May 27, 2010

TATE & LYLE PLC
ANNOUNCEMENT OF FULL YEAR RESULTS
For the year ended March 31, 2010

			Year ended March 31	
Continuing operations (m unless stated otherwise)[1]	**2010**	**2010**	2009	2009
Sales	**£3,506**	**$5,632**	£3,553	$5,708
Adjusted results[2]				
Adjusted operating profit	**£298**	**$479**	£298	$479
Adjusted profit before tax	**£229**	**$368**	£247	$397
Adjusted diluted earnings per share	**38.9p**	**62.5¢**	38.0p	61.0¢
Statutory results				
Operating profit	**£8**	**$13**	£164	$263
(Loss)/profit before tax	**(£61)**	**($98)**	£113	$182
Profit for the year (on total operations)	**£19**	**$31**	£70	$112
Diluted earnings per share (on total operations)	**3.3p**	**5.3¢**	14.1p	22.7¢
Cash flow and net debt				
Free cash flow[3]	**£540**	**$867**	£154	$247
Net debt	**£814**	**$1,308**	£1,231	$1,977
Dividend per share	**22.9p**	**36.8¢**	22.9p	36.8¢

Financial performance

- Strong performance from core value added food ingredients[4], with adjusted operating profits up 22% (14% in constant currency)
- Reported net debt reduced by a third to £814 million, $1,308 million benefiting from free cash flow of £540 million, $867 million (2009 – £154 million, $247 million)
- Following detailed appraisal of market conditions and costs to complete, view that Fort Dodge highly unlikely to be commissioned for the foreseeable future leads to £217 million, $349 million exceptional charge
- Adjusted diluted earnings per share increased by 2% to 38.9p, 62.5¢ (down 2% in constant currency)
- Proposed final dividend maintained at 16.1p, 25.9¢, making a total dividend of 22.9p, 36.8¢ (2009 – 22.9p, 36.8¢)

Javed Ahmed, Chief Executive, said:

"Tate & Lyle delivered a solid performance in the face of challenging conditions in a number of our markets. In particular, our core value added food ingredients delivered a strong result, reflecting steady demand and firmer pricing. I am also pleased that, through resolute focus on the financial priorities we set ourselves at the beginning of the year, we have significantly strengthened the Group's balance sheet.

"I am announcing today that we are refocusing our strategy, with our Speciality Food Ingredients business being the key focus of investment and long-term growth, as well as making a number of important changes to the Group's organisation. Through these changes, and a strong focus on

1 Excluding the results of International Sugar Trading and Eastern Sugar.
2 Before exceptional items of £276 million, $443 million (2009 – £119 million, $191 million) and amortisation of acquired intangible assets of £14 million, $22 million (2009 – £15 million, $24 million).
3 Free cash flow is cash generated from continuing operations after net interest paid, income tax paid and capital expenditure.
4 Core value added food ingredients comprise value added starch-based food ingredients and exclude sucralose.
5 All US dollar conversions provided at the average rate for the year ended March 31, 2010 of $1.60639 = £1 unless otherwise stated.

operational excellence and execution, we will build the platform to deliver sustainable long-term growth.

"Applying this new strategic focus and our new capital expenditure discipline has led us to conclude that we are highly unlikely to complete or commission the Fort Dodge, Iowa plant in the foreseeable future. As a consequence, we are taking a significant exceptional charge to deal with this legacy issue."

Outlook

Looking forward, we anticipate that steady demand patterns for value added food ingredients will continue and, combined with the benefits of a single plant sucralose manufacturing base, we expect a modest improvement in value added food performance in the 2011 financial year.

Within our primary markets, we expect continuing modest decline in US domestic sweetener demand to be largely offset by increased demand from Mexico, and stable demand in other markets for primary food ingredients. Despite some improvement in demand patterns, industrial starch margins are expected to remain at lower levels, reflecting industry overcapacity putting pressure on pricing, and we see little near term improvement in ethanol markets. Within Sugars, whilst unit refining margins have returned, profitability in the 2011 financial year will be constrained by short term supply challenges.

Overall, we anticipate progress in the coming financial year as we maintain our focus on the disciplines necessary to continue delivering strong cash flows from our business.

Webcast and conference call

A presentation of the results by Chief Executive, Javed Ahmed and Group Finance Director, Tim Lodge will be audio webcast live at 10.00 (BST) today. To view and/or listen to the audio webcast, visit http://www.thomson-webcast.net/uk/dispatching/?event_id=a64b8b9962474f08f284e9e796e14baa&portal_id=39b37fe9dc2bfc6ead9b7087924f0a2e . 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:

Participant Telephone Numbers:

UK Toll: +44 (0)20 7138 0826
US Toll: +1 212 444 0481
Confirmation Code: 2994657

Replay:

UK Toll: +44 (0)20 7111 1244
US Toll: +1 347 366 9565
Access code: 2994657#

CHIEF EXECUTIVE'S REVIEW

All comments refer to the continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets, unless stated to the contrary. A reconciliation of reported and adjusted information is included in Note 15.

Overview

Tate & Lyle delivered a solid performance in the face of challenging conditions in a number of our markets. Adjusted operating profits from core value added food ingredients grew strongly, increasing by 22% (14% in constant currency) to £131 million, $210 million. Profits within primary ingredients in the Americas and Europe were 22% below the prior year at £98 million, $157 million (27% in constant currency), as lower co-product income and weaker industrial profits adversely impacted results.

Sales for the year were £3,506 million, $5,632 million, 1% lower (6% in constant currency) than the prior year. Adjusted operating profit of £298 million, $479 million was in line with the prior year (7% lower in constant currency). Adjusted profit before tax was £229 million, $368 million, 7% lower (14% in constant currency) than the prior year, reflecting an increase of £16 million, $26 million in the net finance expense for retirement benefit plans. Adjusted diluted earnings per share of 38.9p, 62.5¢ were 2% higher (2% lower in constant currency), benefiting from a lower effective tax rate of 20.4% (2009 – 27.3%). Exchange translation increased adjusted profit before tax by £19 million, $31 million compared to the prior year. Loss before tax after exceptional items and amortisation of acquired intangible assets was £61 million, $98 million compared to a profit of £113 million, $182 million in the prior year.

Total net exceptional charges before tax of £276 million, $443 million (2009 – £119 million, $191 million) have been recognized in the year.

With regard to our plant in Fort Dodge, Iowa, in the last few months we have conducted detailed analyses of the end markets which the plant would supply under our new capital management processes. The continuing depressed and volatile outlook for ethanol, and uncertain conditions in industrial starch and corn gluten feed markets, do not provide any basis to complete and commission the plant.

Changes in feed and energy markets, together with the reconfiguration of technology required following our experience of installing new equipment at our Loudon plant, along with remobilization costs, would mean that, if we were to complete Fort Dodge, total additional costs would now be in the region of £70 million, $112 million.

Factoring in the risks associated with future returns from the plant, including the length of time to complete, regulatory uncertainty and a continuation of the current market conditions, we have concluded that the plant is highly unlikely to be completed or commissioned in the foreseeable future. As a result, the facility has been mothballed and written down to £17 million, $27 million, leading to an impairment of £217 million, $349 million which has been recognized as an exceptional charge in the 2010 financial year. A further exceptional charge of approximately £25 million, $40 million will be recognized during the 2011 financial year in respect of long term contracts relating to the facility. We will continue to seek ways to maximize shareholder value from the Fort Dodge plant in these circumstances.

Net debt decreased by £417 million, $670 million or 34%, to £814 million, $1,308 million, driven primarily by strong free cash flows from continuing operations. Before the effects of exchange, net debt decreased by £338 million, $543 million. The impact of exchange movements during the year, which reduced debt by £79 million, $127 million, was due principally to the strengthening of sterling against the US dollar by 6% year on year.

The Board is recommending a maintained final dividend of 16.1p, 25.9¢ (2009 – 16.1p, 25.9¢), making a full-year dividend of 22.9p, 36.8¢ per share, in line with the prior year. The proposed final dividend will be paid on July 30, 2010 to all shareholders on the Register of Members at June 25, 2010.

During the year, we conducted a thorough, fact-based review of the Company's current position and a detailed analysis of the opportunities and challenges we face. Based on this review, we are implementing a number of fundamental changes to the way we are organised, in order to refocus the Group to deliver sustainable long-term growth. These changes are described in greater detail below.

Safety

Safety remains the highest priority for us. We are committed to providing safe and healthy working conditions for our employees, contractors and visitors. Every year, we measure and report our safety performance and we aim for continuous improvement. In 2009, our Group safety index improved by 3% although our Group contractor safety index worsened after significant improvements in 2008. Safety, including that of contractors, will continue to be a major area of focus for 2010 as we work towards our target of a safety index of zero for all of our operations. In this regard, we were saddened to learn that, last week, a fatality occurred at our joint venture plant in Turkey. A full investigation is underway.

Delivering on our short-term priorities

At the beginning of the year, recognising the need to act decisively and quickly in the face of the global economic downturn, we set out our three near-term financial priorities for the business: to optimise working capital; implement tight capital expenditure control; and reduce our cost base.

I am pleased to report that, due to the outstanding efforts of our employees across the business, we have made significant progress in each of these areas. Working capital reductions generated £291 million, $467 million during the year, with improvements delivered by each operating division and within each major area of the working capital base. Capital expenditure of £79 million, $127 million represented 68% of depreciation, in line with our commitment stated at the beginning of the financial year to hold expenditure below the annual depreciation charge. Underlying costs reduced by £30 million, $48 million in the year compared to the comparative period, including the cost savings achieved from rationalising the sucralose manufacturing footprint, with reductions achieved through our focus on all areas of the cost base.

A stronger balance sheet

The Group's balance sheet has been strengthened significantly during the year. Net debt was reduced by 34% to £814 million, $1,308 million at March 31, 2010 (from £1,231 million, $1,977 million at March 31, 2009). This reduction has been achieved through a relentless focus on cash management within every area of the business. Tate & Lyle is a strongly cash generative business, and focus on cash management will remain an ongoing priority.

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 within our internal targets. Consistent with the Group's financial strategy at least to maintain our investment grade credit ratings, during the year we tightened our maximum target for net debt to EBITDA to 2.0 times from 2.5 times. At March 31, 2010, the net debt to EBITDA ratio was 1.8 times (2009 – 2.4 times), within our new target and comfortably within our bank covenants. Interest cover on total operations at March 31, 2010 was 5.8 times (2009 – 6.1 times), again ahead of our minimum target of 5.0 times and well ahead of our bank covenants.

During the year we announced that, with a view to containing our pension costs and reducing balance sheet volatility, we had entered into consultation with employees who were active members of the UK Group Pension Scheme on the closure of that scheme to future accrual from April 2011. Following completion of the consultation process, the Company will close the UK Group Scheme from April 2011. We also took the decision to remove the early retirement discretion from November 2009. We have recognised an exceptional gain of £42 million, $67 million in the 2010 financial year arising from these changes.

Overview of divisional business performance

Adjusted operating profit at Food & Industrial Ingredients, Americas was £178 million, $286 million, 2% below the prior year (10% in constant currency). Operating profits from value added food ingredients increased by 18% (9% in constant currency), reflecting firmer pricing and steadier demand patterns. Operating profits in primary food ingredients were below the prior year due to lower co-product income from the sale of corn oil. Performance from primary industrial ingredients, comprising ethanol, native industrial starches and animal feed co-products was below the level of the prior year due to lower animal feed co-product income and reduced industrial starch margins.

At Food & Industrial Ingredients, Europe, adjusted operating profits of £54 million, $87 million were 6% above the prior year (4% in constant currency). Within Single Ingredients, profits from primary products were lower as reduced levels of capacity utilisation impacted unit margins, particularly in the second half of the year, although the business continues to benefit from the relative stability afforded by isoglucose quotas in Europe. Demand for value added food ingredients was steady, and unit margins increased with improved pricing. Food Systems performance was above the prior year, as demand in key markets proved relatively robust in the face of the economic downturn.

Adjusted operating profits within the Sugars division increased by 150% to £30 million, $48 million (100% in constant currency) reflecting improved margins in our EU sugar business during the second half of the year following the final institutional price change on October 1, 2009. Performance also benefited from lower energy and distribution costs. Our molasses and storage business performed well in the year, with operating profit of £13 million, $21 million, although this was below the exceptionally strong profits achieved in the comparative period when the sharp spike in cereal prices during the summer of 2008 led to very high demand and prices for molasses.

Sales of SPLENDA® Sucralose of £187 million, $300 million were 11% above the prior year (4% in constant currency). Following the significant yield improvements achieved during the 2009 financial year, and the consequent decision to produce all sucralose at our fourth-generation facility in Singapore, the process of mothballing the plant in McIntosh, Alabama was completed ahead of schedule. Adjusted operating profits decreased by 7% to £67 million, $108 million (9% in constant currency) due to one-off credits of £4 million, $6 million in the prior year, certain costs in the current year associated with the rationalisation of the manufacturing footprint and the relatively high costs in opening inventory which impacted cost of sales in the 2010 financial year.

Central costs increased to £31 million, $50 million from £18 million, $29 million in the prior year. During the year, we incurred one-off costs of £5 million, $8 million related to the review and reorganisation of the Group's activities, while the prior year included one-off credits totalling £6 million, $10 million.

Exceptional items

Exceptional items within our continuing operations during the year totaled a net charge of £276 million, $443 million (2009 - £119 million, $191 million).

Following a detailed analysis of end markets, in light of costs of around £70 million, $112 million to complete and commission our plant in Fort Dodge, and factoring in the risks associated with future returns from completing and operating the plant, we have concluded that the plant is highly unlikely to be completed or commissioned in the foreseeable future. As a result, the facility has been mothballed and written down to £17 million, $27 million, leading to an impairment of £217 million, $349 million which has been recognized as an exceptional charge in the 2010 financial year. A further exceptional charge of approximately £25 million, $40 million will be recognized during the 2011 financial year in respect of long term contracts relating to the facility.

As reported at the half year, we recognized an exceptional charge of £55 million, $88 million following the decision to mothball the Sucralose manufacturing facility in McIntosh, Alabama.

The reorganization of our food systems business in Europe will lead to exceptional cash costs totaling £7 million, $11 million, of which £3 million, $5 million has been recognized in the 2010 financial year, with the balance recognized in the 2011 financial year.

In the Food & Industrial Ingredients, Americas segment, following a review of the portfolio of research and development projects in the context of our new strategic focus, we have written off £28 million, $45 million relating to a Xanthan gum pilot plant and other related assets following the decision not to pursue these products to full scale production.

Our sugar refining business in Israel continues to experience extremely challenging market conditions, with surplus refined sugar supplies placing considerable pressure on refining margins. Given the continued decline in the business' commercial prospects, we have recognized a further impairment charge of £15 million, $24 million in addition to the charge of £9 million, $14 million recognized in 2009.

An exceptional gain of £42 million, $67 million has been recognized following the decision to close the UK Group Pension Scheme to future accrual from April 2011 and to remove the early retirement discretion from November 2009.

The tax impact on continuing net exceptional items totaled a £112 million credit, $180 million credit (2009 - £44 million credit, $71 million credit). In addition, an exceptional tax credit of £15 million, $24 million has been recognized in the year relating to the release of certain tax provisions following the resolution of issues with tax authorities.

Business review

Since joining Tate & Lyle in October last year, I have led a thorough, fact-based review of the Company's current position, and an assessment of the opportunities and challenges in front of us.

Tate & Lyle has some real strengths we can build on. It was clear to me as soon as I joined the Company that acting safely, responsibly and sustainably, with high levels of integrity were hallmarks of Tate & Lyle. The Company also has a large, cost efficient, and well invested manufacturing footprint, and deep technical process and applications expertise. Our customer base includes many large, global companies with whom we have strong, long term relationships based on our clear focus on quality, reliability and customer service. We also have a long, successful history of operating internationally and, as can be seen for the past year's results, the potential for strong cash generation.

At the same time, we face a number of strategic and operational challenges. Strategically, we operate in a number of different markets with different characteristics and needs. We have solid competitive positions in some of these markets, but in others a path to leadership is unclear. We continue to have a relatively large exposure to commodity markets, with their inherent volatility and cyclicality, whilst, at the same time, having a limited exposure to key avenues of longer term growth, in terms of categories and geographies. Over the last few years there has also been some inconsistency between strategic intent and actual investment strategy, with the majority of our capital having been spent on our commodity rather than our speciality business. Additionally, the operating model has lacked focus, and constrained rather than driven performance. Finally, a number of enablers, such as the capital allocation and implementation process and the IS/IT infrastructure, need significant strengthening.

In order to address these issues and reinvigorate Tate & Lyle, we will take steps to focus, fix and grow our business.

1. Focus

In future, our purpose will be to grow our speciality food ingredients business. We will do this through deeper customer understanding, continuous innovation and agility; and through building stronger positions in high growth markets. We will continue to drive sustained cash generation from our bulk ingredients and sugars businesses to fuel this growth.

2. Fix

Fixing the operating model

The current business operating structure, with a mixture of regional and product-based business units, does not support execution of the Group's strategy. From June 1, 2010 we will reorganise and operate through three global business units: Speciality Food Ingredients, Bulk Ingredients and Sugars. Each business unit will have a distinct go-to-market organisation to provide the necessary focus and bring the required expertise to the different markets we serve, and each will have a dedicated manufacturing asset base.

Fixing the operations

The review of our approach to capital investment planning and implementation, which we announced at our interim results in November, has been largely completed, and will lead to a number of changes to the way we invest fixed capital in our business in future. For all major capital projects, the approval process has been strengthened to incorporate a two-stage Board approval, including a more rigorous technical and commercial appraisal, supported where necessary by external experts. Ongoing reviews performed regularly by the Executive Committee, as well as peer reviews have also been added to sharpen the investment appraisal process. We will also create a dedicated, internal resource, independent of the operations, with responsibility for oversight of all capital expenditure.

We have already made huge strides in the way we control working capital in our business, evident from the improvement delivered in the 2010 financial year. There is a much clearer appreciation within the organisation now of the need for working capital optimisation and this is something I intend to build on. To this end, we have implemented standard measures of working capital efficiency across the Group, and have set clear targets by business. In the 2011 financial year, these targets will, for the first time, be linked to management incentive structures.

Our three business units will be supported by global support services, using shared service centres to eliminate duplication and rationalise resources required. This will also allow us to redeploy some needed resources to the 'front end' of our business.

We have already started work to strengthen operational enablers, by establishing a common set of performance metrics across the business and we will move to a single global IT platform to drive improved global decision making over the next two years. Although it will take time, I am confident that the steps we are taking now will lay the foundation to deliver significant improvements in operational execution over the coming months and years.

Exceptional costs of £8 million, $13 million associated with the reorganization and restructuring of the Group's activities are expected to be recognized in the 2011 financial year, with further exceptional costs expected to be in the region of £13 million, $21 million the following year. These cash costs are expected subsequently to pay back within two years. Additionally, we are developing a detailed implementation plan for a common, global IS/IT platform, which we anticipate will be implemented over the next 24 months.

Fixing the organisation

In order to fix our organisation, we are taking action to address our structure, our talent and our culture.

We will simplify and de-layer the organisation structure to accelerate decision-making and move management closer to the business. We have developed clear guidelines on global talent acquisition to upgrade our capabilities and fill skills gaps in key areas. We are taking steps to embed a common, performance-driven culture within the organisation, and to define clear organisational values. We are establishing a clearer, metric-driven, performance management process which will be implemented during the coming year. The Group's incentive system is also being restructured, to ensure that at all levels of the organisation there is a sharp focus on what drives behaviours and results. A greater proportion of pay will be at risk, with appropriate rewards to incentivise outstanding performance.

Fixing the investment focus

Over the past four financial years, around two-thirds of our capital has been invested in our commodity business with one third in our speciality business. Geographically, investment has been overwhelmingly focused on the developed markets with emerging markets largely ignored.

Over time, our investment focus will be realigned to our strategy: our engine of growth and the focus of acquisitions will be speciality food ingredients, with greater emphasis on emerging markets. Our bulk ingredients and Sugars businesses remain strong and valued businesses, and we will continue to invest appropriately in order to increase their efficiency and generate cash.

3. Grow

A new unit, the Innovation and Commercial Development group, will be established, dedicated to driving sustained long-term growth, with a key focus on speciality food ingredients. This unit will integrate R&D, global marketing and global product management, and will enable a fully integrated approach to developing and commercialising innovation.

We expect to achieve growth both in our existing markets, through the benefits of our new operating model and investment focus, and also in emerging markets and in the Small and Medium sized enterprise (SME) and private label customer segments, where we have limited presence today.

Our new operating structure will provide a clean platform from which to grow the business, both organically and through acquisitions.

Conclusion

We have today announced our strategy of focusing on growing our Speciality Food Ingredients business, and set out a number of important changes to our operating model and the way we function. We will report a set of performance metrics which will measure progress towards delivery of this strategy, and are creating reward structures aligned to these metrics.

Through these changes we will build the platform to deliver sustainable long-term value for our employees, our customers and our shareholders.

Javed Ahmed
Chief Executive