May 29, 2014

TATE & LYLE PLC
ANNOUNCEMENT OF FULL YEAR RESULTS
For the year ended March 31, 2014

Continuing operations[1]

	2014		2013 Restated[2]			
	£m	**$m[8]**	£m	$m[8]	Change	Change (constant currency)[6]
Sales	**3 147**	**4 997**	3 256	5 170	- 3%	- 3%
Adjusted results						
Adjusted operating profit[3]	**349**	**554**	356	565	- 2%	- 1%
Adjusted profit before tax[4]	**322**	**511**	327	519	- 2%	0%
Adjusted diluted earnings per share[4]	**55.7p**	**88.5¢**	56.6p	89.9¢	- 2%	0%
Statutory results						
Operating profit	**325**	**516**	334	530		
Profit before tax	**290**	**461**	301	478		
Profit for the year (on total operations)	**273**	**434**	273	434		
Diluted earnings per share (on total operations)	**58.0p**	**92.1¢**	57.4p	91.2¢		
Cash flow and net debt						
Free cash flow[5]	**227**	**360**	110	175		
Net debt	**353**	**561**	479	761		
Dividend per share	**27.6p**	**43.8¢**	26.2p	41.6¢	+5.3%	

Javed Ahmed, Chief Executive, said:

"During the year, we continued to make steady progress in executing our strategy. The delivery of solid profit growth in starch-based speciality ingredients and Food Systems, along with another year of strong growth in emerging markets, was offset by the impact of the cold spring in the US last year followed by the recent severe and prolonged winter, and an increasingly competitive market for SPLENDA® Sucralose. While we will continue to face sucralose pricing headwinds in the current year, our strong innovation pipeline, robust balance sheet and continued growth in emerging markets means we are well placed to deliver growth over the longer term."

Highlights

- Speciality Food Ingredients sales up 4% (up 4% in constant currency) at £983 million, $1,561 million with adjusted operating profit in line with the prior year (up 1% in constant currency) at £213 million, $338 million:
  - Continued strong growth in Asia and Latin America
  - Acquisition of Biovelop, and in China, the formation of Tate & Lyle Howbetter and agreement to acquire Winway Biotechnology
- Bulk Ingredients adjusted operating profit 5% lower (4% lower in constant currency) at £172 million, $273 million due to soft beverage season and unusually cold and prolonged winter in the US
- Adjusted profit before tax 2% lower (flat in constant currency) at £322 million, $511 million
- Balance sheet remains strong with reduction in net debt of £126 million, $200 million to £353 million, $561 million (2013 – £479 million, $761 million)
- Final dividend of 19.8p, 31.4¢ proposed making a total dividend of 27.6p, 43.8¢ (2013 – 26.2p, 41.6¢) up 5.3% on prior year
- Successful deployment of upgraded IS/IT platform across Europe with US and Singapore on track for the summer
- Board approval of capital investment of £100 million, $159million over the next two years in Speciality Food Ingredients to expand capacity for existing and pipeline products

Outlook

In Speciality Food Ingredients, we expect to deliver volume growth across all major product categories but a lower profit contribution from SPLENDA® Sucralose is expected to offset a good performance elsewhere in the division. Profits in this division are expected to be more evenly weighted between the first and second halves than the previous financial year.

In Bulk Ingredients, we now anticipate a slower start in the US in our first quarter associated with the prolonged and severe winter, combined with lower European sugar prices in our second half, to outweigh a better performance across other product categories.

Overall, and before the impact of currency movements[7], while we expect the Group's performance for the full year to be slightly lower than the comparative period, we are well placed to deliver growth in the longer term.

[1] Excluding the results of discontinued operations in both periods unless otherwise stated.
[2] Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits' (see Note 16 to the accompanying financial information).
[3] Before net exceptional charge of £14 million, $22 million (2013 – £12 million, $19 million) and amortisation of acquired intangible assets of £10 million, $16 million (2013 – £10 million, $16 million).
[4] Before net exceptional charge of £14 million, $22 million (2013 – £12 million, $19 million), amortisation of acquired intangible assets of £10 million, $16 million (2013 – £10 million, $16 million) and net retirement benefit interest expense of £8 million, $13 million (2013 – £4 million, $6 million) and, for adjusted diluted earnings per share, the tax effect of these items.
[5] Free cash flow is operating cash flow, based on adjusted operating profit from continuing operations, after working capital, interest, taxation and capital expenditure.
[6] Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.
[7] The estimated annual movement in operating profit and profit before tax caused by a one cent movement in the US dollar is £1.7 million, $2.7 million and £1.6 million, $2.5 million respectively
[8] All the US Dollar conversions provided at the average rate for the year ended March 31, 2014 of £1.58799 = £1 unless otherwise stated.

Cautionary statement

This statement of full year results 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. Nothing in this statement of full year results should be construed as a profit forecast.

A copy of this statement of full year results for the year ended March 31, 2014 can be found on our website at www.tateandlyle.com. A hard copy is also available from The Company Secretary, Tate & Lyle PLC, 1 Kingsway, London WC2B 6AT.

SPLENDA® is a trademark of McNeil Nutritionals, LLC.
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Webcast and Conference Call Details

A presentation of the results by Chief Executive, Javed Ahmed and Chief Financial Officer, Tim Lodge will be audio webcast live at 10.00 (BST) today. To view and/or listen to a live audio-cast of the presentation, please visit: http://view-w.tv/p/797-1031-14363/en. Please note that remote listeners will not be able to ask questions during the Q&A session. A webcast replay of the presentation will be available within two hours of the end of the live broadcast on the link above.

For those unable to view the webcast, there will also be a teleconference facility for the presentation. Details are given below:

Dial in details:
Standard International Access: +44 (0) 20 3003 2666
US dial in number: +1 212 999 6659
Password: Tate & Lyle

14 day conference participant call replay:
UK replay number: +44 (0) 20 8196 1998
US replay number: +1 866 583 1035
Replay Access code: 3776853

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CHIEF EXECUTIVE'S REVIEW

Results for the continuing operations are adjusted to exclude exceptional items, net retirement benefit interest and amortisation of acquired intangible assets. Except where specifically stated to the contrary, this commentary relates only to the adjusted results for the continuing operations. A reconciliation of statutory and adjusted information is included in Note 15.

Key performance indicators

Our key performance indicators for the year to March 31, 2014 are as follows:

KPI	Measure	Year to March 31		Change[1]
		2014	2013[2]	
Growth in SFI sales	Sales	**£983m / $1 561m**	£947m / $1 504m	+ 4%
Profitability	Adjusted operating profit	**£349m / $554m**	£356m / $565m	- 1%
Working capital efficiency	Cash conversion cycle[3]	**39 days**	42 days	Improved by 3 days
Financial strength	Net debt/EBITDA[4]	**0.8.x**	1.0x	
	Interest cover[4]	**11.6x**	11.1x	
Return on assets	Return on capital employed	**19.2%**	19.7%	- 50 bps
Corporate Responsibility[5]	Safety – Recordable incident rate	**0.58**	0.85	
	Safety – Lost work case rate	**0.13**	0.26	

[1]Sales and operating profit growth shown in constant currency
[2]Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits'
[3]Defined as controllable working capital divided by quarterly sales, multiplied by number of days in quarter on a four quarter rolling basis (a reduction in the number of days represents an improvement)
[4]Calculated under banking covenant definitions
[5]Measured on a calendar year basis

Full year performance

During the year, we continued to make steady progress in executing our strategy. The delivery of profit growth in starch-based speciality ingredients and Food Systems, along with another year of strong growth in emerging markets, was offset by the impact of the cold spring in the US last year followed by the recent severe and prolonged winter, and an increasingly competitive market for SPLENDA® Sucralose.

Sales for the year were £3,147 million, $4,997 million (2013 – £3,256 million, $5,170 million), 3% lower than the prior year (3% in constant currency) with sales in Speciality Food Ingredients up 4% (4% in constant currency) to £983 million, $1,561 million (2013 – £947 million, $1,504 million) and 6% lower in Bulk Ingredients (6% in constant currency) at £2,164 million, $3,436 million. Adjusted operating profit was 2% lower (1% in constant currency) at £349 million, $554 million (2013 – £356 million, $565 million) with adjusted operating profit in Speciality Food Ingredients in line with the prior year at £213 million, $338 million (up 1% in constant currency) and 5% lower (4% in constant currency) in Bulk Ingredients at £172 million, $273 million (2013 – £182 million, $289 million). Adjusted profit before tax was 2% lower (flat in constant currency), at £322 million, $511 million (2013 – £327 million, $519 million), and adjusted diluted earnings per share were 2% lower (flat in constant currency) at 55.7p, 88.5¢ (2013 – 56.6p, 89.9¢).

Financial management and balance sheet

Our average quarterly cash conversion cycle improved by three days to 39 days (2013 – 42 days) largely driven by a decrease in working capital due to lower finished goods inventories and lower corn prices.

The key performance indicators (KPIs) of our financial strength, the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and interest cover, remain well within our internal thresholds. At March 31, 2014, the net debt to EBITDA ratio was 0.8 times (2013 – 1.0 times), against our internal threshold of 2.0 times and interest cover on total operations was 11.6 times (2013 – 11.1 times), again comfortably ahead of our minimum threshold of 5.0 times.

Net debt of £353 million, $561 million at March 31, 2014 was lower than at the end of last year (2013 – £479 million, $761 million), reflecting the reduction in working capital and a decrease in the value of dollar denominated debt as a result of the weakening of the US dollar against sterling.

We continue to generate a good level of return on our assets with return on capital employed of 19.2% (2013 – 19.7%).

Dividend

In line with our progressive dividend policy, the Board is recommending a 5.3% increase in the final dividend to 19.8p, 31.4¢ (2013 – 18.8p, 29.9¢) making a full year dividend of 27.6p, 43.8¢ (2013 – 26.2p, 41.6¢) per share, up 5.3% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on August 1, 2014 to all shareholders on the Register of Members at June 27, 2014. In addition to the cash dividend option, shareholders will also be offered a dividend reinvestment plan (DRIP) alternative.

Safety

While we saw a reduction in our recordable incident and lost work case rates in calendar year 2013, our safety performance has been overshadowed by fatalities at three of our sites over the last twelve months. As a result of these tragic accidents, we are reviewing all our safety protocols and procedures, not limited to the specific areas related to these accidents. We are determined to continue to improve our safety programme in the years ahead so as to keep all those that work at or visit our sites safe at all times.

Strategy and business update

<u>Growth in Speciality Food Ingredients</u>

Since May 2010, we have made steady progress executing our strategy and growing Speciality Food Ingredients, having delivered average annual volume growth of 5% and compound annual operating profit growth of 7% during that period. Excluding SPLENDA® Sucralose, where an increasingly competitive environment held back growth of the division as a whole, we have delivered a strong performance across the rest of Speciality Food Ingredients, with compound annual profit growth of 12% during the same four-year period.

This growth has been achieved by rigorously following through on the key priorities we set out in May 2010, when we outlined a path to grow our Speciality Food Ingredients division by: diversifying our business geographically through building our presence in faster growing, emerging markets and hence reducing our reliance on developed markets; broadening our product portfolio through the development of a world-class innovation capability; and forming stronger relationships with our customers through much greater collaboration with them.

Over the past year we have made further progress in each of these areas.

Entering new markets
We delivered another strong performance in Asia Pacific and Latin America with double-digit volume growth during the period, as we continued to leverage the strength of our brand, our ingredients portfolio and our applications expertise in these regions. Our successful expansion into the emerging markets, which now represent 19% of Speciality Food Ingredients sales, is a result of the investments we have made in building strong local teams and infrastructure, which have been key enablers in forming direct and higher quality relationships with regional food and beverage customers.

During the year, we opened an applications and technical service laboratory in Singapore (the new hub of our Asia Pacific operations), and established a sales office in Japan.

We have also strengthened our presence through acquisition. In October 2013, we acquired a 51% equity interest in Jiangsu Howbetter Food Co., Ltd, a leading Food Systems business in China. By combining Tate & Lyle's global blending capabilities and extensive recipe expertise with Howbetter's strong local expertise and infrastructure, Tate & Lyle Howbetter provides us with an excellent platform from which to accelerate the growth of our Food Systems business in China.

In March 2014, we announced the signing of an agreement to acquire Winway Biotechnology (Winway), a leading producer of polydextrose fibre in China. Winway will provide us with our third global polydextrose facility complementing our existing facilities in the Netherlands and the US. The acquisition, which is subject to government approval (expected in the next few months), will allow us to further accelerate the growth of our speciality fibres business in Asia Pacific and to expand our health and wellness offering globally.

Innovation
Our Innovation and Commercial Development group (ICD) launched five new products during the year including PULPIZ® Pulp Extender, a speciality food starch that replaces tomato pulp in a range of applications. ICD also continued to play a key role in the commercialisation of our recently launched ingredients, particularly our salt reduction ingredient SODA-LO® Salt Microspheres and our stevia-based, no-calorie, natural sweetener TASTEVA® Stevia Sweetener. During the year, a number of customers launched products incorporating these ingredients and we continued to work closely with customers on formulation, product prototyping and testing to convert the increasing number of customer projects in the pipeline into sales.

Our innovation pipeline remains strong with a total of 35 products at various stages of development including ten in the final stages, some of which we plan to launch over the next 12-18 months. The pipeline is well balanced with a number of line extensions, next generation and breakthrough projects across our sweeteners, texturants, health and wellness and bulk ingredients platforms.

Our global marketing team is an integral part of the innovation and commercialisation process. In addition to developing clear value propositions and positioning for our ingredients, this team is also developing consumer-focused strategies for specific applications in the beverage, ‘clean label’, convenience and dairy categories.

At the start of the year, we acquired Biovelop, an early-stage manufacturer of oat beta glucan which added a ‘clean label’, speciality fibre with strong EFSA[1] health claims to our existing corn-based fibre-portfolio. During the year, high levels of customer interest in PromOat® Beta Glucan has helped to build a strong pipeline. Work to expand capacity at our plant in Kimstad, Sweden has begun and we expect this will come on line in the current financial year.

Focus on the customer
As reported at our half-year results, we have made significant progress in increasing customer collaboration by leveraging our global Commercial and Food Innovation Centre in Chicago and our enhanced network of applications laboratories around the world. During the year, we commissioned an independent analysis to understand better our customers’ views of our developing innovation capabilities. This showed a marked improvement in the way we are perceived by those customers who interact with us at our Innovation Centre in Chicago, with around two-thirds of those stating that we were ‘exceeding their expectations’. This has not only led to us developing stronger customer relationships but also to winning new business with both existing and new customers.

<u>SPLENDA® Sucralose</u>

As announced in February 2014, the competitive environment for sucralose intensified during the final quarter, driven by an increase in capacity in China and a significant overhang of unsold Chinese sucralose. Against this backdrop, we renewed a number of customer contracts for SPLENDA® Sucralose, including some on a multi-year basis, and as a result we experienced an increase in the rate of price decline in SPLENDA® Sucralose in the final quarter. As previously announced, with these contracts in place and based on current market dynamics, we expect average prices in the 2015 financial year to be around 15% lower than the 2014 financial year.

Notwithstanding the competitive market environment and the headwind of lower prices, we continue to see good long-term volume growth opportunities in the global market for sucralose driven by a number of factors:

- Given rising rates of obesity and diabetes globally, increased consumer focus on health and wellness is continuing to drive food and beverage manufacturers to reduce or replace sugar content in their products. The imposition of taxes by governments on food and beverage products with high levels of sugar or calories is also creating opportunities and increasing demand for sucralose;

- Sucralose continues to be the high intensity sweetener of choice because the combination of its superior taste profile and heat stability that enable it to be incorporated in a wide range of food, beverage and other applications. This provides an opportunity for sucralose to continue to replace other high intensity sweeteners that have already been incorporated into low calorie products in the market as well as replacing sugar. In calendar year 2013, 6,373[2] new products were launched globally incorporating sucralose, a 54% increase over the prior year (2012 – 4,142 launches) compared with 3,633[2] for aspartame (up 4% on 2012) and 2,860[2] for stevia (up 56% on 2013) where we also have a strong offering through TASTEVA®. As a result, sucralose’s value share of the global high intensity sweetener market continues to grow, standing at 35% for calendar year 2013;

- We also see good growth potential in the tabletop market where we now have full freedom to operate worldwide.

While we expect the global market for sucralose to remain competitive, our priority remains to increase volumes by both growing and taking a greater share of the global market for sucralose, by leveraging our unparalleled applications

[1] EFSA – European Food Safety Authority
[2] Source: Innova Market Insights

and formulations expertise and providing our customers with the highest standards of quality, traceability and reliability in the industry. Specifically, our focus over the next year will be to continue to renew existing customer contracts, aggressively pursue new business opportunities globally (including those relating to the substitution of other artificial high intensity sweeteners given the increasing price competitiveness of SPLENDA® Sucralose) and drive further cost savings and efficiencies through our two large-scale continuous production facilities in the US and Singapore.

Investing in a platform for long-term growth

In order to support continued growth in the Speciality Food Ingredients division, the Board has approved, in line with our disciplined capital process, capital investment of £100 million, $159 million over the next two years. This investment will be used to expand capacity at our speciality plants in Europe and the US and our recently acquired oat beta glucan business, support the growth in new products expected to be launched in the next 12-18 months and deliver cost reduction initiatives. As a result, we expect the ratio of capital expenditure to depreciation to increase in the next financial year to approach 2.0 times, with an average payback on these projects of 3.5 years.

Earlier this month, we successfully deployed the upgraded global IS/IT system across our European operations and we remain on track to implement the system in the US and Singapore by the end of the summer. While we expect the total investment in the IS/IT platform and global Shared Service Centre to be towards the top of the £120-135 million, $191-214 million range we disclosed in May 2013, we are starting to see the benefits from this investment, in particular within procurement and shared services, and continue to target a three year cash payback from completion of the implementation.

During the year, we incurred £46 million, $73 million of costs on the rollout of the common IS/IT platform, taking the total costs to March 31, 2014 on the global Shared Service Centre and IS/IT platform to £124 million, $197 million of which £77 million, $122 million was capital expenditure. As a result of bringing the IS/IT system into operation across the business, we expect our depreciation and amortisation charge to increase by £5 million, $8 million in financial year 2015 and a further £4 million, $6 million the year after.

Conclusion

The transformation of Tate & Lyle remains firmly on track and our strategy of becoming a leading global provider of speciality food ingredients will continue to create long-term value for our shareholders.

Excluding SPLENDA® Sucralose, Speciality Food Ingredients has grown strongly over the last four years and well ahead of the wider market, underpinned by the good progress we have made in emerging markets, innovation and working more closely with our customers.

While we are operating in an intensely competitive, dynamic market for sucralose, we continue to see good volume growth opportunities and are well placed to secure this growth.

Following the implementations of our global IS/IT platform over the summer, we will have completed virtually all the business transformation initiatives we set out to deliver four years ago.

We have strengthened our financial position, which provides us with the resources to invest in the business and the flexibility to make acquisitions where we see high quality opportunities to accelerate organic growth.

Since 2010, we have built a more robust, more global and higher-quality business that is capable of generating sustained growth over the long term. I would like to thank all of our employees across Tate & Lyle for their continued hard work and dedication over the last year and look forward to working alongside them in continuing to deliver our objectives over the next financial year and beyond.