Results for year ended 31 March 2012

31 May 2012, London

TATE & LYLE

Good morning and welcome to the presentation of Tate & Lyle's preliminary results for the year ended 31 March 2012.

Agenda

Headline Results and KPIs	Javed Ahmed
Financial Review	Tim Lodge
Operating Highlights and Progress Update	Javed Ahmed
Outlook	Javed Ahmed

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As you can see from the agenda, Tim and I will run through our key operating and financial results, I will give you a brief update on the business transformation programme, and then finish with the outlook for the year ahead.

As we talk through the numbers we will refer to results for the continuing operations in constant currency adjusted for exceptional items and amortisation of acquired intangible assets unless we specifically say otherwise.

Headline Results and KPIs

Javed Ahmed, Chief Executive

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Headline Results

Year ended 31 March

Continuing operations[1]

	2012 (£1=US$1.60)	2011 (£1=US$1.55)	Change	Change (constant currency)
Adjusted operating profit[2] *- SFI operating profit up 5% in constant currency* *- BI operating profit up 13% in constant currency*	**£348m**	£321m	+ 8%	+ 11%
Adjusted profit before tax[2]	**£323m**	£263m	+ 23%	+ 26%
Diluted EPS[2]	**56.4p**	45.7p	+ 23%	+ 25%
Net debt[3]	**£476m**	£464m		
Dividend	**24.9p**	23.7p	+ 5.1%	

[1] Excluding the results of discontinued operations in both periods
[2] Before exceptional items and amortisation of acquired intangible assets
[3] Net debt translated at closing exchange rates (£1=$1.60)

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You will have seen from our statement this morning, Tate & Lyle performed well in the year with steady growth across a number of our markets supported by exceptionally strong returns from co-products in the first half. I am particularly pleased with the significant progress we have been able to make on many of the initiatives we put in place two years ago to transform our business while concurrently ensuring the underlying business continued to deliver.

Operating profit increased by 11% to £348m, with profit growth in speciality food and bulk ingredients of 5% and 13% respectively. Profit before tax increased by 26%. Diluted earnings per share increased by 25% to 56.4p. Net debt was marginally higher at £476 million.

The Board is recommending an increase in the final dividend of 5.3% to 17.8p, making a full year dividend of 24.9p which is an increase of 5.1% on the prior year.

Key Performance Indicators

	KPI	Measure	Year ended 31 March 2012	2011	Change*
Financial performance[1]	Growth in Speciality Food Ingredients	**Sales**	**£887m**	£805m	+ 12%
	Profitability	**Adjusted operating profit**	**£348m**	£321m	+ 11%
	Working capital efficiency	**Cash conversion cycle†**	**36 days**	34 days	Lengthened by 2 days
	Return on assets	**ROCE**	**21.6%**	20.6%	+ 100 bps
Financial strength	Balance sheet	**Net debt / EBITDA****	**1.1x**	1.1x	
		Interest cover**	**11.1x**	6.9x	
Corporate Responsibility^	Safety	**Recordable incident rate**	**0.85**	0.95	Improved by 10%
		Lost time accident rate	**0.41**	0.59	Improved by 30%

[1] Excluding the results of discontinued operations in both periods
* Change reported in constant currency
† Calculated as the average cash conversion cycle at the end of each of the four quarter ends to show the underlying performance throughout the year
** Calculated under banking covenant definitions
^ We use a range of key performance indicators to measure our sustainability performance. Our latest sustainability performance is presented in the Corporate Responsibility section of our Annual Report

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As you know, we have a number of KPIs which we use to measure our performance. These are set out on the screen and I don't intend to talk through each one as Tim will cover these in some detail but, as you can see, each KPI with one exception shows improvement over the past year. The exception is our average cash conversion cycle which, after a significant improvement in the prior year, lengthened by two days as a result of higher levels of working capital in the business.

Looking at the other KPIs, I am pleased to see steady growth in sales in the Speciality Food Ingredients division and, in our safety metrics, both our recordable incident and lost time accident rates improved.

Now let me hand over to Tim who will take you through the financials.

Financial Review

Tim Lodge, Chief Financial Officer

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Thank you Javed, and good morning.

Income Statement

Year ended 31 March

Continuing operations[1]

£m, unless stated	2012 (£1=US$1.60)	2011 (£1=US$1.55)	At constant currency
Sales	3,088	2,720	16%
Adjusted operating profit[2]			
- SFI	214	206	5%
- BI	172	157	13%
- Central	(38)	(42)	9%
	348	**321**	**11%**
Net finance expense	(25)	(58)	56%
Adjusted profit before tax[2]	**323**	**263**	**26%**
Effective tax rate	17.1%	18.5%	
Adjusted diluted earnings per share[2]	56.4p	45.7p	25%

[1] Excluding the results of discontinued operations in both periods
[2] Before exceptional items and amortisation of acquired intangible assets

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Starting with the income statement for the continuing operations, sales at £3.1 billion were 16% higher than the prior year on volumes that were broadly in line. The higher sales prices reflect mix improvements as well as growth above and beyond the recovery of higher input costs.

Adjusted operating profit at £348 million was 11% ahead of the comparative period. I will discuss the individual divisions' performance in a moment. Central costs reduced by £4 million, largely because of the non-recurrence of £6 million of costs incurred last year which arose from the review of the Group's activities, but partially offset by £2 million of head office relocation costs.

Adjusted profit before tax of £323 million was £60 million ahead, that's 26%, aided by a £33 million lower net interest charge. Exchange reduced profit before tax by £7 million, mainly because of a weaker dollar. I've given you an analysis of the sensitivity of profit to exchange rates in the supporting information.

The tax rate on adjusted profits at 17.1% was lower than the 18.5% last year. After taking account of the shares issued as scrip dividend in the prior year, diluted earnings per share increased by 25% to 56.4p.

Now turning to the operations in more detail. Javed is going to cover the drivers behind operational performance, so I will focus on the results.

Speciality Food Ingredients

Year ended 31 March

£m, unless stated	2012	2011	Reported	At constant currency
Sales	**887**	805	10%	12%
Adjusted operating profit[1]	**214**	206	4%	5%
Margin[1]	**24.1%**	25.6%		

Impact of exchange: Sales £11m lower, Operating profit £3m lower

- 29% of Group Sales; 55% of operating profit[2]
- Absolute unit margins flat year-on-year
- Starch-based speciality ingredients:
  - Sales[3] up 17% to £494 million and volumes up 4%
- High-intensity sweeteners:
  - Sales[3] up 8% to £197 million and volumes up 13%
  - McIntosh restart broadly cash neutral in year ending 31 March 2013
- Food systems:
  - Sales[3] up 3% to £196 million and volumes up 1%
  - Acquired remaining 5% shares in G.C. Hahn & Co

[1] Before exceptional items and amortisation of acquired intangible assets
[2] Excluding Central costs
[3] Change in sales reported in constant currency

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In Speciality Food Ingredients, sales increased by 12%, and are 29% of Group sales. Margins fell by 150 basis points, however absolute unit margins were almost the same, so the percentage reduction mainly reflects the pass-through of higher input costs. Operating profit rose 5% to £214 million with exchange translation reducing profit by £3m. Speciality Food Ingredients account for 55% of the Group's operating profits before central costs, reflecting margins around three times those of Bulk Ingredients.

Turning to the three main product categories:

Volumes of starch-based Speciality Ingredients increased by 4% and sales by 17% as we recovered higher input costs. Part of the exceptionally strong co-product returns boosted earnings from these starch-based ingredients.

In High Intensity Sweeteners, which is principally sucralose, we again saw good volume growth of 13%. Sales growth was 8%. There was a decline of 6% in average sucralose selling prices which was driven by the volume incentives within our long-term customer contracts, but the rate of decline is slowing. As discussed when we announced the restart of the facility in McIntosh, Alabama, we will run the plant at low capacity initially. The impact of the restart is expected to be broadly cash neutral in the current financial year, but, after depreciation of £8 million, is expected to generate an operating loss.

In Food Systems volumes were higher by 1% and sales increased by 3% but operating profits were lower after higher ingredient costs. We acquired the remaining 5% minority in the former GC Hahn for €8 million.

Bulk Ingredients

Year ended 31 March

£m, unless stated	2012	2011	Reported	At constant currency
Sales	**2,201**	1,915	15%	18%
Adjusted operating profit[1]	**172**	157	10%	13%
Margin[1]	**7.8%**	8.2%		

Impact of exchange: Sales £44m lower, Operating profit £5m lower

- Volumes lower by 2% as grind diverted to Speciality Food Ingredients
- Sweeteners – Sales[2] up 15% to £1,017 million and volumes down 1%
  - North America sweetener profits lower on corn sugar volume and softer margins in other sweeteners – Sales[2] up 16% to £876 million and volumes down 2%
  - European sweetener margin squeeze more than reversed in H2 – Sales[2] up 11% to £141 million and volumes flat
- Industrial starches, acidulants and ethanol
  - Sales[2] up 10% to £677 million and volumes down by 4%
  - Industrial starch margins improved in Europe
- Exceptional co-products income of £19 million in H1 mostly booked in Bulk Ingredients
  - Sales[2] up 37% to £507 million

[1] Before exceptional items and amortisation of acquired intangible assets
[2] Change in sales reported in constant currency. FY11 comparative category sales revised to reflect new product classifications

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Moving on to Bulk Ingredients. Overall volumes were lower by 2% as we continue to divert grind to speciality food ingredients. Operating profits increased by 13% to £172 million, and that was largely down to this segment's share of the exceptional co-product returns. Exchange reduced profit by £5 million.

US bulk sweetener sales increased by 16% as higher corn costs were passed through to customers. As discussed at the time of the 2011 contracting round, corn sugar unit margins were broadly in line, but overall profits were slightly lower due to the lower volumes and softer margins on other sweeteners.

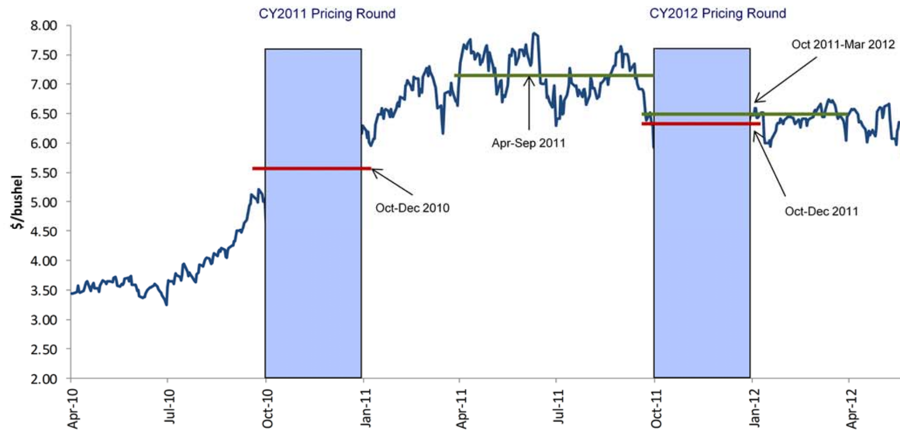
In Europe, corn sugar margins were squeezed in the first half of the year as corn prices had increased by more than sugar prices, but this reversed later in the year, and full year profits ended up ahead of the prior year.

Industrial starch volumes were 5% lower as we again moved grind to speciality starches and sweeteners. Profits were higher as European margins benefitted from lower availability of alternative starches. Ethanol again made a small loss. Citric acid profits were in line with the prior year and in April 2012 we announced the sale of our Colombian joint venture which contributed £2 million to profit in the year.

I'll look at corn prices on this next slide.

US corn price and co-products

US corn price since 1 April 2010



Source: Bloomberg

- Corn prices rose in H1 in the face of tight supply
- More normal co-product returns (but marginally positive) in H2

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I have extended the chart which I showed you at the interim results. The corn price has an impact on co-product selling prices. The corn price in the first half of the year – the first green line – was much higher than the average when we agreed contracts for the 2011 calendar year – that's the red line on the left. Tight supply combined with a drought in Texas, which increased demand for feed, and our fixing of longer-term contracts at favourable pricing, generated £19 million of additional income. With over 80% of the grind, the majority of this benefit is reported in Bulk Ingredients.

You can see a much narrower profile in the second half, indicating more normal returns, albeit co-products still generated a small amount of additional income in the period.

Interest and Tax
Year ended 31 March

Continuing operations[1]

£m, unless stated	2012	2011	At constant currency
Interest reported	**(25)**	**(58)**	56%
Add back			
- pension (credit) / charge	(5)	4	
- net hedge (unwind) / charge	(3)	4	
Underlying interest	**(33)**	**(50)**	

- Underlying reduction of £17 million driven by:
  - A reduction in gross debt, primarily due to the repayment of the US$300 million bond
  - Average net debt being over 30% lower than in the prior year
  - A reduction of £1 million due to exchange

£m, unless stated	2012	2011	At constant currency
Adjusted profit before tax[2]	**323**	**263**	26%
Tax[2]	**(55)**	(49)	(22%)
Effective tax rate[2]	**17.1%**	18.5%	

[1] Excluding the results of discontinued operations in both periods
[2] Before exceptional items and amortisation of acquired intangible assets

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Moving now to interest and tax. The reported interest charge was £33 million lower at £25 million. There are the same two unusual items here that I strip out to give you an underlying reduction of £17 million to £33 million.

The first unusual item is the £9 million lower net interest charge for post retirement plans that I highlighted this time last year, and I will come back to pension interest in a minute. The credit in fiscal 2013 is estimated at £2 million.

The second comes from the accounting of a hedge unwind relating to the repayment of debt in June 2010, which means we have a credit of £3 million this year against a net charge of £4 million last year.

The underlying interest reduction is caused mainly by the reduction in gross debt following the repayment of our US$300 million bond in June 2011. This was helped by a reduction in the average level of net debt that was just over 30% lower than the prior year. Exchange also reduced the interest charge by £1 million.

The effective rate of tax on continuing operations was 17.1%. The reduction of 140 basis points from 18.5% in the prior year reflects the change in the geographic mix of profits, particularly the lower interest charge in the UK. Looking to the year ending 31 March 2013, I expect the geographical mix of profits to increase the effective rate of tax closer to last year's level.

Pension interest restatement

Pension interest will be excluded from adjusted results from year ending 31 March 2013

Continuing operations[1,2] £m, unless stated	Reported	Adj.	Restated
FY12			
Adjusted profit before tax	323	(5)	318
Tax	(55)	(3)	(58)
Effective tax rate	17.1%	1.1%	18.2%
Adjusted diluted EPS (p)	**56.4p**	**(1.7p)**	**54.7p**
FY11			
Adjusted profit before tax	263	4	267
Tax	(49)	(4)	(53)
Effective tax rate	18.5%	1.2%	19.7%
Adjusted diluted EPS (p)	**45.7p**	**0.1p**	**45.8p**
FY10			
Adjusted profit before tax	196	19	215
Tax	(41)	(6)	(47)
Effective tax rate	20.8%	1.0%	21.8%
Adjusted diluted EPS (p)	**33.7p**	**2.8p**	**36.5p**

- Movement of pensions interest has accounted for up to 8% of annual profit before tax over last four years
- Revised accounting standard dampens, but does not remove, volatility
- Restatement would reduce FY2012 adjusted profit before tax, effective tax rate and adjusted earnings per share
- The pension interest charge under the new accounting standard IAS19 (revised) would have been:

FY12	FY11	FY10
£6m	£13m	£14m

[1] Excluding the results of discontinued operations in both periods
[2] Before exceptional items and amortisation of acquired intangible assets

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Coming back to pension interest; I always spend a few moments each year splitting out the impact of post-retirement plans on the interest charge.

Over the past four years, the movement in our pension interest has accounted for as much as 8% of profit before tax. The movement also affects the tax rate and therefore earnings per share. While the upcoming change to the accounting standard will dampen this volatility, we estimate that it would still have been as high as 4% of profit before tax over the same period, so it does not adequately address the volatility. We will therefore exclude pension interest from adjusted earnings from this year ending 31 March 2013.

Thus our adjusted profit before tax for 2012 would be £5 million lower at £318 million. Our effective tax charge would be 110 basis points higher at 18.2%, and a similar increase should be factored into your 2013 forecasts. And adjusted earnings per share would be lower by 1.7p at 54.7p. I have included details on the past four years in the supporting information for the current standard and also our estimate of the impact of the forthcoming standard.

Discontinued Operations

Year ended 31 March

£m, unless stated	2012	2011
Sales	**72**	590
Adjusted operating profit / (loss)[1]	**5**	**(2)**
Cash proceeds from disposals	**19**	290
Cash disposed	**-**	(10)
Cash generated / (absorbed) by discontinued operations	**25**	(123)
Total discontinued cash flow	**44**	**157**

[1] Before exceptional items and amortisation of acquired intangible assets

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Turning to discontinued operations, the adjusted operating profit was £5 million, reflecting a good performance from sugar in Vietnam. The sale process is advancing slowly towards the final regulatory approvals.

In total the cash inflow from discontinued operations was £44 million. We received £19 million cash, mainly from the sale of our minority stakes in Saudi and Egyptian sugar refineries associated with our former International Sugar Trading business. We generated £25 million from Vietnam and the remaining legacy International Sugar Trading contracts.

Exceptional Items
Year ended 31 March

£m	2012	2011
Exceptional Items		
Continuing operations		
Reversal of impairments & provision - McIntosh	76	-
Reversal of impairments - Decatur	7	-
Business transformation costs	(15)	(15)
Net gain on disposal - Fort Dodge	-	10
Exceptional gains/(losses) from continuing operations	**68**	**(5)**
Discontinued operations		
Gain on disposal of minority holdings - International Sugar Trading	11	-
Loss on disposal - EU Sugars	-	(55)
Gain on disposal - Molasses	-	12
Exceptional gains/(losses) from discontinued operations	**11**	**(43)**
Total exceptional gains/(losses) (pre-tax)	**79**	**(48)**

Moving to our exceptional items. In the year we reversed impairments and provisions of £76 million as we restarted our sucralose facility in McIntosh. We also reversed a smaller impairment of £7m as we have started to reuse a fermentation pilot plant for our bio-based material collaborations.

We have separated out the costs of our business transformation projects and report them as an exceptional cost of £15 million, with £5 million associated with the global Commercial and Food Innovation Centre in Chicago and £9 million on Global Shared Services and the new IS/IT platform We also capitalised £31 million of business transformation costs. The total one-time cost of our business transformation projects is now expected to be between £10 million and £15 million higher than the £94 million initial estimate, mostly as a result of some earlier scope changes and time-line extensions in the phased rollout of our global IS/IT platform. The costs will be more heavily weighted to capital than originally envisaged.

The additional costs associated with the business transformation, of which just over half relate to depreciation and amortisation, are expected to be £11 million in the year ending 31 March 2013. Approximately two-thirds of the costs will be allocated to Speciality Food Ingredients. The first benefits from the investment, from the Global Shared Service Centre in Poland, will be recognised this year too.

Within discontinued operations, we recognised a gain of £11 million on the sale of the minority holdings in Saudi Arabia and Egypt.

Balance Sheet

£m, unless stated	31 Mar 2012	31 Mar 2011
Goodwill, intangibles and fixed assets	**1,252**	1,180
Working capital	**398**	339
Pension deficit	**(140)**	(139)
Other provisions	**(28)**	(65)
Other	**23**	24
Assets and liabilities held for sale[1]	**63**	62
Net operating assets	**1,568**	**1,401**
Net debt	**(476)**	(464)
Net tax (liability) / asset	**(34)**	36
Shareholders' equity	**1,058**	**973**
Cash Conversion Cycle (days) *	**36**	34
ROCE	**21.6%**	20.6%

[1] Excluding cash and cash equivalents included in net debt
* Average quarterly Cash Conversion Cycle

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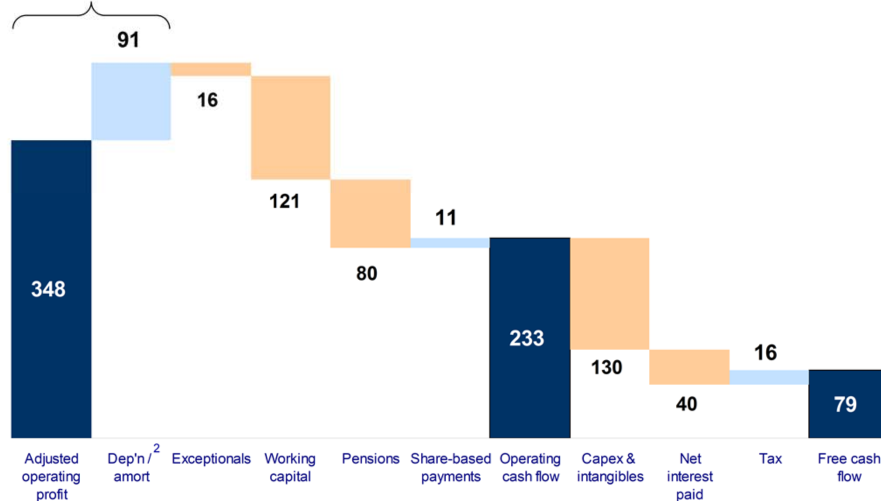
Moving to the Balance Sheet, net operating assets increased to £1.6 billion, primarily because of the investment in business transformation and the reversal of impairments and provisions because of the restart of McIntosh.

ROCE increased to 21.6% as operating profit growth of 11% was higher than the 4% increase in the average capital base.



Moving to the cash flow, we generated free cash flow of £79 million. EBITDA was £439 million and we paid £80 million towards the pension deficit including a payment of £45 million into the main UK scheme following the conclusion of the triennial valuation to the end of March 2010. Other working capital was an outflow of £121 million and I'll break this down on the next slide. Capital expenditure at £130 million was 1.4 times depreciation and I expect a broadly similar ratio this year as we continue to invest in the business transformation.

Net interest paid was £40 million and we had a net receipt of tax following the crystallisation of the receivable on the sale of Fort Dodge.

Change in Working Capital

Year ended 31 March

Continuing operations[1]

£m, unless stated	2012	2011
Increase in inventories	**(49)**	(121)
Increase in receivables	**(44)**	(15)
(Increase) / decrease in US margin calls	**(24)**	21
Increase in payables	**24**	83
Movement in derivatives and non-pension provisions	**(28)**	(9)
Change in working capital excluding pension provisions	**(121)**	(41)

[1] Excluding the results of discontinued operations in both periods

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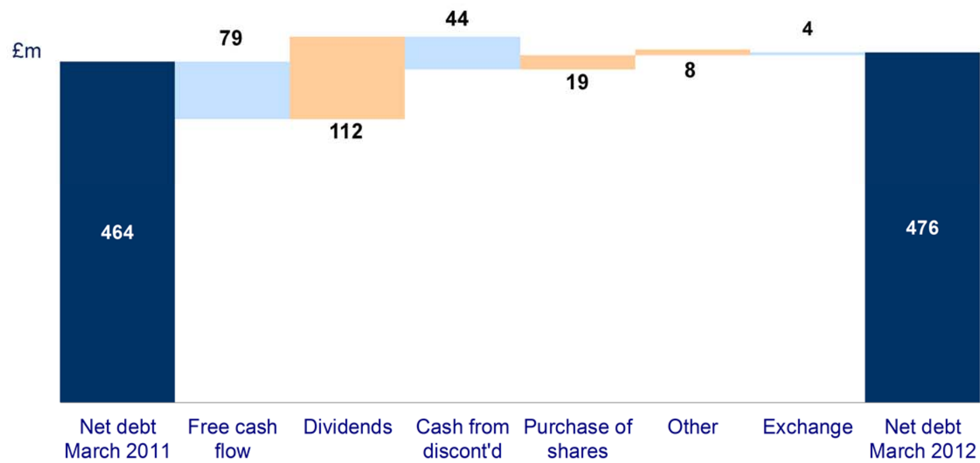
Coming back to the working capital outflows of £121 million.

I remain concerned about the supply-demand balance for US corn so we have again been planning to hold our inventories full until close to harvest and we had more working capital tied up at 31 March because of the higher corn price. At the end of the year we added to our corn supply network with the acquisition of a grain facility in Overmyer, Indiana.

While corn is the main driver of the £49 million outflow on inventories, the restart of sucralose production at McIntosh also brings some additional working capital needs. Receivables have risen in line with the higher corn price. Margin calls on corn hedges have been an outflow of £24 million in 2012 following inflows in the prior year. Payables have increased by £24 million.



So, coming back to movements in net debt. Free cash flow was £79 million and we paid out £112 million in dividends. After the cash inflow from the discontinued operations and £19 million cost for the purchase of shares into Treasury, net debt increased by £12 million from £464 million to £476 million.

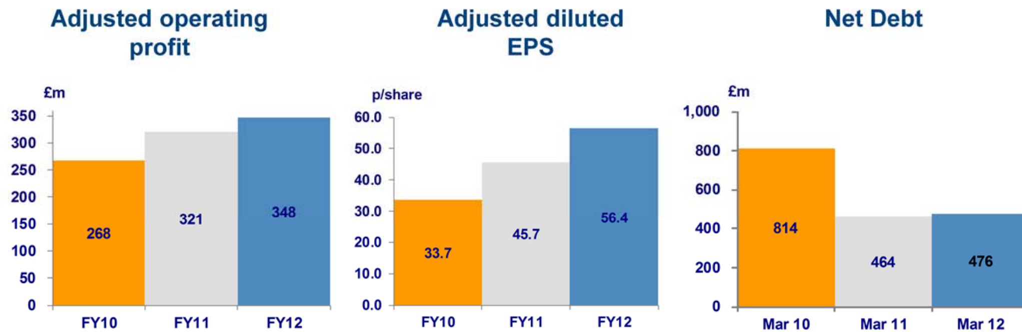
Net debt to EBITDA for the year was 1.1 times and interest cover strengthened to 11.1 times, both calculated under bank covenant definitions and both comfortably within the covenant.

The average maturity of gross debt at the end of March was 4.9 years and, following the agreement of the US$800 million Revolving Credit Facility in July 2011, we continue to have significant undrawn committed bank facilities.

In June 2012 at their maturity, we will repay our £100 million Guaranteed Notes from our cash resources.

Summary of Financial Position[1]

Improvement over prior years



[1] Operating profit and EPS exclude the results of discontinued operations and are stated before exceptional items and amortisation of acquired intangible assets

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So let me summarise:

Operating profit was 11% higher. With lower interest and tax, diluted earnings per share increased by 25%, while net debt increased slightly to £476 million.

With that, let me hand you back to Javed….

Operating Highlights

Javed Ahmed

TATE & LYLE

Thank you Tim.

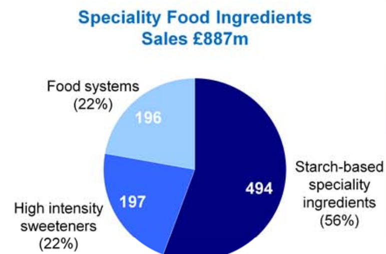
I will now talk in more detail about the performance of each division followed by a short update on the progress we are making to build a platform for long-term growth. As Tim has just taken you through the numbers, I will talk more to the key drivers of performance.

Speciality Food Ingredients

Highlights and key global drivers

- Sales up 12% to £887 million
- Volumes up 4%
- Adjusted operating profit up 5% to £214 million
- Operating margins down 1.5 ppts to 24.1% due to higher input costs

Speciality Food Ingredients
Sales £887m



Consumer demand for healthier products

Customers looking to reduce costs

Growth in emerging markets

NB. Sales and adjusted operating profit growth presented in constant currency

In speciality food ingredients, we delivered profitable sales growth. While the food industry remains relatively resilient, it is not immune to fluctuations in the wider economy and, during the second half, the deterioration in the macroeconomic environment in Europe led to weaker demand within some food ingredient categories.

Against this backdrop, the global market for speciality food ingredients continues to benefit from a number of key trends:

−First, the increasing focus of consumers and governments worldwide on healthier nutrition which is driving demand for ingredients in the health and wellness space

−Second, continuing volatile and high sugar prices and significant increases in the price of certain other raw materials have led to an even greater focus by customers on cost reduction; and

−Third, continued rapid urbanisation coupled with rising levels of disposable income in developing markets are increasing the penetration of packaged and convenience foods particularly in Asia and Latin America

We continue to believe that the combination of our product portfolio and technical and applications expertise makes us well placed to benefit from these global trends longer term.

Starch-based speciality ingredients

Sales up 17% to £494 million with volume growth of 4%

- **Speciality food starches**
  - Solid volume growth in US and good growth in Latin America
  - European volumes lower in H2 driven by lower packaged food demand
- **Speciality corn sweeteners**
  - Demand driven by ongoing volatile and high sugar prices, and key functional benefits such as flavour enhancement
- **Speciality fibres**
  - Strong growth reflecting increasing consumer demand for healthier products
  - Launch of PROMITOR™ Soluble Gluco Fibre in Europe

NB. Sales growth presented in constant currency

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In speciality food starches, solid volume growth in the US and good growth in Latin America was somewhat offset by softer volumes in Europe driven primarily by lower packaged food demand. In Latin America, where the demand for convenience and packaged foods continues to grow, the addition of resources and expertise within the texturants space helped us secure new customers and additional volume.

Speciality corn sweeteners continued to benefit from higher sales volumes in both the US and in emerging markets on the back of continuing volatile and high sugar prices, and key functional benefits such as flavour enhancement and a low glycaemic index.

We continue to see strong growth in our fibres range with volumes in Europe benefiting from the favourable opinion granted by EFSA on polydextrose at the start of the year. Additionally, building on the success we have had in the US and in Latin America with our PROMITOR™ dietary fibre line, during the year we launched PROMITOR™ Soluble Gluco Fibre in Europe.

High intensity sweeteners

Sales up 8% to £197 million with volume growth of 13%

- **SPLENDA® Sucralose**
  - Volumes up 12%
  - Demand driven by health & wellness and cost optimisation projects
  - Rate of price decline reduced as expected
  - McIntosh restarted efficiently and ahead of schedule

- **PUREFRUIT™**
  - Good progress in developing project pipeline
  - "Natural" proposition has strong consumer appeal
  - First new products just entering the market
  - Working with customers to develop and launch more products

NB. Sales growth presented in constant currency

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Continued strong volume growth in SPLENDA® Sucralose was driven largely by the two global trends I mentioned previously – the growing global incidence of diabetes and obesity and continuing volatile and high sugar prices.

In light of the continuing strong demand for SPLENDA® Sucralose, in March 2012 we restarted production at our facility in McIntosh. The project to restart this facility was planned in great detail and was completed ahead of schedule and within budget. It was the first major project to be completed under the new capital asset management process we instituted two years ago, and I was pleased to see these new disciplines working well in practice.

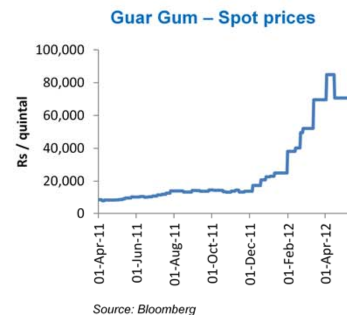
With McIntosh re-started, we have reinforced our global sucralose leadership position, with our two large-scale high tech facilities offering customers the highest standards of quality, traceability and reliability.

During the year, we also made good progress helping customers work with our zero-calorie, fruit-based sweetener, PUREFRUIT™ and continue to build the project pipeline. With customer product development cycles typically lasting around 18 months for this kind of ingredient, the focus over the coming year will be to convert these opportunities into sales and to support customers on new product launches. The facilities and new capabilities at our recently opened Innovation Centre in Chicago, which I will discuss later, will help to accelerate customer projects through the pipeline.

Food systems

Sales up 3% to £196 million with volumes up 1%

- 3% volume growth in H1 offset by lower volumes in the final quarter
- Significant increases in input costs, partly mitigated by:
  - Shortening of customer contract lengths
  - Using substitutes wherever possible
- Operating margins and profits lower than prior year
- Steps taken to strengthen the organisation



Source: Bloomberg

NB. Sales growth presented in constant currency

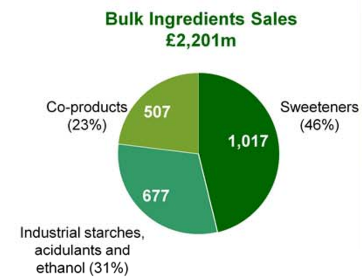
In our food systems blending business, volumes increased marginally over the year. Softer volumes in March, particularly in Europe, led to volumes in the second half being slightly lower than the comparative period.

This business faced a significant increase in the cost of raw materials during the year, particularly in ingredients such as guar gum and gelatin. While we have had some success in mitigating the impact of these higher input costs – through the use of substitutes and shortening the length of customer contracts – operating margins and profits for this segment were somewhat lower than the prior year.

Food Systems is an attractive business but its performance relative to the rest of the division is not currently where it should be and we have made a number of changes to strengthen its organisation.

Bulk Ingredients
Highlights and key performance drivers

- Volume down 2% reflecting strategy to gradually switch corn grind to speciality food ingredients
- Sales up 18% to £2,201 million reflecting higher corn prices
- Adjusted operating profit up 13% to £172 million
  - Exceptional co-product performance in H1
  - Improved performance in European industrial starches



Robust domestic and export demand for US corn sugar

High corn and sugar prices

Shortage of alternative starches in Europe

NB. Sales and adjusted operating profit growth presented in constant currency

Moving on to the bulk ingredients division where sales increased by 18% with volumes down 2% overall, reflecting our strategy to gradually divert corn grind to speciality food ingredients. Adjusted operating profit increased by 13% to £172 million.

Moving on to talk about the main categories.

Sweeteners

Sales up 15% to £1,017 million with volumes down 1%

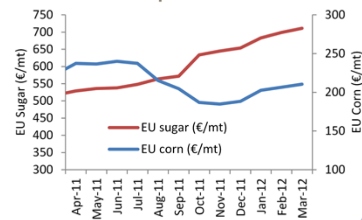
- **US – sales up 16% to £876 million**
  - 2% volume reduction due to grind diversification
  - US demand for corn sugar firm
  - Mexican demand robust
  - Despite broadly flat unit margins, volume reduction led to slightly lower profits

US Carbonated Soft Drinks Volume – YOY change (%)

Source: Mintel

- **EU – sales up 11% to £141 million with flat volumes**
  - Lower margins in H1 as a result of higher corn prices
  - Margin recovery in H2 driven by increase in sugar prices
  - Profits for full year ahead of prior year

EU Average White Sugar Selling Price vs. EU Spot Corn Price



Source: Bloomberg, EU Commission

NB. Change in sales reported in constant currency. FY11 comparative category sales revised to reflect new product classifications

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In the US, sales of bulk corn sweeteners increased by 16% as a result of higher corn prices with lower volumes from the switch of grind. As in the previous year, we experienced firm US domestic demand on the back of a more stable US carbonated soft drink market and continued to see robust demand from Mexico. While corn sugar unit margins were in line with the comparative period as expected, overall US sweetener profits were lower reflecting the reduced volume and softer margins in other sweeteners. In Europe, sales increased by 11% and isoglucose margins recovered during the second half driven by the increase in sugar prices.

Industrial starches, acidulants and ethanol

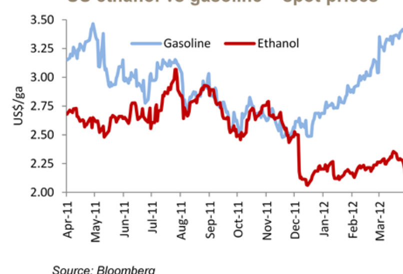
Sales up 10% to £677 million with volumes down 4%

- **Industrial starch**
  - Lower volumes in US driven by softer demand and diversification of grind
  - Tighter market conditions led to better overall performance in Europe; but softer demand since end of the 2011 calendar year
- **Ethanol**
  - Lower ethanol volumes
  - Improved unit margins in H1 offset by deterioration in H2
  - Expiration of blenders' tax credit at end December impacted price and margins
- **Acidulants**
  - Citric acid profits in line with prior year
  - Sale of Sucromiles joint venture in April 2012
- **Bio-based materials**
  - Small loss in Bio-PDO™ due to higher input costs
  - Good progress on Amyris and Genomatica initiatives

European Monthly Paper & Board Production

Source: CEPI

US ethanol vs gasoline – spot prices



Source: Bloomberg

NB. Change in sales reported in constant currency. FY11 comparative category sales revised to reflect new product classifications

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Sales of industrial starches, acidulants and ethanol increased by 10% with volumes down 4%.

In industrial starches, in the US, where we are able to contract for longer periods than Europe, lower volumes were offset by higher prices resulting in a better performance for the period.

In Europe, increased demand for corn starches led to a firmer pricing environment, improving performance for the full year. During the final quarter, prices started to soften reflecting the deterioration in the macro-economic environment and with no clear sign of an improvement in sentiment or market conditions, we remain cautious about the outlook for this category.

In US ethanol, which is a small part of our business, while we achieved improved cash margins during the first half we saw a reduction in margins in the final quarter due to the significant fall in prices ahead of the expiry of the blenders' tax credit in December 2011. Margins currently remain well below the levels seen during 2011 and we expect market conditions to remain challenging so we have scaled back production to the extent possible.

After a softer first half, the performance of our citric acid business improved with profits for the full year in line with the prior year. Following the sale of our share in Sucromiles, we will now focus on the sale and distribution of their product to our customers from this small facility.

Our Bio-PDO™ joint venture made a small operating loss in the year as a result of higher input costs.

Staying with bio-based materials, we made good progress on the two initiatives we announced last year with Amyris and Genomatica both at our pilot plant facilities in Decatur, Illinois. While the contribution made by these initiatives remains small, they provide a good opportunity to diversify our corn grind to reduce volatility in the longer term.

Net, we were pleased with the performance of both our Speciality Food Ingredients and Bulk Ingredients divisions during the year.

Building the platform for long-term growth

Javed Ahmed

TATE & LYLE

Let me now give you a short update on the progress we are making to build a platform for long-term growth.

Global Commercial Food and Innovation Centre is now operational

State-of-the-art facilities

- Research, applications and technical service labs
- Full sensory and culinary capabilities
- Pilot and prototype facilities

Step change in customer collaboration

- New levels of collaboration
- Flexible and scaleable
- Support global launches

Building a new culture

- Focus on speciality and innovation
- Multi-disciplinary approach
- High quality global talent

Two months ago, as planned, our new global Commercial and Food Innovation Centre in Chicago became operational. The opening of this Centre represents an important step in the transition of Tate & Lyle into a focused global provider of speciality food ingredients and solutions and I look forward to inviting you to see the facility later in the year.

First, the new Centre gives us a full range of state-of-the-art facilities including bespoke laboratories for each of our research, applications and technical services teams; a full suite of sensory testing, consumer research and culinary services; and a pilot plant facility with enhanced prototype-making capabilities.

Second, the new Centre will be a key enabler in step changing the way we collaborate with customers. The Centre's location and ease of access, the design of the floor plan, the equipment installed, and the highly skilled people working there, are all geared towards providing customers with the highest quality of service.

A key part of that service is being able to interact with customers in areas that are increasingly important to them. For example, many of our larger customers have their own in-house Chef or culinary function which tends to be a key incubator for new product ideas or recipes. This was not an area where we previously had a presence but in our new facility we have created a modern Culinary Centre with our own dedicated in-house Chef who is already interacting with his peers at our customers to work up new concepts.

The Centre has also been designed for flexibility and global support. For example, we can adapt our blending or prototyping equipment to meet the specific needs of customers – whether they be large multi-nationals, SMEs, private label or food service. We have also built in capabilities to assist customers who move into new application areas, and have installed extensive video-streaming facilities to support multi-national customers who are developing or launching products globally.

Finally, the Centre is a manifestation of the new culture we are developing at Tate & Lyle – creative, team-orientated, global and high performing. With its open plan working environment and multi-disciplined teams of scientists, marketers and product managers working closely together, the new Centre is a very different way of doing business at Tate & Lyle. We have also taken this opportunity to bring more high quality global talent into the company and half of the 170 or so employees currently working at the Centre are new to Tate & Lyle in the past 12 months.

In addition to its focus on new product development, the Chicago Centre will also act as the central 'hub' for our increasing worldwide network of applications and technical support laboratories. These support laboratories play an important role in providing our customers with local applications, formulation and prototyping expertise so their products can meet local tastes and preferences. But not every problem can be solved locally so all of these support laboratories are now able to leverage our global technology and expertise in Chicago using state-of-the-art video links and therefore help our customers, wherever they are located, to solve specific local problems or develop new local solutions.

Steady progress building our business in key emerging markets

Latin America

- Opened new applications labs in São Paulo and Mexico City
- Sales force doubled in past two years
- Increased technical services and applications resources

Asia

- China key near term priority
- Recruited additional sales, technical and applications resources
- Developing more direct relationships with customers

Strong growth in both regions

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The ability to provide technical and applications expertise locally is particularly important in emerging markets where taste preferences and formulation challenges can often be different to those in developed markets. Last year we opened two new applications laboratories in Latin America, one in Mexico City and the other in Sao Paulo to further develop our business in this key region. We continue to grow our go-to-market teams in both Latin America and Asia, in Asia that is predominantly in China, and to invest in additional technical resources in key application and ingredient categories such as dairy and texturants – this has led to us winning new business in these categories in both regions. In China, we are reducing our dependence on distributors and developing closer customer relationships. Although we started from a low base, we are beginning to see encouraging growth with a strong increase in sales in Latin America and Asia in the last financial year. Emerging markets will continue to be a key growth and investment priority for Tate & Lyle.

Transformation of our operational capabilities remains on track

Progress Update | **Key benefits of new capabilities**

Global Shared Services

- Operations started in Łódź in Q2 FY12
- Financial transaction processing for Europe and US already transitioned to Łódź
- Migration of rest of business during 2012

- Establish common way of working
- Eliminate resource duplication

Common, global IS/IT platform

- Design phase complete
- Test phase near completion
- Rollout due to commence in summer 2012

- Create single source of global data
- Step change in analytical capabilities
- Improve speed of decision making

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The transformation of our operational capabilities remains on track. Our new Global Shared Services Centre in Lodz, Poland started operations in September, and I have been impressed with the quality and commitment of the team we now have in place there. We have successfully transferred all our US and European financial transaction processing to Lodz, with the remainder of the business due to be transferred by the end of 2012.

The test phase for our new single global IS/IT platform is nearing completion. When the platform is rolled out, it will create a single global source of data, provide a step change in our analytical capabilities, and significantly improve the quality and speed of decision making – all key enablers of performance.

Making progress creating a high performance organisation

Refreshing the talent base

- 17% of employees new to Tate & Lyle in last year
- Approx. 110 new hires in key commercial, marketing, product management and innovation areas

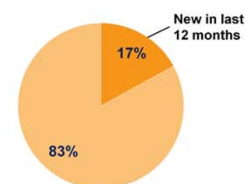
Strengthening and diversifying the talent base

- 21% increase in scientists at Ph.D level in last 18 months
- Employees with international education/ background increasing

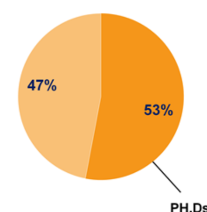
Embedding a performance culture

- Global sales incentive plan driving higher performance
- New, more rigorous performance management system driving greater accountability

Employees at 31 March 2012



ICD scientists at 31 March 2012



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We continue to make steady progress on the organisation and culture. The process of refreshing, strengthening and diversifying our talent base as part of the business transformation programme is proceeding well, with 17% of all employees being new to the Company in the past year. That figure includes approximately 110 people we have recruited to strengthen the talent base in key customer facing, marketing and innovation areas.

The move to Chicago and the creation of the new Innovation Centre has allowed us to recruit staff from a wider and more diverse pool of talent. In our Innovation and Commercial Development unit, the number of our scientists with a PH.D has increased by 21% in the past 18 months meaning that over half our scientists now have a PH.D as their highest qualification. The number of staff in Innovation and Commercial Development in Chicago with an international education has also increased, up by 11 percentage points in the same period. I expect both these trends to continue.

Our move to a more performance driven culture is also making steady progress. The introduction last year of a new, more performance-related global sales incentive plan is starting to drive improved performance and behaviours. Today, the difference between a good and bad performance is much more marked than previously, and can be over the equivalent of one times base salary.

Transformation programme on track; business performing solidly

- Global Innovation Centre in Chicago now operational
- Global applications network being expanded
- SPLENDA® Sucralose facility in Alabama re-started
- Projects in innovation pipeline doubled in last year
- Global Shared Service Centre operational
- Single, global IS/IT platform moving towards roll out
- Cultural change programme making steady progress

…Business has continued to perform solidly

Continuing to build the platform for long-term growth

TATE & LYLE

To summarise then – we have made good progress in the year and delivered against a number of the initiatives we put in place as part of the "Focus, Fix, Grow" transformation programme.

- The new global Commercial and Food Innovation Centre in Chicago is operational, and our network of local applications and technical support laboratories is being expanded, particularly in emerging markets.
- The SPLENDA® Sucralose plant in Alabama has been successfully re-started
- The innovation pipeline continues to grow with the number of projects in the pipeline doubling in the last year.
- The Global Shared Service Centre in Poland is up and running and will be fully operational by the end of the year.
- The new single, global IS/IT platform is getting ready for rollout
- The programme to strengthen the bench and embed a new culture is making steady progress

And while this is all being delivered, the business has continued to perform solidly.

This last point cannot be underestimated. This has been a year of working hard to achieve a number of our business transformation milestones and it is of great credit to all my colleagues across Tate & Lyle that while many of these milestones have been achieved, the underlying business has continued to deliver.

Overall, I am pleased with the progress we are making. A number of the building blocks identified two years ago as being required to create a platform for longer term growth are now in place. We still have much to do, and we are not yet where we want to be, but we are certainly on the right path. The management team remains highly engaged and extremely committed to delivering against our objectives.

Outlook

Javed Ahmed, Chief Executive

TATE & LYLE

Outlook

For year ending 31 March 2013

Speciality Food Ingredients

- Expect to achieve good sales growth
- Anticipate slightly lower operating margins, reflecting additional fixed costs associated with McIntosh restart and investment in business transformation programme

Bulk Ingredients

- Improved bulk sweetener margins in both Europe and US
- Softer market conditions in industrial starches in Europe and ethanol in US
- Expectation of more normal co-product returns

Overall, taking into account the current level of economic uncertainty and despite a step change in fixed costs associated with the investment necessary to transform the business, we expect to make progress during this financial year

TATE & LYLE

With that, let me move to the outlook for the year ending 31 March 2013.

In Speciality Food Ingredients we expect to achieve good sales growth, although operating margins in this division are expected to be slightly lower reflecting the additional fixed costs associated with the restart of McIntosh and its share of the investment in the business transformation programme.

In Bulk Ingredients, we anticipate improved bulk sweetener margins in both Europe and the US to broadly offset our expectation of more normal co-product returns and the impact of softer market conditions in industrial starches in Europe and ethanol in the US.

Overall, taking into account the current level of economic uncertainty and despite a step change in fixed costs associated with the investment necessary to transform the business, we expect to make progress during this financial year.

Thank you. Tim and I would now be happy to take any questions.

Questions & Answers

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Supporting information

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Key Financial Indicators

Year ended 31 March

£m, unless stated	2012	2011
Profit before tax[1,2]	**323**	263
Effective tax rate - continuing operations[1,2]	**17.1%**	18.5%
Diluted EPS - continuing operations[1, 2]	**56.4p**	45.7p
Operating cash flow - continuing operations[2]	**233**	325
Net debt	**476**	464
Net debt/EBITDA[1,3]	**1.1x**	1.1x
Interest cover[1,3]	**11.1x**	6.9x
Cash dividend cover[4]	**0.7x**	1.6x
Earnings dividend cover - continuing operations	**2.3x**	2.0x
Available undrawn committed facilities	**500**	623

[1] Before exceptional items and amortisation of acquired intangible assets
[2] Excluding the results of discontinued operations in both periods
[3] This ratio is calculated using the Group's covenant definitions
[4] Calculated as free cash flow from continuing operations divided by dividends paid or proposed in respect of reporting period, excluding impact of any scrip dividend option where available

Income Statement

Year ended 31 March

£m, unless stated	2012 Cont'd	2012 Discont'd	2012 Total	2011 Cont'd	2011 Discont'd	2011 Total
Sales	3,088	72	3,160	2,720	590	3,310
Operating profit[1]	348	5	353	321	(2)	319
Net finance costs	(25)	1	(24)	(58)	-	(58)
Profit/(loss) before tax[1]	**323**	**6**	**329**	263	(2)	261
Exceptional items	68	11	79	(5)	(43)	(48)
Amortisation	(12)	-	(12)	(13)	-	(13)
Profit/(loss) before tax	**379**	**17**	**396**	245	(45)	200
Tax	(72)	(15)	(87)	(49)	16	(33)
Profit/(loss) after tax	**307**	**2**	**309**	196	(29)	167

[1] Before exceptional items and amortisation of acquired intangible assets

Sales - Segmental analysis

Year ended 31 March

£m	2011	Forex	Activity	2012
SFI Sales				
- *Starch-based speciality ingredients*	434			494
- *High-intensity sweeteners*	185			197
- *Food systems*	186			196
Total SFI	**805**	**(11)**	**93**	**887**
BI Sales[1]				
- *Sweeteners*	898			1,017
- *Industrial starches, acidulants and ethanol*	641			677
- *Co-products*	376			507
Total BI	**1,915**	**(44)**	**330**	**2,201**
Total Group	**2,720**	**(55)**	**423**	**3,088**

[1] FY11 comparative category sales revised to reflect new product classifications

Profit before tax

Year ended 31 March 2012

Continuing operations[1]

£m	2011	Forex	Activity	2012
- SFI	206	(3)	11	214
- BI	157	(5)	20	172
- Central	(42)	-	4	(38)
Total	**321**	**(8)**	**35**	**348**
Net finance expense	(58)	1	32	(25)
Profit before tax	**263**	**(7)**	**67**	**323**

[1] Before exceptional items and amortisation of acquired intangible assets

Exchange Sensitivity
Year ended 31 March

Estimated annual movement caused by a one cent movement in the US$/€ on the translation of profits

£m impact on PBITEA	US$	EUR
Speciality Food Ingredients	0.9	0.2
Bulk Ingredients	0.6	0.1
Central	-	-
Impact on operating profit before interest & tax[1]	**1.5**	**0.3**
Interest	(0.2)	-
Impact on operating profit before tax[1]	**1.3**	**0.3**

[1] Excluding exceptional items and amortisation of acquired intangibles

Business Transformation

£m	Year to March 2011	Year to March 2012
Commercial & Food Innovation Centre	6	20
IS/IT & Global Shared Services	10	25
Total	**16**	**45**
P&L exceptional	10	14
Capital	6	31
Total	**16**	**45**

Pension interest – additional information

Continuing operations[1]

£m, unless stated	2009	2010	2011	2012
	Year to 31 March			
As reported[2]				
Pension interest (charge)/credit	(3)	(19)	(4)	5
Year on year movement in pension interest	(7)	(16)	15	9
Adjusted profit before tax	233	196	263	323
Movement as % of adjusted profit before tax	3.0%	8.2%	(5.6%)	(2.8%)
Effective tax rate	25.8%	20.8%	18.5%	17.1%
Adjusted EPS	37.9p	33.7p	45.7p	56.4p
As restated[3]				
Adjusted profit before tax	236	215	267	318
Effective tax rate	26.3%	21.8%	19.7%	18.2%
Adjusted EPS	38.2p	36.5p	45.8p	54.7p
Impact of proposed changes to IAS19[4]				
Pension interest (charge) / credit under IAS19 (revised)	(15)	(14)	(13)	(6)
Year on year movement in pension interest	(9)	1	1	7
Adjusted profit before tax	233	196	263	323
Movement as % of adjusted profit before tax	3.9%	(0.5%)	(0.4%)	(2.2%)

[1] Excluding the results of discontinued operations and before exceptional items and amortisation of acquired intangibles
[2] Pension interest result included within adjusted earnings
[3] Pension interest result excluded from adjusted earnings
[4] Subject to endorsement, applicable from FY14. For illustrative purposes reported pension interest result included in adjusted earnings

Pensions

Balance sheet

£m, unless stated	31 March 2011	Exchange	Cash Contributions[1]	Actuarial Losses	Other	31 March 2012
Net asset / (liability)						
UK	**96**	**-**	**48**	**(17)**	**11**	**138**
US	**(134)**	**1**	**32**	**(63)**	**(2)**	**(166)**
Other	**(4)**	**-**	**2**	**(3)**	**(3)**	**(8)**
Subtotal	**(42)**	**1**	**82**	**(83)**	**6**	**(36)**
US healthcare	**(97)**	**-**	**5**	**(4)**	**(8)**	**(104)**
Total	**(139)**	**1**	**87**	**(87)**	**(2)**	**(140)**

[1] £7m service charge reported within operating profit and £80m of additional contributions

Cash flow information

Year Ended 31 March 2012

£m	2012	2011
Profit before tax[1]	379	245
Working capital	(121)	(41)
Pensions	(80)	(46)
Other adjustments	55	167
Cash from cont. operations	**233**	**325**
Interest and tax paid	(24)	(77)
Capital expenditure	(130)	(70)
Free cash flow from continuing operations	**79**	**178**
Cash flow from discontinued operations	25	(107)
Disposal proceeds	19	280
Investing activities and disposals	(11)	32
Dividends paid	(112)	(70)
Purchase of own shares	(19)	-
Issue of own shares	3	2
Net cash (outflow)/inflow	**(16)**	**315**
Exchange	4	27
Non-cash debt movements[2]	-	8
(Increase)/decrease in net debt	**(12)**	**350**

[1] Continuing after exceptional items and amortisation

[2] 2012: (£7m) Inception of finance leases, £7m other fair value movements, 2011: £5m debt transferred with EU Sugars and £3m with Molasses.

Debt Maturity Profile

March 2012

£m	2012	2011
Average net debt in period	454	661
Effective interest rate on gross debt	3.5%	4.0%
At period end		
Average maturity of total gross borrowings	4.9 yrs	4.8 yrs
Undrawn committed facilities	500	623
Cash and cash equivalents	446	654
Fixed and capped proportion of net debt[1]	58%	85%
Net debt as % of total net debt:		
- US$	112.2%	98.7%
- Sterling	(7.7%)	(28.2%)
- Euro	0.3%	34.9%
- Other	(4.9%)	(5.4%)

[1] Fixed for more than one year

Exchange rates

Year ended 31 March

£m	2012	2011	Change
Closing rates			
US$	1.60	1.60	-
Euro	1.20	1.13	(6%)
used to translate Balance Sheet			
Average rates			
US$	1.60	1.55	(3%)
Euro	1.15	1.19	3%
used to translate Income Statement			