

# Deutsche Bank Conference

Tim Lodge, Group Finance Director

Paris, June 2009

# Agenda

Company overview

Business environment

Outlook

# Who is Tate & Lyle?

Tate & Lyle is a world-leading manufacturer of renewable food and industrial ingredients. We use innovative technology to transform corn and sugar into value added ingredients for customers in the food, beverage, pharmaceutical cosmetic, paper, packaging and building industries.

## Raw Materials

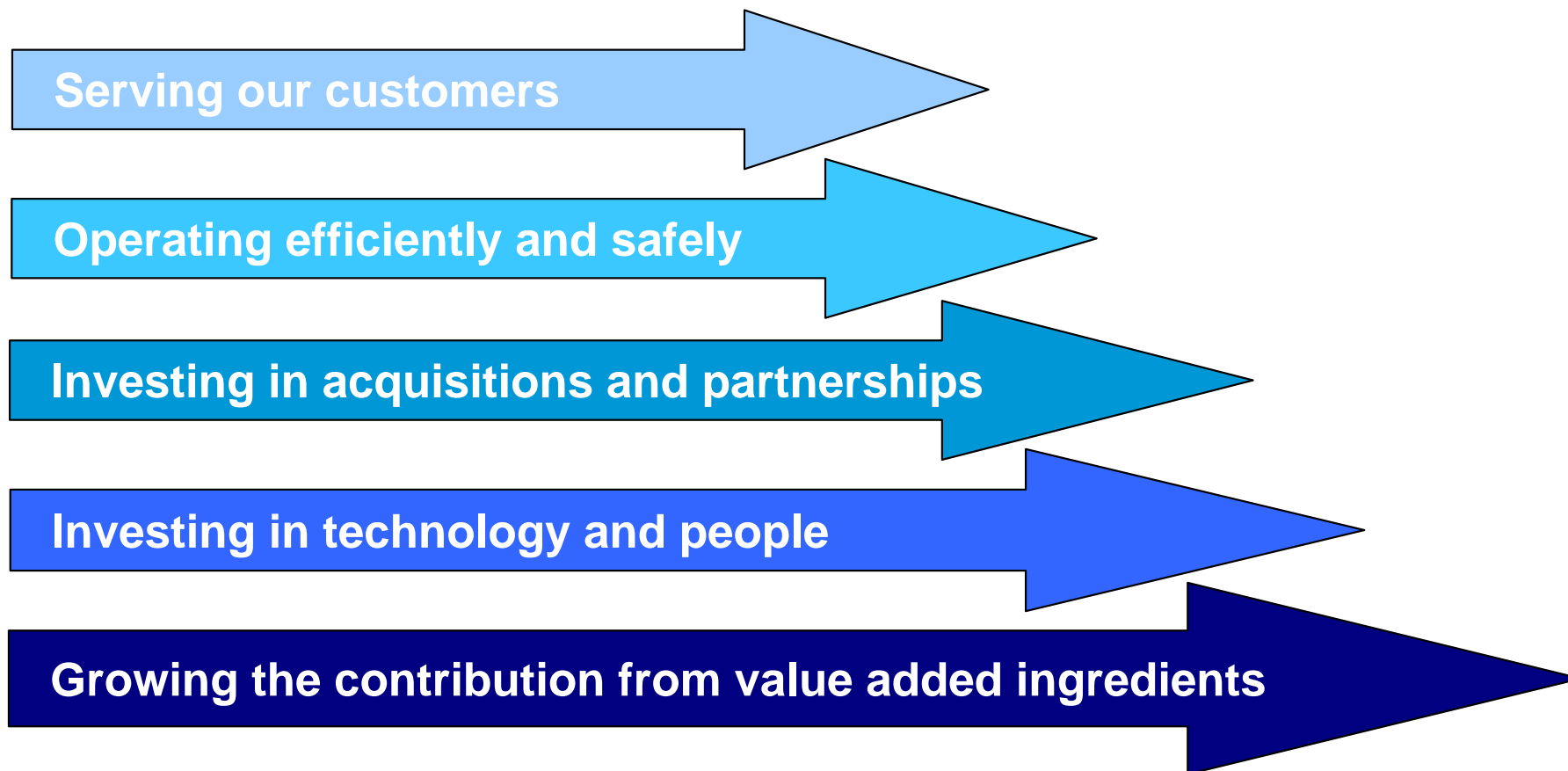


## End products



**Our strategy is to build a stronger value added business on a low-cost commodity base**

**We focus on five key business drivers:**



# Sustaining the health of our business

## Building a strong platform for future growth

### **PRIORITIES FOR FY2010**

**Maintain no  
higher  
priority than  
safety**

**Maximise  
revenue by  
total focus on  
customer**

**Implement  
zero-based  
capital  
expenditure**

**Implement  
reduced  
working  
capital plan**

**Aggressively  
reduce costs  
and optional  
spending**

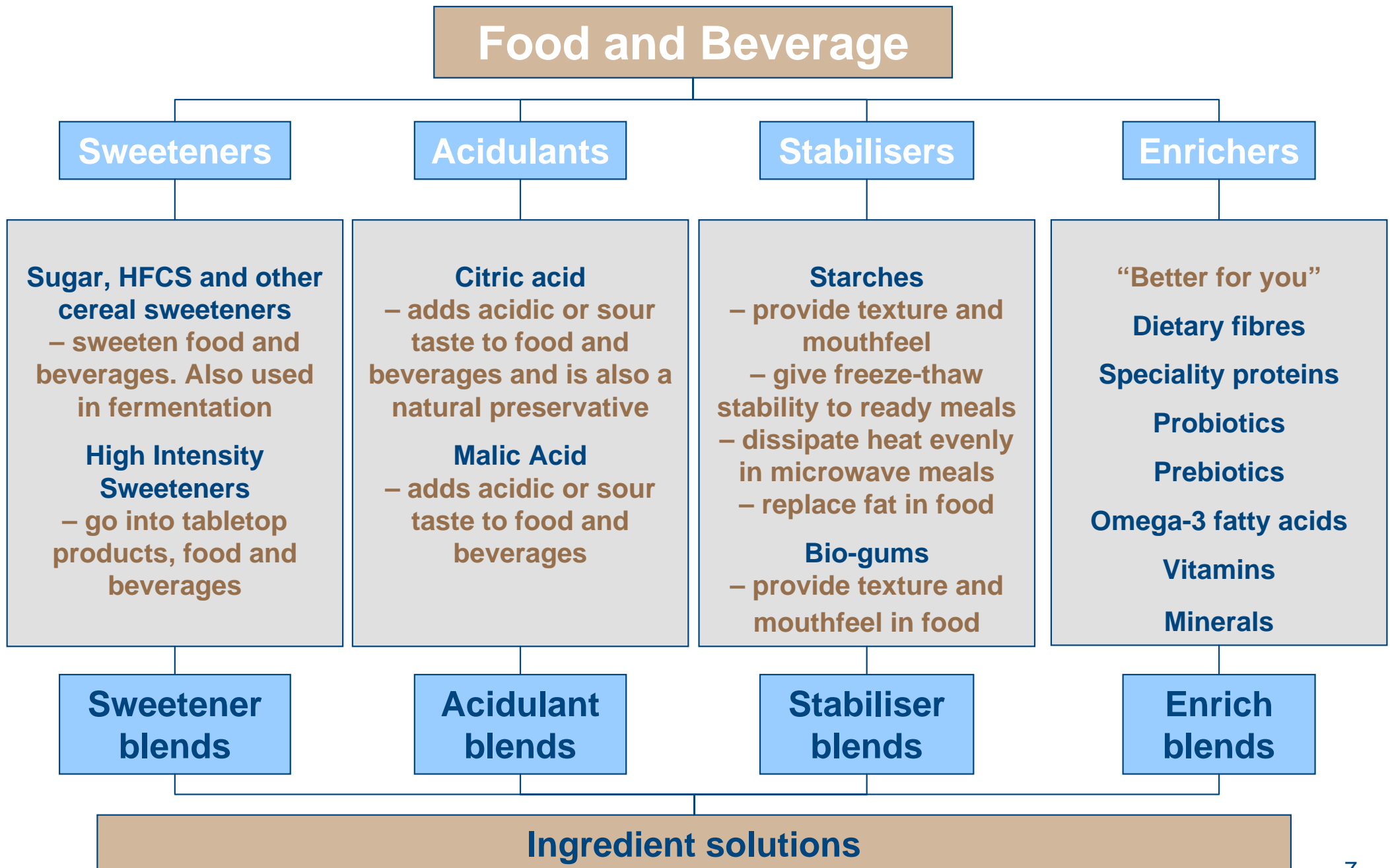
**Tate & Lyle will emerge a  
leaner, stronger, and more flexible business**

# What are value added ingredients?

Those ingredients that utilise technology or intellectual property enabling our customers to produce distinctive products and Tate & Lyle to obtain a price premium and / or sustainable higher margins.



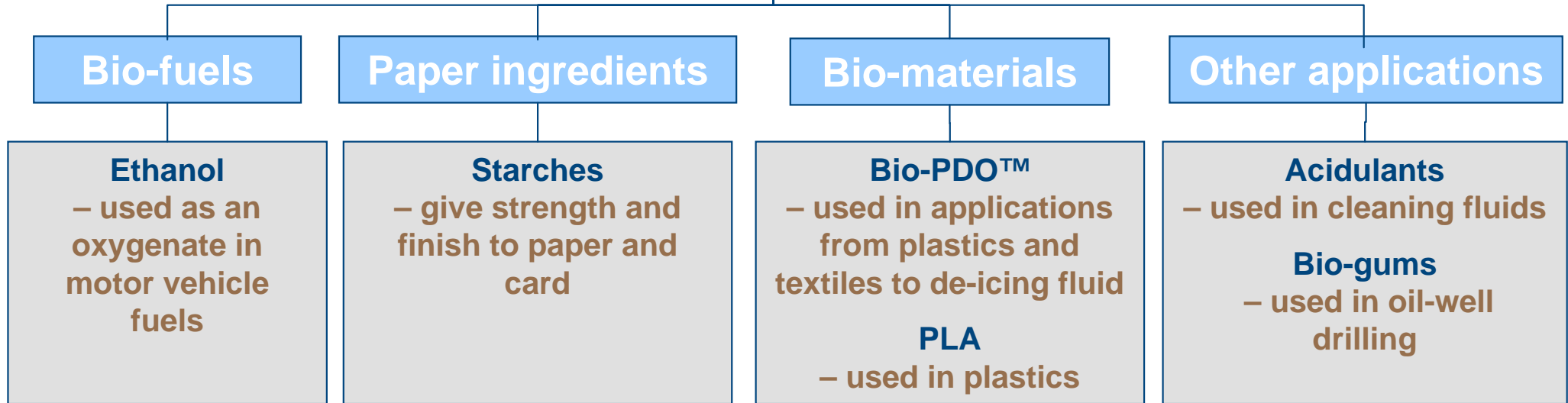
# Where we compete





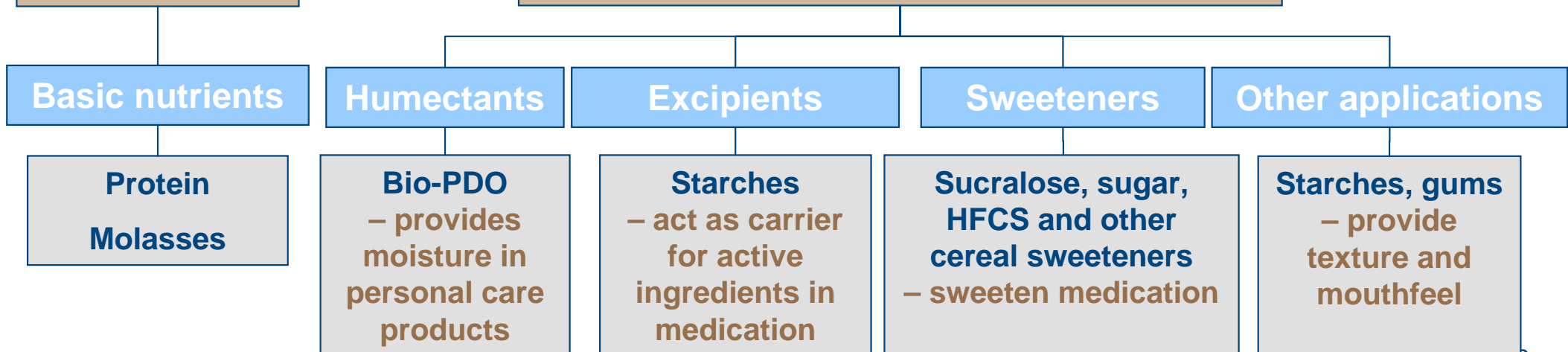
# Where we compete

## Industrial



## Animal feed

## Pharmaceutical and personal care





# Organisational & Reporting Structure

Pro Forma Continuing<sup>1</sup> Sales £3 553m, Operating Profit<sup>2</sup> £316m (pre central costs) in Year to March 2009

<p><b>Food &amp; Industrial Ingredients, Americas (TALFIIA)</b></p>	<p><b>Food &amp; Industrial Ingredients, Europe (TALFIIIE)</b></p>	<p><b>Sugars</b></p>	<p><b>Sucralose</b></p>
<p><b>Sales £1 797m        Profit £181m        Margin 10.1%</b></p>	<p><b>Sales £539m        Profit £51m        Margin 9.5%</b></p>	<p><b>Sales £1 048m        Profit £12m        Margin 1.1%</b></p>	<p><b>Sales £169m        Profit £72m        Margin 42.6%</b></p>
<p><b>Ingredients, Americas        Citric Acid        Custom Ingredients        DuPont Tate &amp; Lyle</b></p>	<p><b>Ingredients, Europe        Cesalpinia        G C Hahn</b></p>	<p><b>London inc molasses        Lisbon        Vietnam</b></p>	<p><b>SPLENDA®        Sucralose</b></p>
			

<sup>1</sup> Excluding International Sugar Trading and Eastern Sugar

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

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The DuPont Oval Logo and DuPont™ are trademarks or registered trademarks of E.I. du Pont de Nemours and Company.

# Key Results

## Years to 31 March

Continuing operations <sup>1</sup>	2009	2008	Change	Change at constant currency
Profit Before Tax <sup>2</sup>	<b>£247m</b>	£253m	-2%	-18%
Core Value Added Food Ingredients Operating Profit	<b>£107m</b>	£89m	+20%	+3%
Diluted EPS <sup>2</sup>	<b>38.0p</b>	34.6p	+10%	-8%
Dividend	<b>22.9p</b>	22.6p	+1.3%	+1.3%
Net Cash Generated <sup>3</sup>	<b>£245m</b>	(£160m)		

<sup>1</sup> Exc. International Sugar Trading and Eastern Sugar in both periods and Redpath, Occidente and disposed of EU starch plants in year ended 31 March 2008

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

<sup>3</sup> Cash from total operating activities, investing activities, and share issues, less shares repurchased and dividends

# Agenda

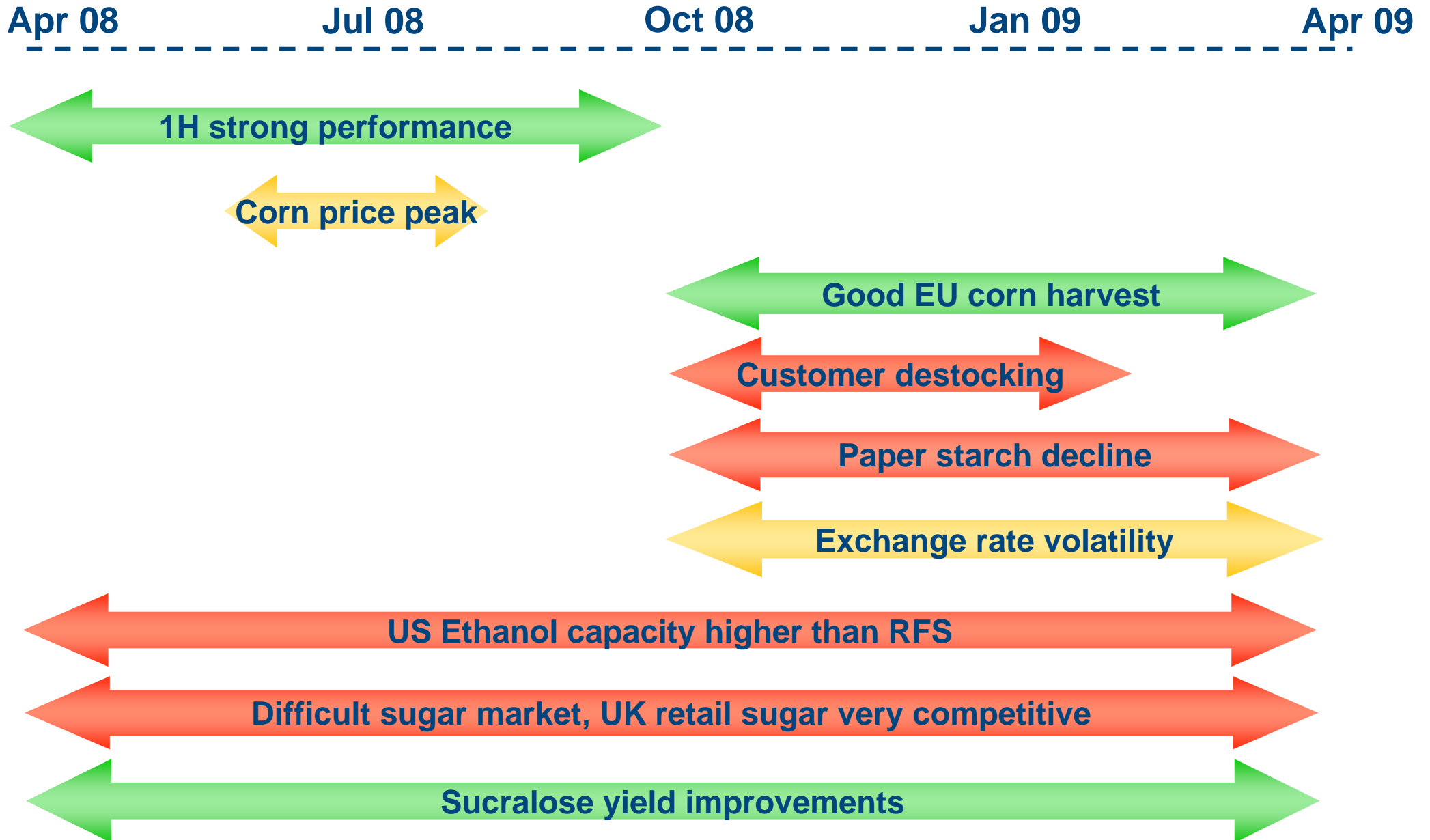
Company overview

**Business environment**

Outlook

# Year to March 2009

## Managing in Turbulent Times



# Decisive Management Action

To maximise cash flow and defend short term profitability

- Accelerated existing cost reduction projects
- Launched new cost reduction projects
- Actions to date:
  - Initiatives to reduce working capital
  - Pay freeze at all levels
  - Delayed completion and commissioning of Fort Dodge plant
  - Breakthrough yield improvements → mothballed US Sucralose plant
  - Headcount reductions across the business
  - Developed greater flexibility in the business
- Building additional resilience into balance sheet

Sustaining the health of our business in the face of  
challenging and unpredictable market conditions

# Change in Working Capital Years to March

£m	2009	2008
Decrease / (increase) in inventories	113	(151)
Decrease / (increase) in receivables	77	(69)
US margin calls	(70)	34
(Decrease) / increase in payables	(44)	112
Decrease / (increase) in derivatives	6	(18)
Decrease in provisions & other	(51)	(67)
<b>Change in working capital</b>	<b>31</b>	<b>(159)</b>

# Food Ingredients

## Working with our customers in challenging times



### Consumer Trends

- Lower cost: no compromise on taste or quality
- “Value for money” alternatives to branded products
  - Health & Wellness



### Food Producer and Retailer Response

- Value-focused own-label product offerings
  - Streamlined product ranges
  - Health & Wellness product ranges



### Tate & Lyle Response

- Customer cost optimisation: reformulation; new ingredients; and new processes
- Increased range of Health & Wellness ingredients and processes

Sainsbury's **TESCO**

Walmart **SAFEWAY**  
 Ingredients for life.™



Kellogg's



Heinz

QUAKER

Unilever

Nestlé  
 Good Food, Good Life



DANONE

**TATE & LYLE**

CONSISTENTLY FIRST IN RENEWABLE INGREDIENTS



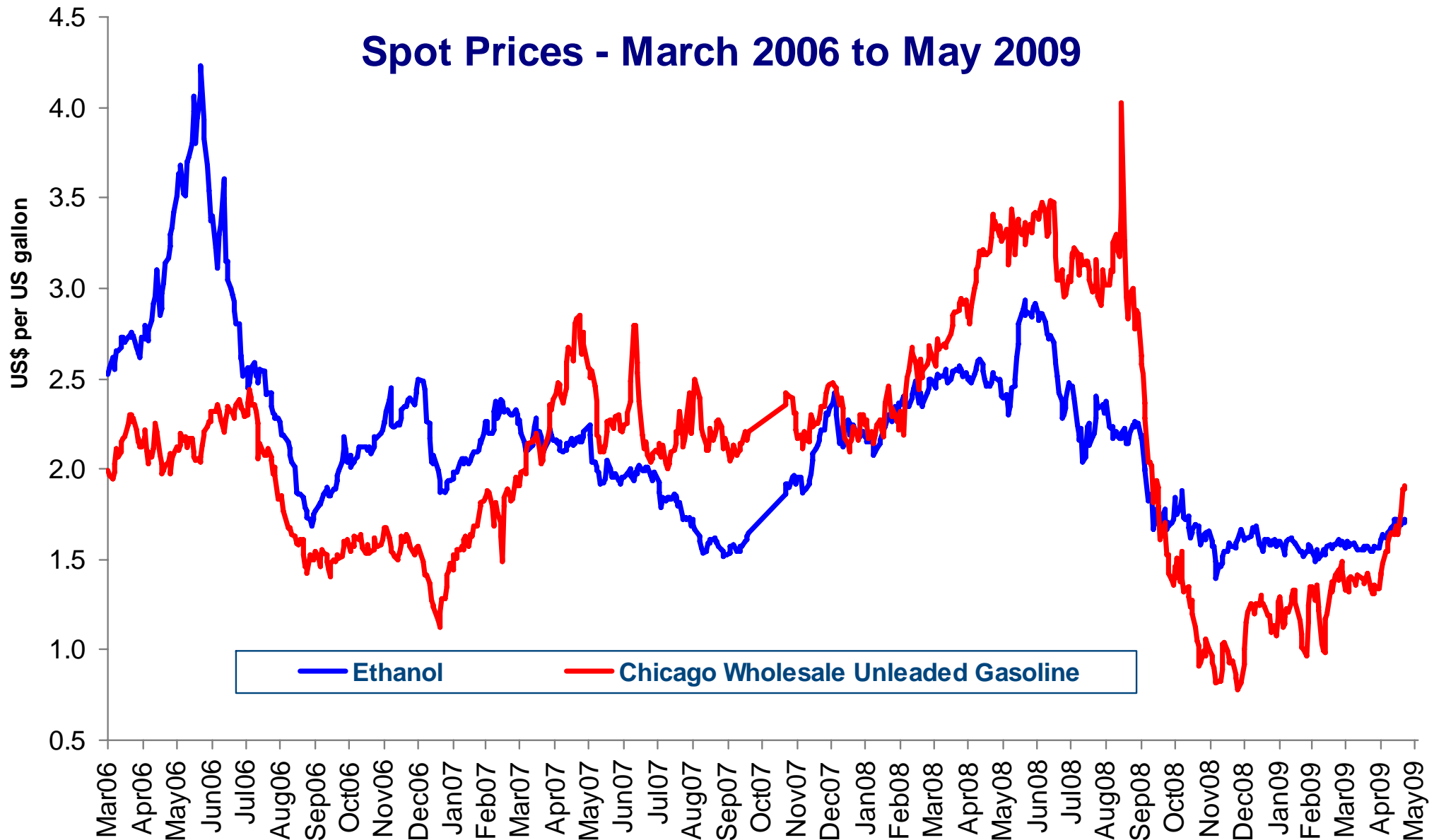
# Food & Industrial Ingredients, Americas

- Strong performance in 1H, due to food ingredients and higher co-product pricing
- US domestic sweetener demand reduced in line with longer term patterns
- Economic climate deteriorated in 2H:
  - Mexico volumes reduced following sudden fall in Peso
  - Demand from paper and board industry fell 20-25%
  - Ethanol margins came under severe pressure due to oversupply



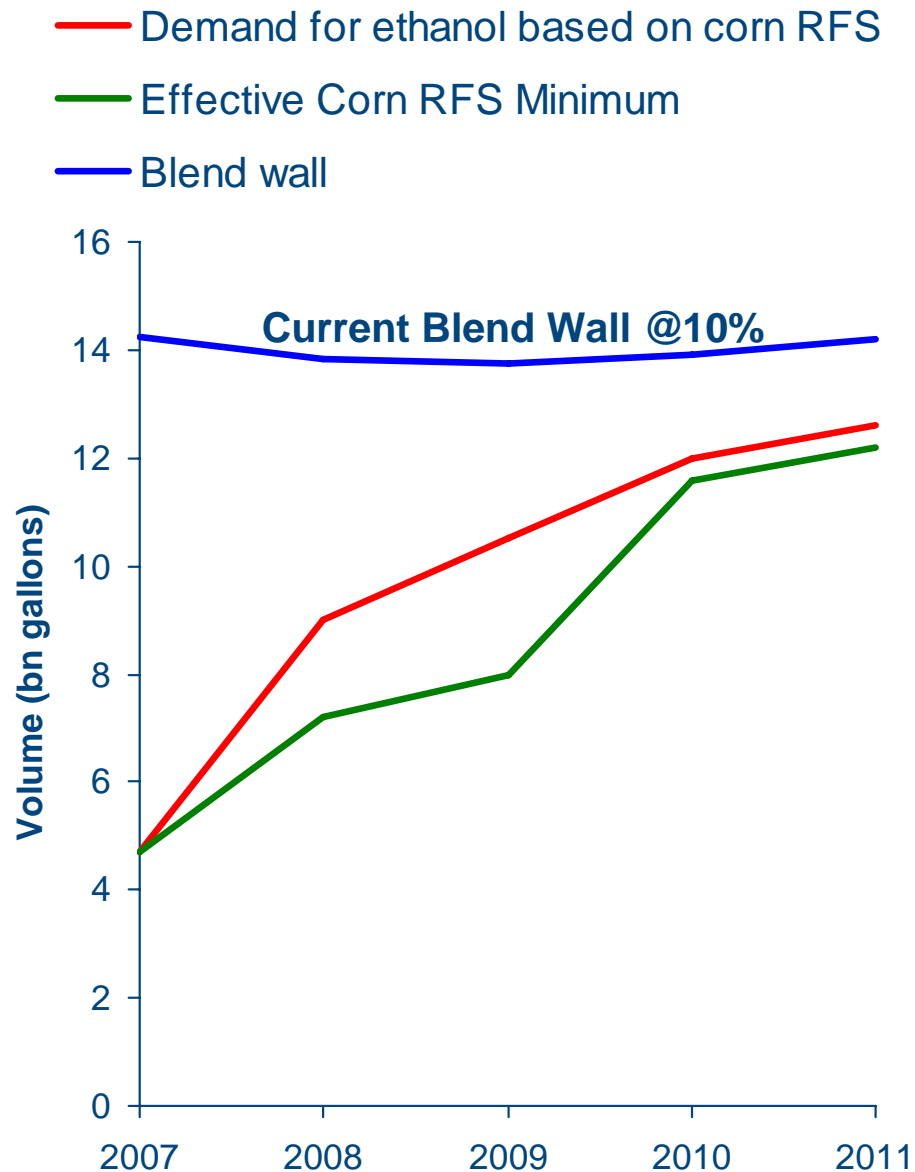
# Food & Industrial Ingredients, Americas

## US ethanol and gasoline spot prices



# Food & Industrial Ingredients, Americas

## Long term demand increases underpinned by RFS legislation



- RFS legislation allows refiners to carry forward up to 20% of following year's volume obligation
- Attractive ethanol dynamics in 2008 allowed blenders to carry forward volume credits
- Dry mills built capacity ahead of demand curve
- Market expected to come into balance in 2010
- Final completion of commissioning and start up of Fort Dodge plant postponed

# Food & Industrial Ingredients, Europe

- Lower corn prices after good 2008 harvest
- Restructuring
  - Isoglucose quota surrendered in Greece and Netherlands
  - Levies charged until September 2009
- Further progress at the Food Systems businesses
  - Hahn and Cesalpinia integrated well





# Sugars

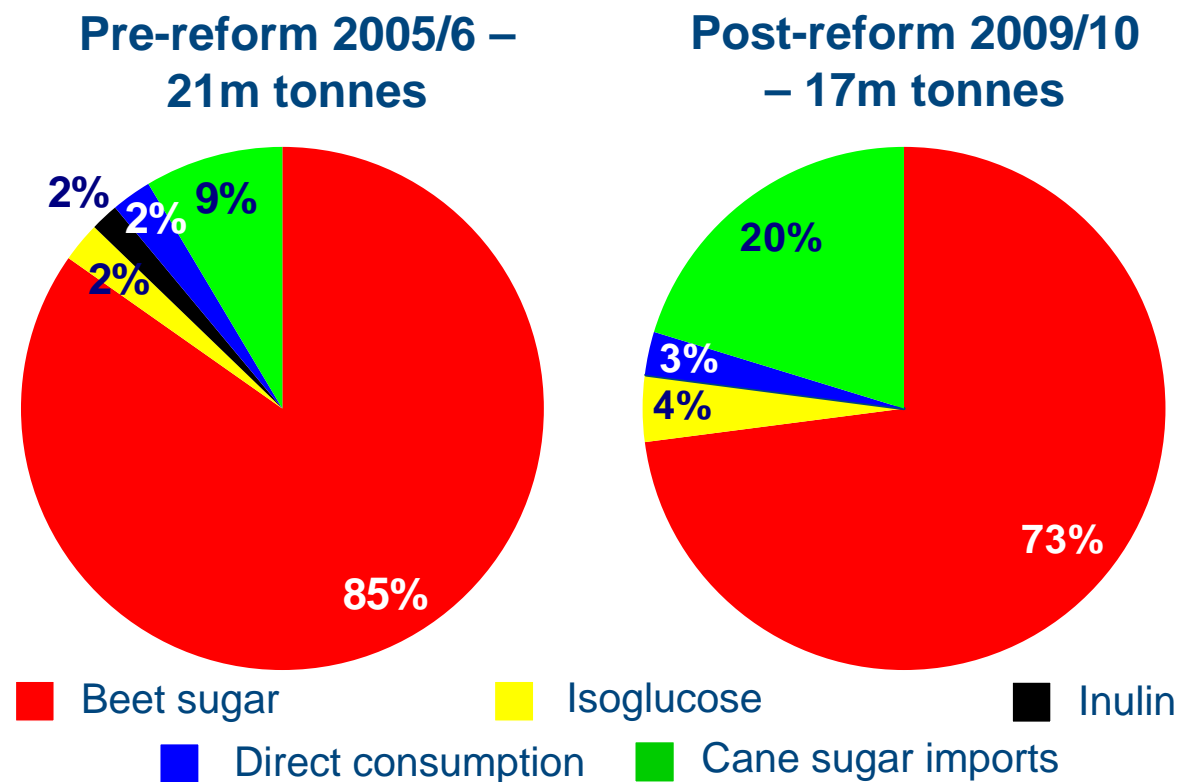
## Tate & Lyle well-placed for market post-EU reforms

- EU sugar markets coming into balance
- Energy costs at UK refinery doubled
  - UK biomass boiler: commissioning underway
- Lisbon volumes and profits increased over prior year
- New raw sugar supply arrangements on track
- Differentiation through Fairtrade
- Differentiation through lower carbon footprint
- Exceptional performance from Molasses business



# EU Sugar Regime

## EU25 Nutritive Sweetener Volumes

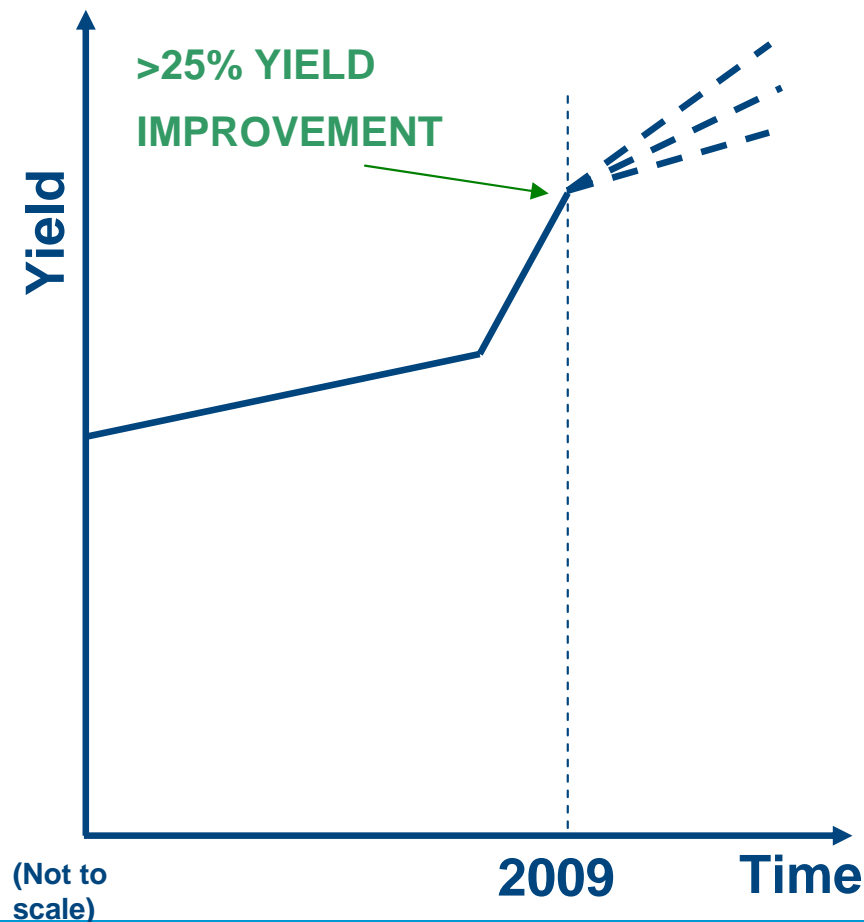


**EU refined sugar prices and raw sugar prices both fall by 36% over 4 years**

Sugar year	Pre-reform	Oct08-Sep09	From Oct09
Processed Sugar reference price (€/t)	631.9	541.5 -14.3%	404.4 -36.0%
Raw Sugar reference price (€/t)	523.7	448.8 -14.3%	335.2 -36.0%

# SPLENDA® Sucralose

- Volumes increased 6% over prior year: average selling prices lower
- Continuing good growth in Europe



## Breakthrough yield improvements of over 25%

- Made possible by:
  - Investment in pilot plant
  - Investment in analytical research to support patent estate
  - Two plant footprint which enabled full scale trials
- Decision to mothball plant in Alabama
  - All product moved to Singapore
- No impact on customers

**Tate & Lyle will remain the most efficient producer of sucralose in the world**



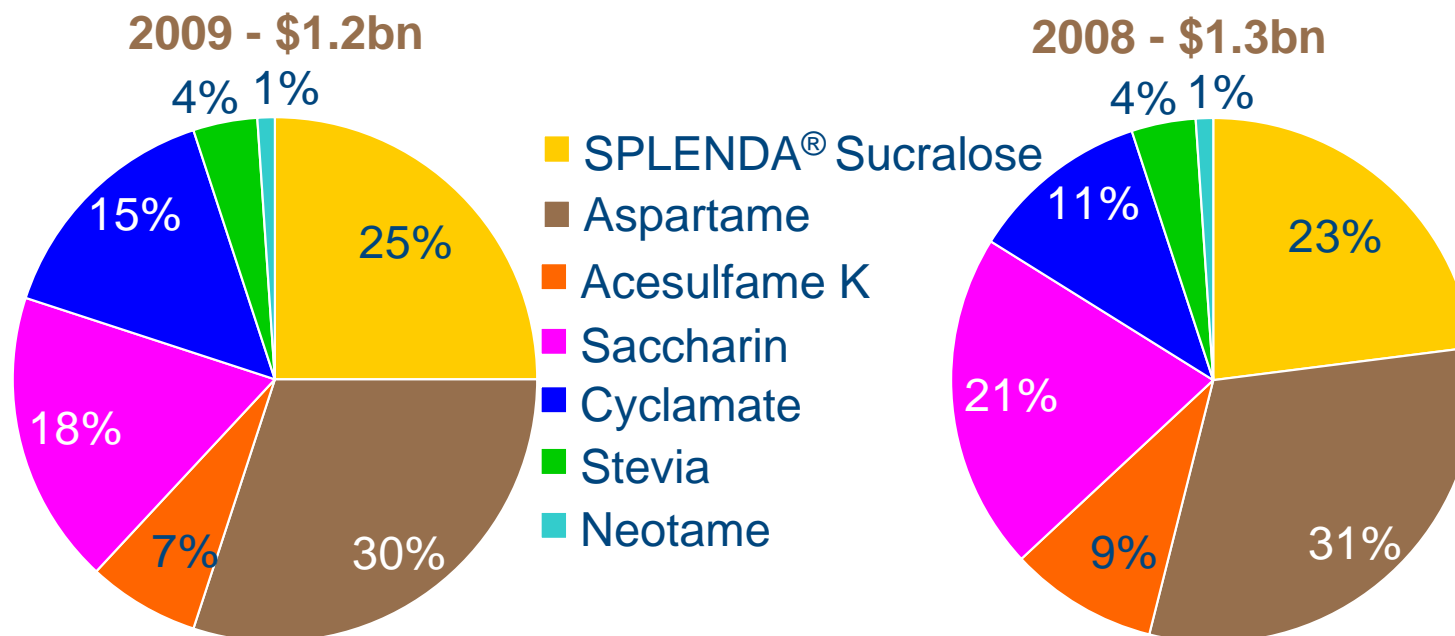
# SPLENDA® Sucralose

## High intensity sweetener market shares

Global HIS Market by Region – Year to 31 March 2009

US \$m	Global	North America	Latin America	EMEA	Asia Pacific
TOTAL HIS	1,178	427	114	278	359
Growth in year	-11%	-6%	+1%	-20%	-12%
SPLENDA® Sucralose	294	189	25	45	35
Growth in year	-2%	-6%	0%	+23%	-9%
Market share	25%	44%	22%	16%	10%

Global HIS Market by Product - Years to 31 March



# Financial Position

Continuing operations <sup>1</sup>

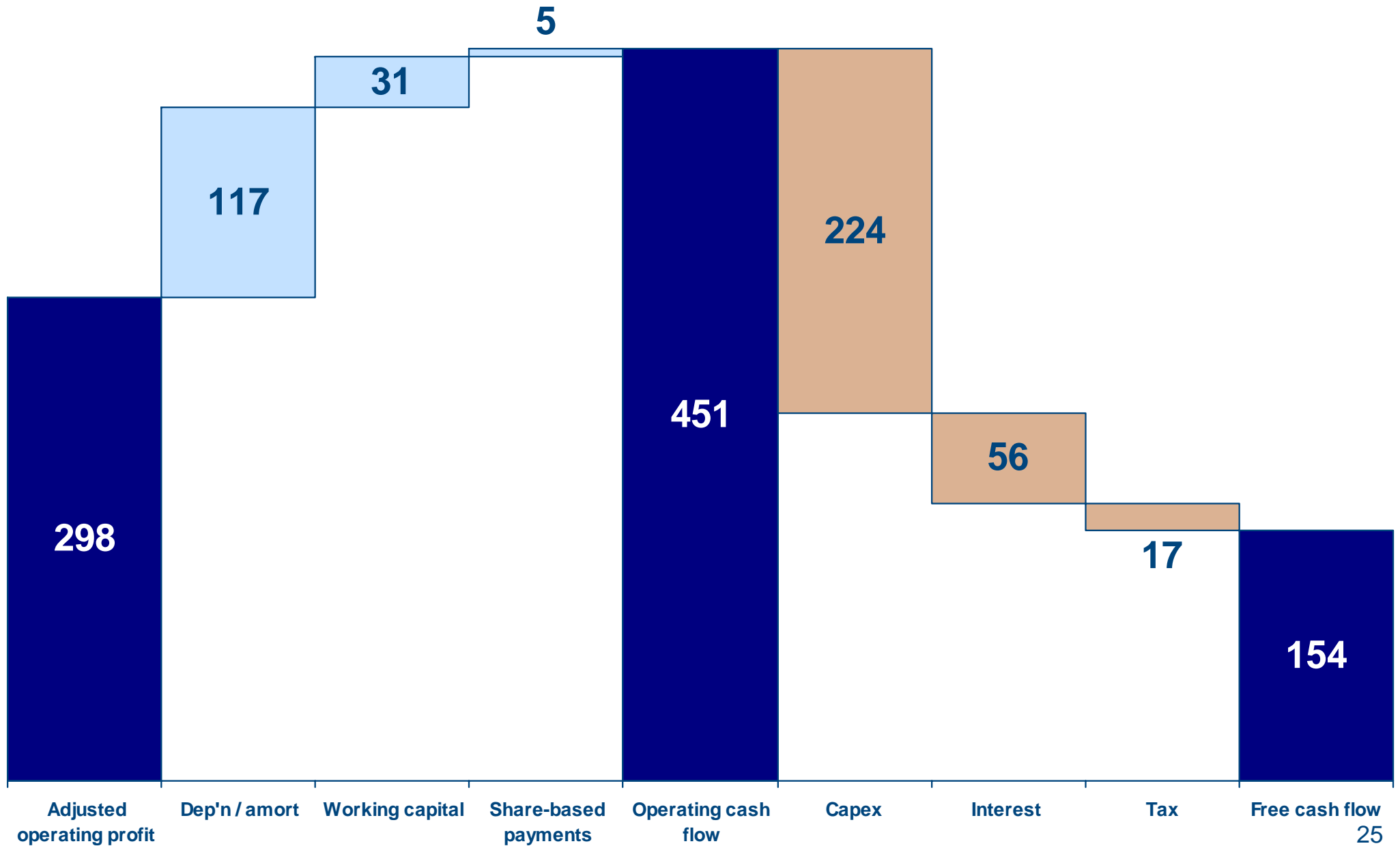
- Effective interest rate 4.3%
- Effective tax rate on adjusted profit 27.3% (2008: 33.2%)
- Adjusted diluted EPS up 10% (down 8% in constant currency)
- Exceptional items of £119m - £97m Sucralose impairment
- Proposed final dividend maintained; for year increased 1.3%
- Strong cash generation; net debt / EBITDA 2.4 times

<sup>1</sup> Excluding the results of International Sugar Trading and Eastern Sugar in both periods and of Redpath, Occidente, and the disposed European starch plants in the year ended 31 March 2008

# Free Cash Flow

## Year to March 2009

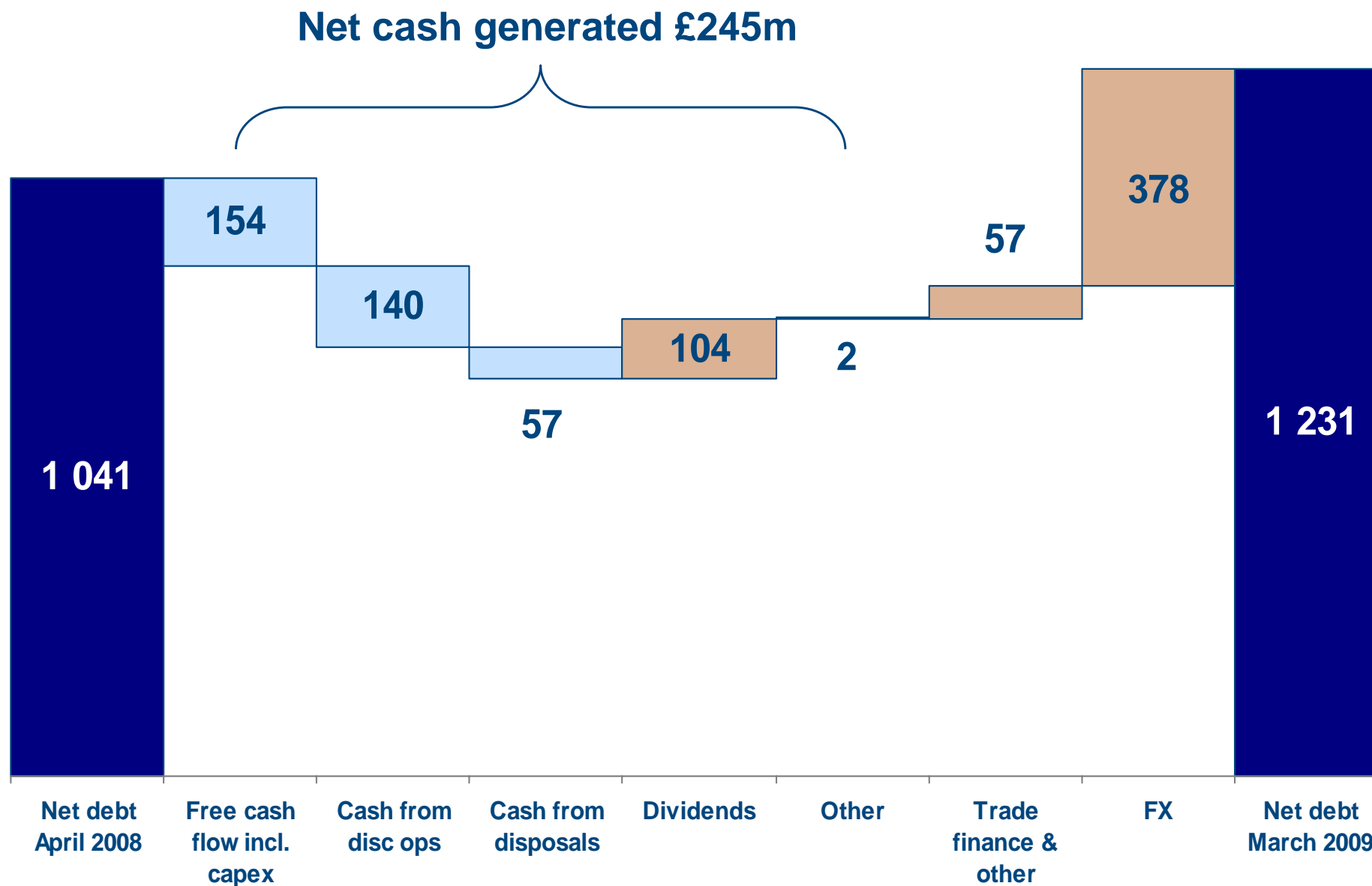
£m



# Movements in Net Debt

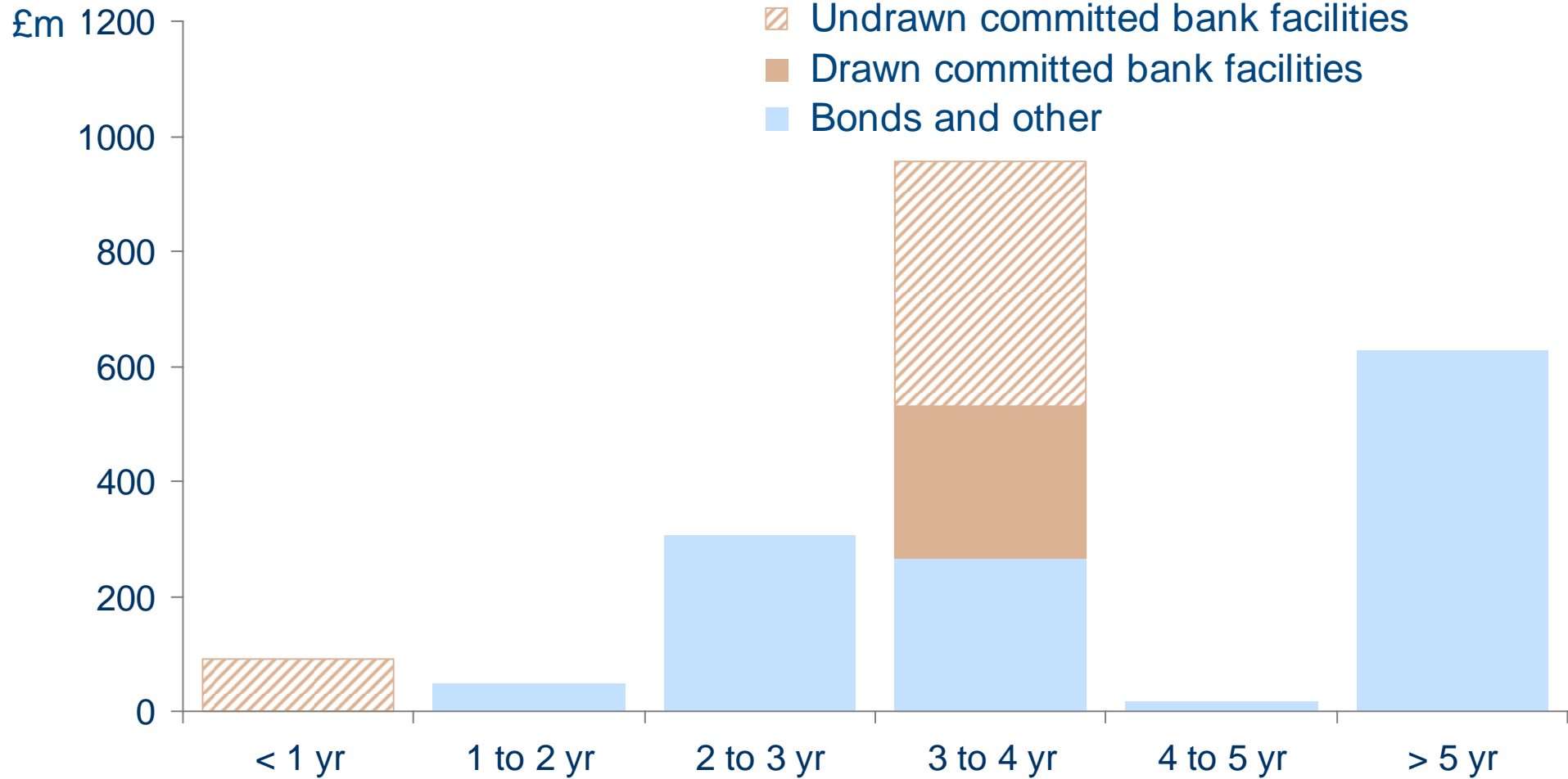
## Year to March 2009

£m



# Debt Maturity Profile

## March 2009



Average maturity of gross debt

4.8 years

Undrawn committed facilities

£524m

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- **Near term outlook**
  - Relative resilience in sales to food and beverage customers
  - Industrial starch demand remains weak
  - Customer demand and net corn costs will be key factors
- **Key factors which will impact the second half of 2010:**
  - Pricing in EU sugar market
  - 2009 corn harvests
  - Timing of recovery in US ethanol
  - Outcome of 2010 sweetener pricing round



# Question and Answers

Please wait for the microphone and state your name and that of your organisation

