigger. While the global specialty ingredients sweeteners market is around \$5 billion, sugar still makes up 80% of the global sweetening market. And there is an estimated further \$3 billion of sugar replacement opportunity across our four core categories. Within our addressable markets, there are structural trends, which are driving consumer preference and changes in consumption.

The rise of diseases like obesity and diabetes and concerns about digestive health and immunity are leading people to be increasingly concerned about their health and wellness. As results, consumers are looking for products lower in sugar and calories and with added fiber. They are also moving to more plant-based food. Consumer desire for food and drink, which is healthy, tasty, convenient and more sustainable and affordable, all play directly into Tate & Lyle's areas of expertise. Through our three platforms, we create ingredients and solutions, which reduce sugar and calories, enhance texture and the mouthfeel experience, increase nutrition through fiber and protein, and where necessary, optimize cost. The strategic focus and intent of Tate & Lyle is clear. Based on our market-leading positions and world-class scientific and solutions capabilities, we are a leading, differentiated specialty

Food & Beverage Solutions business delivering sweetening, mouthfeel and fortification across our four core categories and beyond.

The increasing strength and quality of the business is reflected in our financial performance. Despite what has been a period of considerable economic volatility, over the last three years, the group has delivered a compound average growth rate for revenue of 11% and EBITDA of 10%, well ahead of our current five-year financial ambition. Food & Beverage Solutions delivered revenue growth of 12% and EBITDA growth of 10% in the same period. This growth has been supported by a second area I want to focus on, the acceleration of our solutions-based business with customers. Innovation is a key growth engine for our solutions offering and is very encouraging to see as continuing to deliver a steady flow of new products into the market. During the year, we launched nine new products, five from our sweetener platform, mainly Stevia line extensions, and four from our fortification platform, including a new high-fiber product for use in low-alcohol beverages.

Overall, revenue from new products on a like-for-like basis, including those which fell out of the calculation this year grew by 13%. And to demonstrate the traction our new products are getting with customers, 44% of the revenue from our new business pipeline involve formulating one or more of our new products. Increased customer adoption of new products is one of the reasons why solution-based revenue from new business wins grew this year, up 3 percentage points to 21%. This is 5 percentage points higher than the average between 2020 and 2022. And so the acceleration over the last two years is very encouraging. I was also pleased to see a strong solutions performance in our growth markets of Asia, Middle Eastern Africa and Latin America.

Our chassis approach for solutions development, where we build a global template solution up to anywhere between 50% and 80% of a customer requirement and then adopt the -- and complete the rest of the solution to meet local market needs, continues to work well and to increase customer collaboration. As a reminder, collaboration on solutions has a number of benefits. The value of ingredients used in solutions tends to be higher, about 2x higher on average and they are also a stickier sale as the solution directly involves solving a customer's challenge. It also builds stronger customer relationships, often leading to new business. Let me give you one example of our solutions in action. In the U.K., our food scientists recently worked with pladis to create a healthier version of the iconic McVitie's Digestive Biscuit. The brief was to reduce both the sugar and fat content in the biscuit, retain its distinctive taste, and to not change the production process. Sugar plays a crucial role in biscuits, creating both texture and taste, as well as improving shelf life so that the biscuit retains their crunch.

Through our deep understanding of the complex intersection between sweetening, mouthfeel and fortification, we were able to find a solution based on our fiber portfolio that not only reduced both the sugar and fat content in the biscuit by 30%, but also added 50% more fiber, and its iconic mouthfeel and taste were also maintained. The combination of our increasing focus on innovation and solution selling is having a positive impact on customer perception of Tate & Lyle and our

position as a preferred partner of choice. At the start of 2024, we undertook a major survey looking at the experience of customers working with Tate & Lyle. This survey, which was conducted by an independent third-party, assessed the views of 286 customers across the world. The survey showed that over 90% of our customers believe we provide a better or as good a service as other ingredient suppliers they use. Reasons given include our high levels of technical support, the quality of our products, and our strong levels of customer service and reliability.

These results are very encouraging and show that the journey we have been on over the last six years to significantly sharpen our focus on the customer is now paying real dividends. While we can always do more, as we move forward as a fully-focused specialty business, the customer focus culture we have embedded in Tate & Lyle will play a key part in delivering our growth strategy. To ensure we can continue to grow our solutions offering for customers, we are increasing our investment in technology, innovation and growth capacity. Let me take each one in turn. Firstly, we have installed a new robotic system in our lab in Singapore with enhanced characterization and predictive modeling capabilities. This system is transforming the way we develop mouthfeel solutions for customers and has led to a significant increase in the customer collaboration at the lab.

Secondly, we opened a new customer innovation and collaboration center in Jakarta, Indonesia, which is already helping to build our business in a market with significant long-term growth potential. And thirdly, we continue to add new growth capacity to our network. Earlier this month, we formally opened our new non-GMO PROMITOR Soluble Fibres line at our facility in Slovakia. This EUR25 million investments will ensure we have the capacity to meet growing demand for dietary fiber. Bringing all this together, with the transformation into a fully-focused specialty business now complete, we are well positioned to capture the growth opportunities ahead, both organic and inorganic. Our strategy to increase our solution-based business with customers is working well and our innovation pipeline continues to launch new products into the market that directly meet consumers' desire for healthier food and drink.

We are adding new capacity to meet future demand and we continue to strengthen our capabilities in key areas such as sensory applications and open innovation. We also continue to actively pursue value-accretive acquisitions to expand and strengthen our portfolio and to seek partnerships, which bring us new products and technology. Today, Tate & Lyle is a business with a clear strategy focused on growth and that is what we intend to deliver. Turning to the outlook. In the last quarter of our 2024 financial year, we saw average daily volumes accelerate and we expect this improvement to continue into the 2025 financial year. This is based on three main factors. Firstly, our approach to last year was to focus on revenue and margin ahead of volume. And the contracts we have put in place for the 2024 calendar year position us well to grow from this new base.

Secondly, customer destocking has come to an end. And thirdly, consumer confidence is beginning to improve, albeit remaining somewhat fragile. In light of this, we expect good volume growth in the 2025 financial year, accelerating as the

year progresses. Moving on to revenue, following a period of input cost inflation, we are now seeing input cost deflation. As a result, revenue was lower in the second half of the 2024 financial year, reflecting the pass-through of lower costs, and this is expected to continue in the first half of the 2025 financial year. Therefore, for the year ending the 31st of March 2025, we expect to deliver in constant currency revenue slightly lower than the prior year and EBITDA growth of between 4% and 7%. Following the completion of the sale of Primient, we will no longer consolidate its profits.

In summary then, we have demonstrated considerable agility to successfully navigate a challenging external environment and soft consumer demand. Once again, we have delivered what we said we would do, with profit in line with our guidance and excellent cash generation. The sale of Primient completes our transformation into a fully-focused specialty Food & Beverage Solutions business and we intend to return the net cash proceeds from this sale to shareholders via an on-market share buyback program. Our solutions strategy continues to work well and through our sustainable agriculture programs and our commitment to deliver larger, faster emission reductions on a 1.5 degree centigrade trajectory, we are taking a leadership position on sustainability.

Tate & Lyle is positioned right at the center of the future of food, focused on creating solutions that meet growing consumer demand for healthier, tastier and more sustainable food and drink. We are operating in exciting segments of the market, which have strong growth potential. We are a business fueled by science, obsessed with customer collaboration and with a strong desire to make a positive impact on the world. The future ahead is exciting. As always, I would like to finish by thanking everyone at Tate & Lyle for their hard work in delivering these results and for living our purpose with great passion and belief. For their support, I am very grateful.

Questions And Answers

A - Nick Hampton {BIO 18794378 <GO>}

(Question And Answer)

Good morning everyone, and thank you for joining today's full year results presentation. We are now into the live Q&A. As I said in the pre-recording, we delivered robust performance in the year, with strong profit growth and cash generation and significant strategic progress, while successfully navigating a challenging external environment. Following the sale of the remaining stake in Primient, Tate & Lyle is now a fully-focused specialty business, creating solutions that meet growing consumer demand for healthier, tastier and more sustainable food and drink. At the completion of the transaction, we will return the net proceeds to shareholders through a share buyback program. Turning now to your questions. The first question comes from Damian McNeela at Deutsche Numis. Damian, good morning.

Q - Damian McNeela {BIO 23793777 <GO>}

Good morning Nick, good morning Dawn. Just two for me please. Just on the EBITDA growth for this year, can you just sort of talk about the considerations around volume expectations that has been incorporated into that? And then on the longer term sort of EBITDA growth ambitions, do you still think you can hit that sort of 7% to 9% over the five-year timeframe that you set last year? And then the second question is just on the volume performance. I think you've talked about an improving volume performance so far, well in Q4 and then a bit into this year. Could you just give any more color on whether there are any sort of particular categories or channels, which are seeing the growth and whether there are any laggards that you would expect to recover as we go through the year, please?

A - Nick Hampton {BIO 18794378 <GO>}

Sure, both very good questions Damian. Let me take the first one and then maybe Dawn can add some more color on the volumes. So as we've thought about guidance for this year, I'd say a few things. Firstly, we're clearly seeing positive signs of recovery in the market and we saw that in the last quarter of the last financial year. And as we built our plan for this year, we were really looking to balance a few things. The first is signs of recovery both with customers and with consumers. So with customers we're seeing an end to destocking, we're seeing some more positive views of the future, and we're seeing increased engagement on innovation, that's all good. And a view that things are going to recover through this year as consumer confidence improves because of the improving economic environment in general around the world. So we're balancing off a view of seeing improved volume performance because of the fundamentals in the market.

On top of that, a positive contracting round. Alongside that, we're trying to continue to make sure we invest in the future growth of the business. We've been very, very consistent through the last three or four years, despite all the economic volatility, investing in innovation, investing in solution selling, investing in capacity, investing in in-market capability to serve customers and you saw that again last year, so we will continue to invest. And the range of our guidance reflects the fact that we want to see how volume improves through the year because we're still early in the year. So that's the first part of your question. The second part is absolutely we believe we can hit our medium-term guidance. If you look at the last three years, we delivered double-digit revenue and EBITDA performance, which underpins that confidence. We're just coming into this year. We're trying to balance off an improving economic environment with continuing to invest for the future so that we can successfully continue to deliver what we've done in the last three years.

So Dawn, I don't know whether you want to add something on the volume color.

A - Dawn Allen {BIO 20417710 <GO>}

Well, I think that maybe a couple of things just to build on the EBITDA. So we've delivered 10% EBITDA growth over the last three years. So if you add in the -- if you add in our outlook for this year, we'll still be towards the top of our long-term range. So I think that's a very strong performance. I think in terms of the volume, as Nick talked about, we are seeing small pockets of volume growth. Clearly, it's different across the different geographies and different categories around the world. So

stronger performance starting to come through in beverages, particularly in places like non-alcoholic beverages as well as dairy. And I think, particularly in China and in the U.S., consumer confidence is still, we're still looking and waiting for that to improve. But as we talked about, we expect volume performance, and Nick talked about it, we expect that to continue to improve throughout the year and accelerate as we move through.

A - Nick Hampton {BIO 18794378 <GO>}

Thanks, Dawn.

Q - Damian McNeela {BIO 23793777 <GO>}

That's great. Thank you.

A - Nick Hampton {BIO 18794378 <GO>}

So our next question is from Alex Sloane at Barclays. Good morning, Alex.

Q - Alex Sloane {BIO 21961825 <GO>}

Good morning. Thanks for taking the questions. The first one, just in terms of the price resets for 2024, reflecting in part lower input costs, I think the statement still refers to some competition in FBS in Latin America and Europe. Obviously, you talked about that earlier last year. Have you seen any easing on this front with the new reset prices? That would be the first question. And the second one, just going back to the question on volume, I think you had said in quarter three, maybe there was a 3 point impact from destocking into the year end, which you expected to reverse in the first quarter. If I look at the first quarter volume -- sorry, in the fourth quarter, in the calendar first quarter. If I look at the volumes in quarter four, it looks like maybe excluding that phasing benefit, they were still slightly negative. So I just wondered, is there any sort of worsening in the trend as you exited the quarter? And just be interested in terms of what you've already seen in April and May on this front, presumably those are improving to give you the confidence in the in the full-year outlook. Thanks.

A - Nick Hampton {BIO 18794378 <GO>}

So maybe I'll take the first question -- the second question first and I'll come back to the pricing point. So yes, we saw a sequential improvement in volume as you went into the fourth quarter. I'd say if you take into the sort of residual impact of destocking as we entered the last quarter of our financial year, we clearly saw an improvement in volume run rates. And as we come into the first part of this financial year, we're starting to see that continue as well. So we're definitely seeing some positive momentum that is both about exiting the destocking. It's also about exiting the period of when we were exiting low-margin business. And it reflects the positive signs we saw in the contract round along the market evolution that we talked about earlier. So we're definitely seeing improvement as we come into the first quarter of this year. So that's all very consistent, actually, with what we said in our Q3 statement. That's all good.

In terms of the pricing reset, it varies by geography, clearly. We're probably seeing net-net a slight easing rather than an acceleration of the trends that you mentioned, but they're clearly still there in pockets of the business. And we need to make sure we balance the price revenue margin to reflect the relative competitive dynamics across the world. So hopefully that gives you a broad sense, Alex, of what we're seeing on your two questions.

Q - Alex Sloane {BIO 21961825 <GO>}

Thank you very much.

A - Nick Hampton {BIO 18794378 <GO>}

And our next question comes from Karel Zoete at Kepler Cheuvreux. Karel, good morning.

Q - Karel Zoete {BIO 4452327 <GO>}

Yes, good morning all. Thanks for taking the question. I've got two questions. The first one is on mix improvements in the second half of the year. It seems that has slowed quite a bit, part of it is anticipated. But if you can speak a bit about the mix trends during the second half of the year. And the other thing is looking at the cost situation, a very good savings momentum. In general, I think the outlook for cost of goods sold, but also other cost lines is more favorable than 12 months ago. So if you can touch upon that, and obviously, that also comes back to the EBITDA guidance as -- yes. It seems there is good savings momentum in the business, volumes will recover. So yes, much appreciated.

A - Nick Hampton {BIO 18794378 <GO>}

So why don't I take the second question and then Dawn can maybe pick up on the mix points. So as you rightly say, Karel, I mean, two headlines I would say on cost. Incredibly pleased with the discipline the team's bringing to productivity. So \$40 million plus of productivity last year and that reflects a systemic program, but also some of the investments we're making in systems to allow us to get more efficient at predicting and planning the business and managing our end supply chain and serving our customers better. And that's reflected in the fact that we've called up our productivity guidance for the five-year period, so from \$100 million to \$150 million. So the team doing a really good job there. Of course, we're also seeing the impact of inflation easing on input costs as well. And that delivers some significant benefits this year, which as we've done -- as we did with inflationary pressures, we're passing through to customers in a responsible way.

They were accepting of price increases when we were under inflationary pressures because of the value we bring to their products. And we were committed to being fair with them as inflation abated. So that's reflected in the pricing dynamics in the business as we've given guidance on revenue for this year. Now, when you add all of that up though and you think about the shape of our EBITDA guidance, it really reflects the balance between being really disciplined on cost and productivity, but also continuing to invest in the long-term future of the business, in innovation, in solution selling, in customer intimacy. And as we add all of that up and look at the

volume trajectory, that's where we end up with EBITDA guidance that sort of touches the end of our long-term range. So Dawn, do you want to pick up on mix?

A - Dawn Allen {BIO 20417710 <GO>}

Yes. So Karel, if you remember, in the first half of last year, we did have very strong price mix. Obviously, at the half year, we had 13 points of price mix, roughly driven half inflation and half price mix. As we moved into quarter three, we saw a similar trend, but it came off slightly. And then as we moved into quarter four and we set the new contracting round, and as we talked about, we've set up that contracting round to drive volume growth. We also moved into a deflationary environment, so high-single digit deflation in quarter four. We also selectively chose to invest with specific customers to drive long-term growth, but that is a small impact in the quarter. And as we look forward, we would expect to see high-single digit deflation, particularly in the first half of the year. And as the volume momentum improves we expect that to start to offset and more than offset as we move through the year the selective investment that we've chosen to do with some customers.

A - Nick Hampton {BIO 18794378 <GO>}

Okay. So our next question is from Chris Pitcher at Redburn. Chris, good morning.

Q - Chris Pitcher {BIO 2496733 <GO>}

Thank you very much. A couple of questions for me on the sort of the momentum in innovations and solutions selling. You increased spend by a double-digit rate in the first half, it was up 5% for the full year. So it's kind of flat in the second half. Is that because you've got to a sort of level that you think is sustainable? And could you give a bit more color on what your R&D spend is doing? And then I appreciate it it's modest changes but the percentage of new business wins went down a bit at the full year versus the first half. I'm just wondering what's going on in the background. And I'm -- last one, are you able to give us an absolute share of your business between what you draft at the CMD between specification technical support and solutions? What is solutions actually the underlying business? I understand that the goal to get the new wins up to over 30%. But where, just kind of clarify where we are on the base. Thanks.

A - Nick Hampton {BIO 18794378 <GO>}

So let me try and take those three questions in turn. So I would think about the investment level in innovation solutions selling R&D the 5% in the year. I would just think of it as a phasing impact half one, half two. it doesn't really reflect any slowdown. And it certainly doesn't reflect that we think we've reached the limit of where we want to be. So we know we're going to continue to commit to delivering at least 5% increase in spend on innovation and solution selling and customer intimacy through the next few years. So it's not a sign of any slowdown, it's just a phasing impact to half one, half two. In terms of kind of solution selling as percentage of wins again, we are up 3 points in the year at 21%. That's the real message, and of course, it's going to vary a little bit quarter-on-quarter. And importantly in that 21%, nearly half of that came from new products. So our new products are really starting to have an impact on the business.

We said before that in broad terms, if you think about what -- how much of that business is actually in solution selling today. Its round about 20% in round terms, it's growing. And that's good news because that means there's plenty to go after in terms of improving that proportion of as part of the business. And as we said before, that business is really valuable because it tends to be bigger pieces of business, it tends to be stickier because we're formulating into the critical part of the product and it builds relationships, which leads to more business. So lots more to go after. We're going to continue to invest with intent to make sure we're managing the shape of the business for the future.

Q - Chris Pitcher {BIO 2496733 <GO>}

Thank you. I've got a follow-up, but someone else on the line looking for questions, so can I quickly ask you, I mean CapEx is lower than the trend you said previously for this year, is this a phasing effect or do you think you can drive growth at lower investment?

A - Nick Hampton {BIO 18794378 <GO>}

Dawn, do you want to take that?

A - Dawn Allen {BIO 20417710 <GO>}

Yes. So I would say, I mean CapEx at GBP110 million is GBP39 million up versus the previous year, so I'd say that we are continuing to invest in CapEx, and a good example of that is our new fibers line in Boleraz that's just recently come on stream. I think if you think about, in terms of capital markets, you're right, we did talk about an increasing CapEx spend going up to the region of GBP130 million to GBP150 million. If you think about what's happened over the last 12 months with low consumer confidence and destocking, there hasn't been as much of a need to invest in growth CapEx, given that more than half of our CapEx is spent on growth investments, but when you look to next year, I mean our forecast for CapEx for next year is in the range of GBP100 million to GBP120 million, so we are actually increasing to get to that long-term range that we talked about, but it's still a key growth driver and a key investment driver for us.

A - Nick Hampton {BIO 18794378 <GO>}

And Chris, I'd probably just add one point to that, which is we've been very focused in the last, well really five or six years, to try and increase the quality of the business. And part of the benefits of that is you get more out of your existing assets and you can be more efficient with your capital spend. That's reflected in where our return on capital is, it's just reflected in the progress in our EBITDA margins, and it's reflected in the strength of the balance sheet. So we've got plenty of firepower to invest, but we want to continue to invest to drive maximum returns.

Q - Chris Pitcher {BIO 2496733 <GO>}

Thank you very much.

A - Nick Hampton {BIO 18794378 <GO>}

So should we move on? Our next question comes from Joan Lim from BNP Exane. Joan?

Q - Joan Lim {BIO 17002696 <GO>}

Hello, can you hear me?

A - Nick Hampton {BIO 18794378 <GO>}

Yes, we can.

Q - Joan Lim {BIO 17002696 <GO>}

Perfect. Two questions from me, please. So your leverage is still strong even after the share buyback. Why did you not do a bigger share buyback?

A - Nick Hampton {BIO 18794378 <GO>}

So you said you had two questions, Joan?

Q - Joan Lim {BIO 17002696 <GO>}

Yes. Shall I ask all of them at once?

A - Nick Hampton {BIO 18794378 <GO>}

Yes. Give us the second one as well.

Q - Joan Lim {BIO 17002696 <GO>}

Okay. And then your FY '25 guidance, it looks a bit conservative that 4% to 7%, given that you think volumes are going to improve and then prices pass-through. Is there anything, I don't know, maybe for Q1 trends you've seen so far or is there scope for an upgrade to your guidance, maybe too early? But if you could just help us understand a bit more into the drivers of this guidance.

A - Nick Hampton {BIO 18794378 <GO>}

So let me take the first question and then we'll come back to the second one. So look, on the buyback, we've announced we're going to return all the net proceeds from the sale of our final stake in Primient to shareholders. We think that's a responsible thing to do with the excess cash that we're bringing in as a result of that transaction. As we've demonstrated in the past, we will hand back cash to shareholders as appropriate, but our capital allocation policy is very clear. We want to maintain the scope to invest both inorganically and organically and we want to make sure that we're paying an appropriate dividend to our shareholders. And on top of that, we'll continue to re-evaluate returning capital. We're not saying that that's necessarily the last thing we're going to do, but it feels like a very sensible position to take as we speak today.

On your point on conservatism, on guidance, look, I think we've been very clear. We're starting to see improvements in volume momentum. We're starting to see

economic recovery around the world and a sense of consumer confidence increasing, but still fragile. And we want to continue to invest in the business. So that's why the 4% to 7% guidance feels appropriate today. We'll be in a much better position to give you a view on where we are on that when we get to our half year and we'll see how economies develop and the business develops over the next six months. So for now, we think it's the right way to calibrate a business that, by the way, has delivered double-digit EBITDA growth over the last three years pretty consistently. And whether that's conservative or not, we'll have a better view on at the half year, frankly.

So I think we've come to end of our questions. So thank you to everyone for watching and for all of your questions. In summary, we delivered good performance in the year with strong profit growth in line with our guidance and excellent cash generation. The sale of our remaining stake in Primient completes the transformation of Tate & Lyle into a specialty solutions provider to the food and beverage industry. We will continue to progress our growth-focused strategy and remain well-placed to benefit from the long-term trends towards healthier, tastier and more sustainable food and drink. Thank you all for your time and I wish you all a very good day.

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