

A photograph of a man and a woman sitting at an outdoor dining table. The man is smiling and looking at the woman, who is holding a piece of food. The table is set with breadsticks, a glass of lemonade, and other dishes. In the background, there are other people and a brick building.

**TATE & LYLE**

**RESULTS FOR YEAR ENDED  
31 March 2019**

# Overview

YEAR ENDED  
31 MARCH 2019

- Group delivered solid financial progress
  - Top-line momentum in Food & Beverage Solutions
  - Sucralose performed strongly
  - Primary Products profit lower due to challenging market conditions
  - Productivity benefits offset cost inflation
- Strong operational execution
- Good cash generation and balance sheet further strengthened
- Significant focus on 'Sharpen, Accelerate, Simplify' priorities
- New leadership team driving pace and agility across organisation



SHARPEN

ACCELERATE

SIMPLIFY

# Financial delivery

## Year ended 31 March 2019

Sales	+2%*	Adjusted diluted earnings per share	+4%*
Adjusted profit before tax	+4%*	Return on capital employed	+90bps
Food & Beverage Solutions volume	+3%	Adjusted free cash flow	+£16m
Primary Products sweetener volume	Flat	Full year dividend	+2.4%

See descriptions of adjusted results in Note 2 of Statement of Full Year Results for the year ended 31 March 2019 on the Company's website

\* Percentage changes in constant currency

Nick Hampton, Chief Executive  
Imran Nawaz, Chief Financial Officer

## AGENDA

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Our Purpose

## Improving Lives for Generations

Through our purpose, we believe we can successfully **grow our business** and have a **positive impact on society**. It inspires us and informs what we do.

Working in partnership with our customers, we use our ingredients, expertise and people to bring our purpose to life every day. We do this by helping people make **healthier and tastier choices** when they eat and drink, and lead a more **balanced lifestyle**.

Our purpose is our passion.



# Improving Lives For Generations



Our fibres have helped remove the equivalent of **170 billion calories** from customers' products in the last four years



Our sucralose has removed the equivalent of **85 trillion calories** over the last 26 years

Bio-PDO™,1 is helping a global sportswear brand make more **sustainable sneakers** from **corn**



<sup>1</sup> Bio-PDO™ is made by the DuPont Tate & Lyle Bio-Products joint venture

# Sustainable business

## Sustainable farming



Sustainable acreage for US corn supply

LAND O' LAKES  
**SUSTAIN**

## Responsible supply chain



Research into sustainability of stevia supply chain

 **EARTHWATCH**  
INSTITUTE

## Healthier lifestyles



Child health education programme in China

**Nutrition Society Shanghai**

## Lower emissions



Co-generation to reduce CO<sub>2</sub>e emissions

**20.4%**  
reduction since 2008

## Community support



Providing nutritious meals for people in need

**300,000**  
meals donated last year



A woman with long dark hair, wearing a white short-sleeved top and a purple skirt, is standing in a supermarket aisle. She is holding a green plastic shopping basket in her left hand and reaching for a product on a shelf with her right hand. The shelves are filled with various packaged goods, and the background is slightly blurred, showing more of the store's interior.

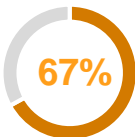
## MARKETS



# Food & Beverage Solutions

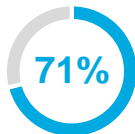
## Major global consumer trends

### HEALTHY LIVING



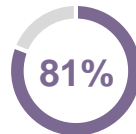
US supplement users would prefer to get vitamins from a healthy diet than a pill<sup>1</sup>

### CLEAN LABEL



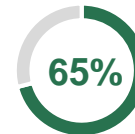
Consumers read ingredient labels<sup>2</sup>

### SUGAR REDUCTION



Consumers say taste has greatest impact on food and beverage purchases<sup>3</sup>

### PLANT POWER



Growth in product launches in Latin America with a vegan and/or no animal claim<sup>4</sup>

1 Mintel Vitamins, Minerals and Supplements in US September 2015

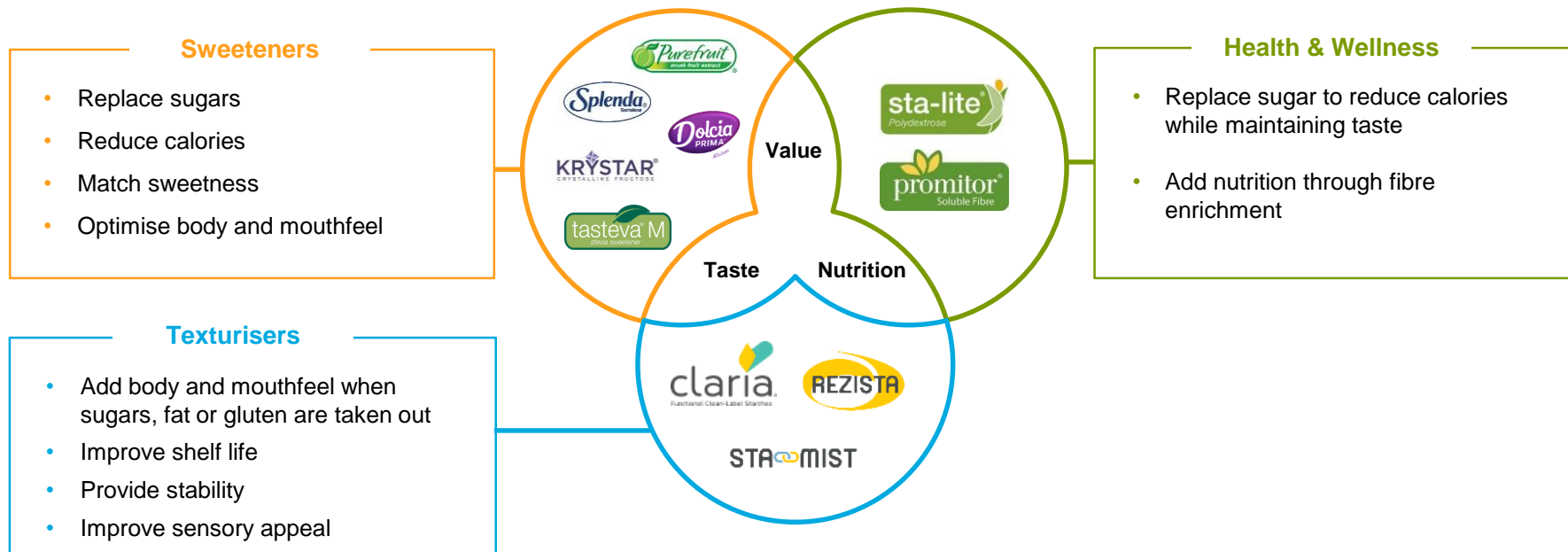
2 Tate & Lyle Proprietary Research, Global Consumer Ingredient Perception Research, November 2017, 9 countries, 9,012 consumers, percentage is 'always' or 'sometimes'

3 International Food Information Council Foundation, Food & Health Survey 2018

4 Mintel GNPD 2014-2018 CAGR food and beverage new product launches with a vegan and/or no animal products claim on pack

# Food & Beverage Solutions

Our portfolio is well-placed to provide solutions to meet these trends



SPLENDA® and the SPLENDA® logo are trademarks of Heartland Food Products LLC.

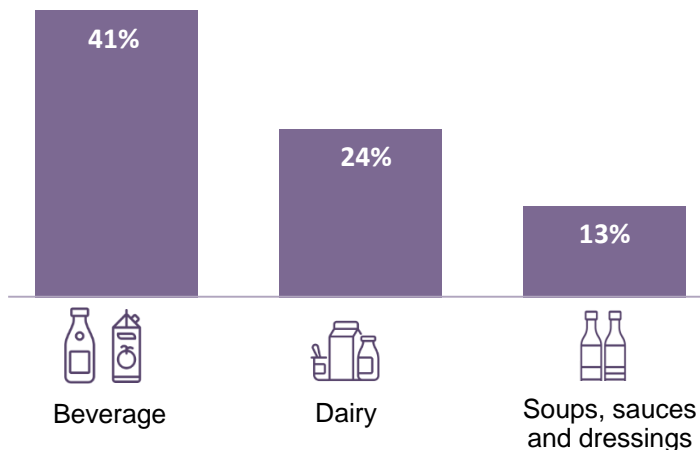
# Food & Beverage Solutions

Increasing use of fibre to enrich food and replace sugar

## Global market growth

Product launches by category with low/no/reduced sugar or calorie claims + fibre ingredient<sup>1</sup>

Years ended 31 March 2017 to 2019 (CAGR)



## Food & Beverage Solutions

Fibre volume growth

Years ended 31 March 2017 to 2019 (CAGR)



Global

**+15%**



Developed Markets<sup>2</sup>

**+5%**



Emerging Markets<sup>3</sup>

**+31%**

<sup>1</sup> Mintel GNPD April 2016 – March 2019, fibre matches, soluble fibre and/or insoluble fibre

<sup>2</sup> Developed Markets are North America and Europe, Middle East and Africa

<sup>3</sup> Emerging Markets are Asia Pacific and Latin America

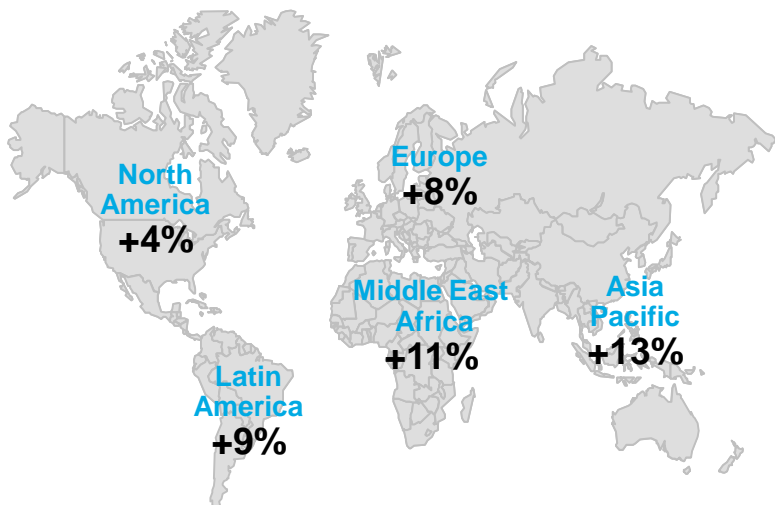


# Food & Beverage Solutions

## Clean label driving strong growth in texturants

### Global market growth

**Product launches with Clean Label claims<sup>1</sup>**  
Years ended 31 March 2017 to 2019 (CAGR)



### Food & Beverage Solutions

**Volume growth**  
Years ended 31 March 2017 to 2019 (CAGR)



**claria.**  
Functional Clean-Label Starches

**+57%**



Non-GMO  
starches<sup>2</sup>

**+28%**

<sup>1</sup> Mintel GNPD April 2016 – March 2019; Clean Label includes one or more of: Organic, natural, Non-GMO, no artificial sweeteners, no artificial flavours, no artificial preservatives

<sup>2</sup> Non-GMO starches launched from innovation pipeline

# Primary Products

Market dynamics in the 2018 calendar year more challenging

## Market dynamics US corn wet milling industry

2012-17 calendar years



2018 calendar year

### Stable demand

- Decline in HFCS demand in US offset by exports to Mexico and corn syrup demand
- Industrial starch demand stable with decline in paper offset by growth in packaging

### Weaker demand

- Volume in US regular carbonated soft drinks declined by 1.9%<sup>1</sup>
- Slightly lower US HFCS exports to Mexico
- Commodities markets more challenging

<sup>1</sup> Nielsen (compared to a 1.0% decline CAGR 2012-17; Source: IRI)

# Primary Products

Portfolio management driving steady earnings

## Actions

### Customer, product and category mix

- Optimise customer and product mix
- Margin expansion opportunities

### Operational efficiency

- Capital investment to drive cost efficiencies
- Commitment to continuous improvement

### Grind diversification

- Move corn grind from declining to growing product lines
- Target new and growing end-markets

## Grind diversification



Capacity expansion

**+20%**

Complete mid-2019



## Product mix

### Paper customer

- Superior starch
- Lower cost-in-use
- Margin trade-up





## Three Priorities

**SHARPEN**

**ACCELERATE**

**SIMPLIFY**

# Sharpen Focus on Customers

## Interaction

- Significant increase in top-to-top meetings at CEO, President and R&D levels
- 39% increase in calls and/or face-to-face meetings per month with customers to discuss growth opportunities<sup>1</sup>

## Structure

- Completed category model across all regions for Food & Beverage Solutions (sales, applications, technical services)

## Capabilities

- Live dashboards tracking all active customer opportunities
- Extensive technical and sales training programmes

## Pipeline

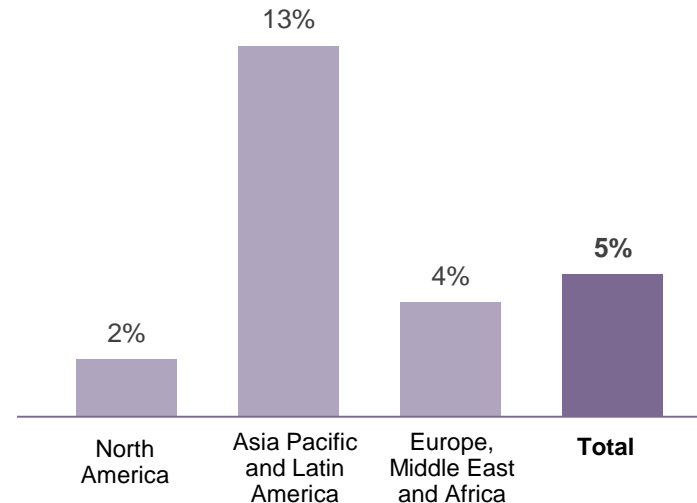
- Total global sales<sup>2</sup> pipeline up 29% during year

<sup>1</sup> Average per month for year ended 31 March 2019

<sup>2</sup> Probability adjusted value; 1 April 2018 to 31 March 2019

<sup>3</sup> Percentage changes are in constant currency

**Food & Beverage Solutions**  
Sales growth<sup>3</sup> in year ended 31 March 2019



# Sharpening Focus on the Customer

- Supported customer to deliver 30% sugar reduction
- Solution based on PROMITOR® fibre
- Innovation driving growth partnership
  - Reformulation
  - Geographies
  - New products





# Sharpening Focus on the Customer

## TATE & LYLE

### Leading stevia portfolio



## Expanded Offering

- Stevia partnership with Sweet Green Fields
  - Significantly expanded customer offering
  - Acquired 15% shareholding
- Launched TASTEVA® M Stevia Sweetener

78%

increase in stevia volume  
year ended 31 March 2019

## Product Examples



Yoghurts

Tea beverages



Jams

Protein bars

Infusion drinks



Juice drinks

Snacks

# Accelerate Portfolio Development

## Pipeline



More line extensions and next generation projects

**+24%**

Increase in expected value of innovation pipeline<sup>1</sup>

## Open Innovation



More external partnerships to catalyse innovation

**>170**

Contacts with start-ups and research institutions

- Open Innovation delivered five development agreements with external partners
  - Sweetener testing
  - New sources of dietary fibre
- Positive FDA guidance
  - Tate & Lyle's fibres included under new definition of dietary fibre
  - Allulose exempt from 'Sugars' and 'Added Sugars' line of Nutrition Facts Panel in US

<sup>1</sup> Expected value of unlaunched projects in pipeline at 31 March 2019 compared to 1 April 2018

# Simplify the Business

## Systems



- New Transportation System
- **~US\$3m benefits per annum**
- Supply chain efficiency

## Processes



- On-site water wells
- **~US\$1m benefits per annum**
- Lower external purchase costs

## Organisation

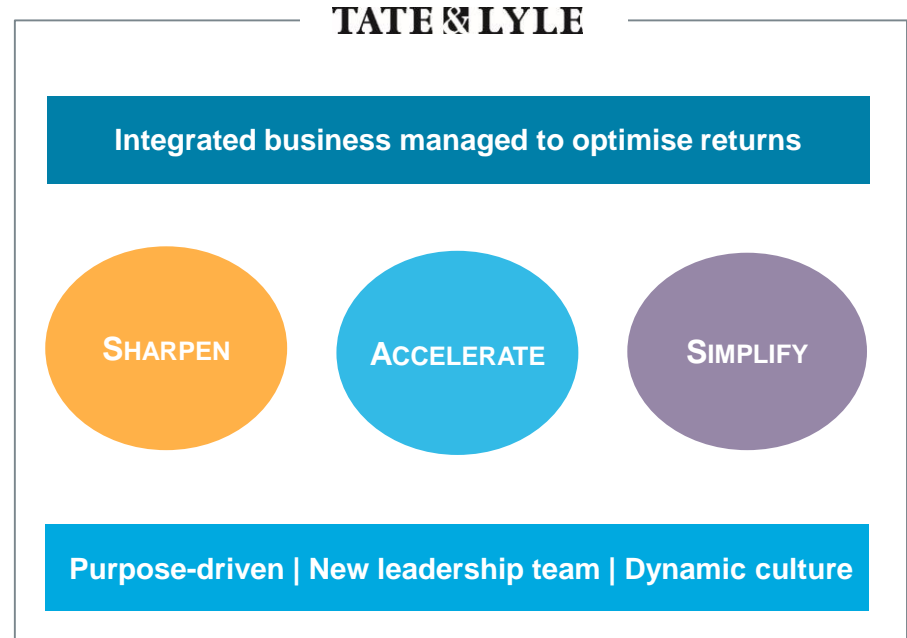


- Consolidate and streamline teams
- **Faster decision-making**
- Serve customers better



# Summary

- Stronger customer focus
- Improving operational execution
- Faster innovation
- Productivity programme on track
- Purpose-driven organisation
- Increasingly dynamic culture
- Three key priorities driving real momentum





## AGENDA

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# Financial Highlights

YEAR ENDED  
31 MARCH 2019

SALES

£2.76bn

+2%\*

ADJUSTED PROFIT BEFORE TAX

£309m

+4%\*

ADJUSTED DILUTED EPS

52.0p

+4%\*

ADJUSTED FREE CASH FLOW

£212m

+£16m

NET DEBT

£337m

£55m lower

FULL YEAR DIVIDEND (PENCE)

+2.4%

29.4p

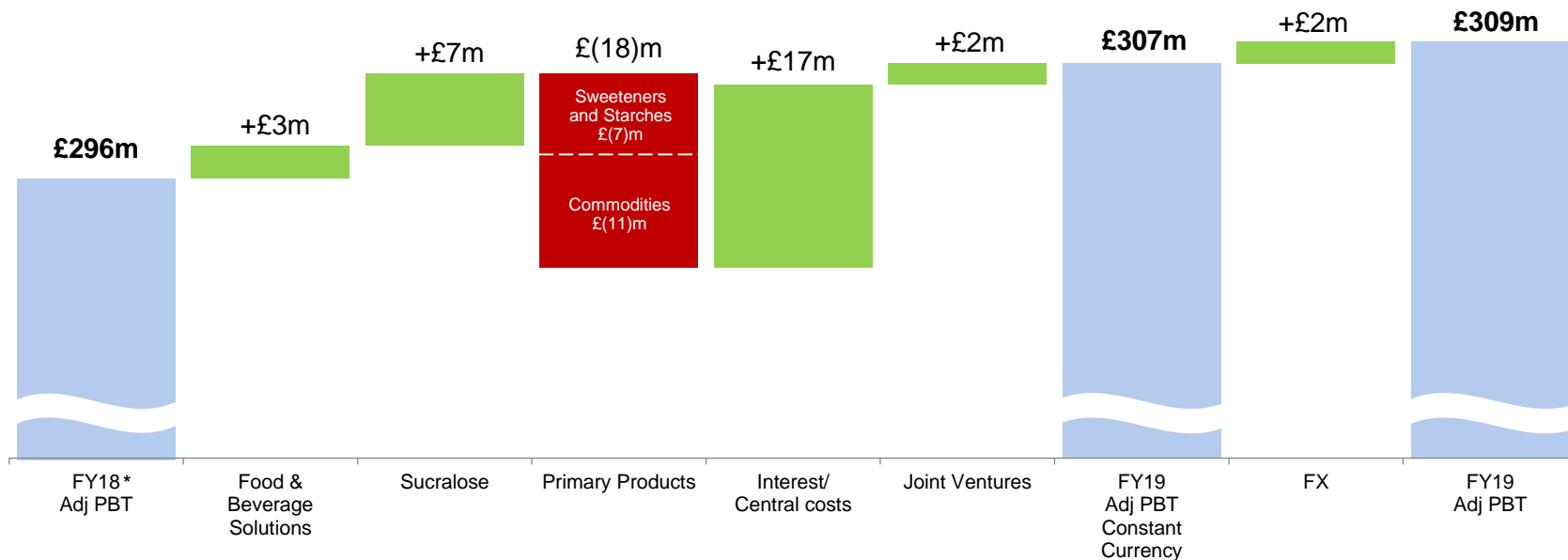
- Inflationary headwinds of £25m from materials and transportation in North America
- Statutory profit before tax at £240m, 16% lower due to net exceptional costs of £58m

Adjusted results and a number of other terms and performance measures used in this presentation are not defined within accounting standards. See descriptions of these items and, where relevant, ratio calculations in Notes 2 and 3, on pages 19 to 23, and "Ratio Analysis" on page 35 of the Full Year Results for the year ended 31 March 2019 available on the Company's website.

\* Percentage changes are in constant currency

# Adjusted Profit Before Tax

YEAR ENDED  
31 MARCH 2019



See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website  
\* The adjusted results for the year ended 31 March 2018 have been restated to include net retirement benefit interest and associated tax.

## TOTAL VOLUME

+3%

## SALES

+5%\*

£889m

## ADJUSTED OPERATING PROFIT

+3%\*

£143m

## NEW PRODUCTS SALES

+2%\*

*Reported*

+42%\*

*Like-for-like sales<sup>1</sup>*

£95m

## TOP-LINE MOMENTUM

- 3% volume growth
  - North America +3%
  - Asia Pacific and Latin America +15%
  - Europe, Middle East and Africa 2% lower
- 3%\* adjusted operating profit growth after inflationary headwinds
- New Products represent 11% of sales

See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website

1 Three ingredients were removed from New Products during the year since they were launched more than seven years ago; like-for-like growth assumes those ingredients remain included in New Products

\* Percentage changes in constant currency



## TOTAL VOLUME

+16%

## SALES

+13%\*

£164m

## ADJUSTED OPERATING PROFIT

+11%\*

£61m

## STRONG RESULTS

- Volume 16% higher
  - Benefits of programme to optimise production and sale of excess inventory
  - Increasing industry demand
- Adjusted Operating Profit 11%\* higher
  - Softer pricing due to surplus industry capacity
  - £3m one-off gain from supply contract
  - Cost inflation in North America

See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website

\* Percentage changes in constant currency

## TOTAL VOLUME

**In line**

with comparative period

## SWEETENER VOLUME

**In line**

with comparative period

## ADJUSTED OPERATING PROFIT SWEETENERS AND STARCHES

**(5)%\***

£126m

## ADJUSTED OPERATING PROFIT COMMODITIES

**(33)%\***

£22m

## CHALLENGING ENVIRONMENT

- Sweeteners and Starches adjusted operating profit 5% lower\*
  - Mix management and cost discipline offsetting cost headwinds
  - £4m insurance recovery
- 2019 contracting margins broadly in line
- Commodities profits £10m lower
  - Exceptionally strong fiscal 2018

See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website

\* Percentage changes in constant currency

# Central, Interest, Joint Ventures and Taxation

YEAR ENDED  
31 MARCH 2019

Item	Change	Comment
Central costs	<b>£(11) million</b>	<ul style="list-style-type: none"> <li>Strong cost discipline and lower insurance costs</li> </ul>
Net finance charges	<b>£(6) million</b>	<ul style="list-style-type: none"> <li>Benefit of prior year pension contribution</li> </ul>
Joint Ventures	<b>+£2 million</b>	<ul style="list-style-type: none"> <li>DuPont Tate &amp; Lyle Bio-Products performed well</li> <li>Firm demand at Almex, Mexico</li> </ul>
Taxation	<b>Adjusted ETR 50bps lower at 21.0%</b>	<ul style="list-style-type: none"> <li>Favourable tax settlements</li> </ul>

# Productivity Programme

US\$100m over four years

YEAR ENDED  
31 MARCH 2019

## Procure, Produce and Fulfil

- Capital investments to reduce costs
- Continuous improvement (>300 projects)
- Stepped-up plant maintenance programme
- Improving supply chain processes

## Selling, General and Administrative Efficiencies

- Implemented zero-based budgeting
- Benchmarked indirect costs to best-in-class
- New policies in key areas of discretionary spend
- Leveraging shared services and centres of excellence, and increasing automation

£25 million productivity benefits helped offset unanticipated cost inflation

# Strong balance sheet

YEAR ENDED  
31 MARCH 2019

Years ended 31 March	2017	2018	2019
Adjusted free cash flow (£m)	174	196	212
Net debt (£m)	452	392	337
Leverage (Net debt/EBITDA)	1.1x	0.9x	0.8x
Return on Capital Employed (%)	14.3	16.2	17.1

## Forward flexibility

- Sustained cash generation
- Capital expenditure in year of £130m
  - In fiscal 2020, expected to be between £140m and £160m
- Strong returns on capital employed
- Disciplined approach to capital allocation

Adjusted results and a number of other terms and performance measures used in this presentation are not defined within accounting standards. See descriptions of these items and, where relevant, ratio calculations in Notes 2 and 3, on pages 19 to 23, and "Ratio Analysis" on page 35 of the Full Year Results for the year ended 31 March 2019 available on the Company's website.



# Exceptional Items

YEAR ENDED  
31 MARCH 2019

£ million	Total	Of which: Cash in FY19	Estimated cash in future years
<b>Focus portfolio</b>			
Oat ingredients disposal (including impairment)	(43)	3	(1)
<b>Simplify business</b>			
Restructuring programme*	(13)	(6)	(25)
Gain on sale and leaseback of railcars	14	16	–
Asset remediation	(16)	(1)	(15)
	<b>(58)</b>	<b>12</b>	<b>(41)</b>

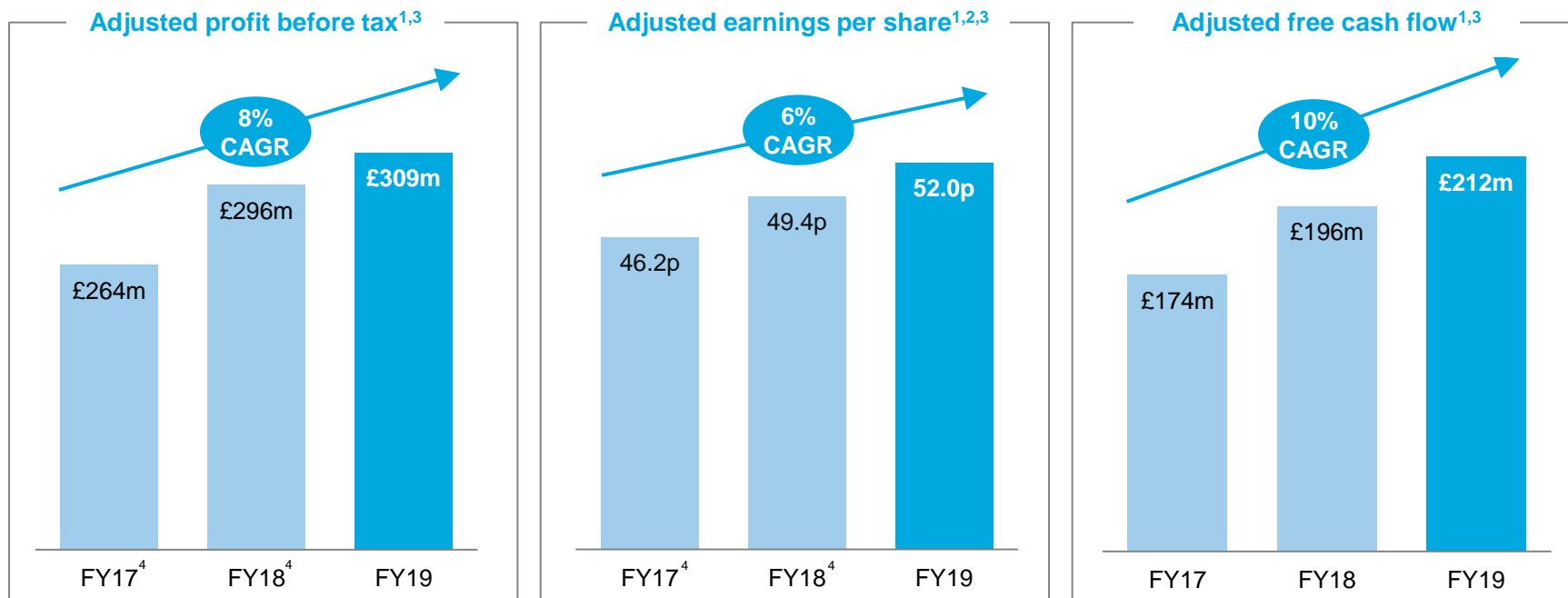
\* Total expected cash cost for programme of US\$40m (£31m)

# Impact of IFRS 16 Leases

Item	Change	Comment
Net debt	~ £170m increase	<ul style="list-style-type: none"> <li>Operating lease liabilities come on balance sheet</li> </ul>
Leverage	~ 0.3x increase	<ul style="list-style-type: none"> <li>Balance sheet fundamentals unchanged</li> </ul>
Adjusted free cash flow	~ £30-35m increase	<ul style="list-style-type: none"> <li>Increases as lease payments no longer included, offsetting increase in financing, no overall cash impact</li> </ul>
Adjusted diluted EPS	~ 1 ppt decrease*	<ul style="list-style-type: none"> <li>Front loading drives leasing costs higher in early lease life</li> </ul>
Some change to key metrics, no business impact		

\* Decrease in year-on-year growth compared to year ended 31 March 2019

# Consistent performance delivered over last three years



1 See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website

2 Adjusted diluted earnings per share from continuing operations.

3 FY represents financial years ended 31 March. CAGR at reported currency.

4 The adjusted results for the years ended 31 March 2017 and 2018 have been restated to include net retirement benefit interest and associated tax.

# Year of solid financial delivery

YEAR ENDED  
31 MARCH 2019

- Adjusted profit before tax 4%\* higher
- Adjusted diluted earnings per share 4%\* higher
- Adjusted free cash flow up £16m at £212m
- Net debt £55m lower at £337m
- Final dividend up 2.5% to 20.8p per share; full-year at 29.4p

See descriptions of adjusted results in Note 2 of Statement of Full Year Results for year ended 31 March 2019 on the Company's website

\* Percentage changes are in constant currency





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## For year ending 31 March 2020

We expect earnings per share growth<sup>1,2</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

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

<sup>2</sup> Guidance after adopting IFRS 16 which is expected to reduce earnings per share growth by circa 1ppt in fiscal 2020

# Summary

## Year of progress

- Solid financial performance
- ‘Sharpen, Accelerate, Simplify’ progressing well
- Purpose-driven and more dynamic culture

## Looking ahead

- Execute against key priorities
- Manage two divisions to optimise overall returns
- Invest in long-term growth



SHARPEN

ACCELERATE

SIMPLIFY



## Questions

# Cautionary Statement

This presentation for the Full Year Results for the year ended 31 March 2019 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.