Proposed combination of Tate & Lyle and CP Kelco

Company Participants

- Anthony Nicholas Hampton "Nick", Chief Executive Officer
- Dawn Allen, Chief Financial Officer

Other Participants

- Alex Sloane, Analyst, Barclays
- Damian McNeela, Analyst, Deutsche Numis
- Karel Zoete, Analyst, Kepler Cheuvreux
- Unidentified Participant, Analyst, BNP Paribas Exane

Presentation

Anthony Nicholas Hampton "Nick"

Good morning, everyone, and welcome to today's presentation. I am delighted that earlier this morning, we announced that we had signed an agreement to acquire CP Kelco, an outstanding and highly respected ingredients company within the food industry from J.M. Huber, a large US-based family-owned corporation. While an acquisition, we see the proposed transaction as a combination of two strong and highly complementary businesses. Tate & Lyle, a global leader in Sweetening, Mouthfeel and Fortification and CP Kelco, a long-established leader in pectin and specialty gums. This represents the start of an exciting new era for Tate & Lyle. It accelerates our ambition to become a leading and differentiated specialty food and beverage solutions business and significantly enhances our position as a customer's partner of choice. The agenda for today's presentation is on the screen.

I will start with an overview of the proposed transaction and then talk through the strategic rationale and why we are very excited about the future prospects of the combined business. Dawn Allen, our Chief Financial Officer, will then take you through the synergies, financial framework, and next steps. And finally, I will return to provide an overall summary, after which Dawn and I will be happy to take your questions. Taking a step back, this is the culmination of a number of steps taken over the last 6 years to transform Tate & Lyle and focus its entire portfolio on specialty ingredients and solutions. A key milestone in delivering this transformation was the sale of our former US-based commodity business, Primient. We initially sold a controlling interest in Primient in 2022 and then announced the sale of our remaining stake last month. This completed Tate & Lyle's transformation into a fully focused specialty food and beverage solutions business. And with the proposed combination with CP Kelco, we are now significantly accelerating our specialty customer-focused strategy.

Overall, following completion of the sale of Primient, cash proceeds from the sale and the dividends received from them over the last 2 years totaled over USD1.5 billion. Of this, close to USD900 million has already or will soon be returned to shareholders. The remaining USD600 million has been redeployed to support the acquisition of CP Kelco. In every way, the combination with CP Kelco is the perfect fit with Tate & Lyle's growth strategy. CP Kelco's range of leading specialty ingredients will significantly expand our portfolio. The combination of our specialty food starches and CP Kelco's pectin and specialty gums, will make us a leader in Mouthfeel solutions and will also strengthen our customer offering across our Sweetening and Fortification platforms and our four core categories. With its greater scale, solutions capabilities and technical expertise, the combined business will be able to deliver significantly greater value for our customers. It is the opportunity to be a better partner for our customers that is among the most exciting aspects of this combination. Alongside a strengthened platform and category offering, the combination will enhance our customer solutions offering and provide more opportunities to benefit from growing global consumer demand for healthier, tastier, and more sustainable food and drink.

Together, we will be able to accelerate R&D and innovation, helping to develop the next generation of plant-based ingredients and solutions. Importantly, the combination is expected to drive a stronger financial performance with revenue growth towards the higher end of our 4% to 6% per annum ambition and significant adjusted EBITDA margin improvements over the next few years. All of this is underpinned by shared purpose, values, and culture and a common belief in progressing our joint commitment to science, solutions and society.

Turning to a summary of the transaction. Under the terms of the agreement, Tate & Lyle will acquire CP Kelco from Huber for USD1.8 billion on a cash-free, debt-free basis. USD1.15 billion will be paid in cash from new and existing debt facilities and cash resources. We'll also issue 75 million new shares to Huber with a value of over USD600 million. In addition, there is a deferred consideration of up to 10 million additional shares, which will be delivered to Huber approximately 2 years after completion, subject to performance criteria based on an increase in Tate & Lyle's share price. The headline consideration represents approximately 10 times CP Kelco's EBITDA for the year ended 31st of December 2023, including the cost synergies.

Moving to the financial outcomes of the proposed transaction. On synergies, we are targeting run-rate cost synergies of at least USD50 million by the end of the second full financial year following completion. We also see significant opportunities to accelerate revenue growth through our complementary platforms, regions, and categories. And we are targeting revenue synergies of up to 10% of CP Kelco's revenue over the medium term. Dawn will talk more about synergies later. The proposed transaction is expected to be accretive to adjusted earnings per share, including cost synergies only in the second full financial year following completion and then to be strongly accretive thereafter. Return on invested capital is expected to exceed our weighted cost of capital in the fifth full financial year following completion. And we anticipate net debt-to-EBITDA leverage of approximately 2.3 times remaining within our long-term range with a clear deleveraging path.

Finally, the share buyback program we announced last month to return USD270 million to shareholders after completion of the premium sale will now start today. Today's announcement is the result of many years of engagement and bilateral discussions with both Huber and CP Kelco. During that time, we have built a strong relationship with both organizations and developed a level of trust and understanding, which has led to the proposed transaction. We are delighted that following completion, Huber will become a new long-term shareholder in Tate & Lyle. The issue of an equity stake to Huber was a key unlock in creating the opportunity for the combination. And Huber's proposed holding reflects its strong conviction in the growth potential and future value creation of the combined business. We look forward to working with Huber and our other shareholders as we move forward.

As part of our new partnership, Huber will be entitled to appoint two non-executive directors to the Tate & Lyle Board. As a private company, CP Kelco may not be well known to all of you. So let me give you a few details about its business. CP Kelco is a global leader in nature-based speciality hydrocolloids. Its main product is pectin. Pectin occurs naturally and is generally made from the peel of citrus fruits. CP Kelco makes its pectin predominantly from orange peel and has pectin production facilities in Brazil, Denmark, and Germany. The company also makes a range of specialty gums and has other smaller product lines such as citrus fiber and whey protein concentrates. The company is a leading innovator in fermentation and extraction driven ingredients. We have long been aware of their outstanding scientific expertise as we have collaborated with them on innovation projects for over 10 years. As a plant-based business, their commitment to sustainability is strong. And we are very impressed by the deep relationships they have built with customers around the world.

The company has a broad talent base with particularly strong capabilities in technical service and process engineering. CP Kelco's plant-based portfolio makes it well placed to benefit from growing consumer preference for healthier and cleaner-label products. Pectin is a key ingredient in many clean-label solutions. While CP Kelco's highly functional specialty gums are frequently used by customers to tackle gelling, thickening, and stabilization challenges. Citrus fiber, one of its newer clean-label ingredients is used to add nutrition to an increasing number of consumer products. With our expanded portfolio and deeper expertise across the intersection of Sweetening, Mouthfeel and Fortification, the combined business will be much more able to provide customers with a broader range of healthier, tastier, and more sustainable food and drink solutions. The combined business will strengthen both our regions and platforms, with nearly half of CP Kelco's revenue coming from the large and fast-growing markets of Asia, Middle East, Africa and Latin America, the combined business will benefit from a greater presence in these key growth markets.

Moving to the strategic rationale of the proposed transaction, which we believe has a compelling logic. The combined business will create a leader in Mouthfeel, a critical driver of customer solutions, and we'll deepen our expertise across all our core platforms, categories, and markets. It will deliver a compelling proposition for customers and significantly enhance our solutions offering. It will accelerate R&D and innovation through the combination of our world-class scientific, technical, and applications expertise, and it will drive stronger growth and unlock new opportunities in our core markets. Underpinning all this is a shared purpose, set of values, and culture.

Let me take each one of these 5 areas in turn. You will now be familiar with the scale of the opportunity highlighted by this slide. The Global Specialty Food Ingredients market is USD75 billion and is expected to grow at around 6% on a compound annual basis. USD19 billion of this market also growing at 6% is addressable by Tate & Lyle's 3 platforms. Our ingredients and those of CP Kelco, the key ones of which are listed here will enable us to better serve our customers across this large and attractive addressable markets. The combination will create a global leader in Mouthfeel, bringing together a highly complementary specialty corn and tapioca food starches with CP Kelco's pectin and specialty gums. CP Kelco's products will also help strengthen at Sweetening and Fortification platforms, providing additional functionality when sugar reduction, mouthfeel and fortification are needed. Critically, Mouthfeel is an unlock for customer solutions. In many cases, consumers like or dislike a food simply because of how it feels in the mouth. Mouthfeel is a key driver of taste, and given that over 85% of consumers make their food choices based on taste, it's essential we deliver the mouthfeel consumers prefer. Getting this right is critical to the success of a customer's products.

Together, our broader product portfolio and recipe applications expertise will give us the ability to predict and modify Mouthfeel in a much more extensive way, providing a key differentiator to the solutions we provide to our customers. For example, our sensory analysis has shown that for many yogurts having a creamy mouthfeel is critical for consumer acceptance. In future, we will be able to optimize the product's creaminess using our CLARIA clean label starches to thicken the yogurts and pectin to provide gelling. This will provide a cleaner label solution and enable us to increase our customers' speed to market in a way we can't today. And with seven of the nine main texturants used in food and beverage applications in our portfolio, we believe the combined business will become the go-to mouthfeel solutions provider for our customers.

Turning now to categories. The revenue of both businesses are predominantly focused in the same four core categories of beverage, dairy, soup, sauces, and dressings and bakery and snacks. 90% of CP Kelco's food-related revenue comes from these four categories with 79% for Tate & Lyle. This highly complementary offering will strengthen our category expertise and open new growth opportunities across a number of subcategories and customers. For example, CP Kelco is strong in plant-based dairy products, an attractive but is yet relatively small subcategory for Tate & Lyle. One of the areas I'm particularly excited about is bringing together the two companies' scientific knowledge and know-how by combining our expertise in bioconversion, fractionation, and separation science with CP Kelco's expertise in fermentation and extraction, we will open up new opportunities to develop the next generation of ingredients and solutions. For example, our food starches are very effective at providing bulk, but when used on their own, they can sometimes result in a texture that is too gelatinous. CP Kelco's products can modify the viscosity and texture of foods without significantly altering the flavor. So by combining these ingredients, we can create a significantly enhanced mouthfeel experience, whether to support the sensory appeal of the product or to the liver fat reduction.

We will also be able to create textures that are suitable for specific dietary needs, such as gluten-free baking or foods for people with swallowing difficulties. Both businesses have strong innovation pipelines as well as open innovation programs, providing opportunities to accelerate external partnerships with startups or academic organizations. The combined business will also strengthen Tate & Lyle's financial performance. Group revenue growth is expected to be towards the higher end of our 4% to 6% ambition. The drivers of this growth include benefiting from increasing consumer demand for healthier and more sustainable food and drink, accelerating growth from our complementary portfolios, platforms and categories and leveraging our stronger capabilities to increase innovation and solution selling.

On EBITDA, we expect the combined business will drive significant adjusted EBITDA margin improvements. This will come from the delivery of targeted run-rate cost synergies of USD50 million, a phased recovery in the profitability of CP Kelco, which I'll talk more about in a moment, and margin-accretive solution selling. CP Kelco has an established track record of growth, having delivered mid-single-digit EBITDA growth in the 3 years ended 31st of December 2021 on a compound annual basis. It also delivered EBITDA margins consistently above 20% in each of these 3 years. Like many across our industry, over the last 2 years, the business has experienced temporary EBITDA margin compression due to two main factors, each of which had broadly equal impact on the EBITDA margin. Firstly, the adverse impact of both macroeconomic headwinds and industry-wide challenges, including inflationary pressures, customer destocking and consumer softness. Secondly, supply chain disruption from a major capital expenditure program of more than USD400 million to increase capacity and productivity for specialty gums and to drive innovation and sustainability for Pectin. This program was initiated before the global pandemic and represented a major step up from CP Kelco's historic run rate for capital expenditure of around 8% of revenue. This onetime program and a temporary working capital build reflecting the inflationary cycle and softer demand also impacted free cash flow over this period.

The deep access and engagement Tate & Lyle has had over the last few months underpins the Board's confidence that the phased recovery in CP Kelco's profitability can be delivered over the next 3 to 4 years. The current financial year ending the 31st of December 2024 is already seeing a stabilization in performance with volume growth in pectin and specialty gums and stabilization of EBITDA margin. Actions are also underway to reduce working capital and supply disruption from the capital investment program is gradually reducing. Looking ahead to 2025 and beyond, we expect an improvement in the macroeconomic environment and industry normalization. The realization of benefits from major capital investments, and there's an increase in margin accretive solution selling will drive top-line acceleration and margin recovery.

Lower capital expenditure as well as significant opportunities for working capital recovery and optimization are expected to drive stronger free cash flow with cash conversion of more than 75%. We also see potential for the expanded business to unlock further growth opportunities. While our focus will remain on creating greater value for our customers across our core platforms and categories, we also see potential growth opportunities in other areas. For example both Tate & Lyle and CP Kelco have expertise in other categories, such as confectionery, and this could potentially become a fifth core category over time. There is also potential for geographic expansion across growth markets such as India and Indonesia.

Finally, while food and beverage will remain our number one priority, CP Kelco's non-food business in which its plant-based ingredients are used to replace petrochemicals in categories such as personal care and household products may provide targeted growth opportunities over time. What has been clear throughout all our discussions is that our two companies have a genuine and authentic, shared purpose, set of values, and culture. Both businesses are committed to leading on sustainability and to delivering positive social impact. This common culture is one of the reasons why we believe the two companies are such a good fit. I will come back later to provide a summary and to take your questions. But for now, I will hand over to Dawn to talk through the synergies, financial framework and next steps. Dawn, over to you.

Dawn Allen {BIO 20417710 <GO>}

Thank you, Nick, and good morning, everyone. As Nick said, today represents a major milestone in Tate & Lyle's strategic ambition to become a leading specialty food and beverage solutions business. And I am delighted to have the opportunity to explain some of the financial aspects of the proposed transaction. The combination of the two businesses accelerates our growth focus strategy. It improves the long-term shape and growth potential of the business and drives a stronger financial performance. There are two clear drivers of adjusted EBITDA margin improvement.

First, as Nick explained earlier, an underlying improvement in CP Kelco's performance; and secondly, the delivery of targeted cost synergies. We have worked closely with CP Kelco over the last few months to develop our synergies plan to ensure it is both tangible and deliverable. We will continue to maintain a robust balance sheet, providing flexibility to invest for growth, strong free cash flow conversion from the combined business is expected to enable fast deleveraging to the midpoint of our target range within 2 years. And as Nick said earlier, last month, we announced our intention to return the net cash proceeds of USD270 million from the sale of our remaining interest in Primient to shareholders through an on-market share buyback program. Previously, this program was due to start following completion of the Primient sale, but it will now start today. We continue to expect the completion of the Primient sale will occur before the end of July. And finally, we have attractive financing terms in place.

Looking first at revenue growth, which we expect will move towards the higher end of our 4% to 6% ambition. This will be driven by three main factors: first, a greater presence across the larger, fast-growing markets of Asia, Middle East, Africa and Latin America, where revenue will increase to 35% in the combined business;

secondly, an increasing customer penetration and cross-selling across platforms and categories given that over 80% of revenue from the combined business will come from our four core categories; thirdly, an increase in our customer-facing capabilities, infrastructure, and insights and access to much broader solution toolkits. Overall, we are targeting revenue synergies of up to 10% of CP Kelco's revenue over the medium term.

Moving on to cost synergies. We expect to deliver targeted run-rate cost synergies of at least USD50 million by the end of the second full financial year following completion. Around USD10 million will come from each of procurement and operations and supply chain and around USD30 million from SG&A. 50% to 60% of the synergies are expected to be delivered by the end of the first full financial year following completion. The cost to deliver these synergies is expected to be around USD75 million, which will be front phased into year one. The proposed transaction is fully aligned to our existing capital allocation framework, which remains unchanged. Our net debt-to-EBITDA leverage is anticipated to be approximately 2.3 times this remains within our long-term leverage range, therefore, maintaining the flexibility to invest for growth. Financing is in place at competitive pricing. New debt has been raised to fund the cash component of consideration, a USD600 million bridge facility and a USD300 million term loan. The bridge facility will be refinanced in the 12 months following completion. We anticipate the combined business will generate strong cash flow and to exceed our target of 75% free cash flow conversion.

Under the U.K. listing rules, the proposed transaction constitutes a Class 1 transaction, and therefore, is currently conditional on the approval of Tate & Lyle shareholders. However, the U.K. listing rules are expected to change in the coming weeks, and it is anticipated that the requirement for a shareholder vote for a Class 1 transaction may no longer reply once the new listing rules come into force. Completion of the transaction is also conditional on receipt of regulatory approvals and other customary conditions. We anticipate completion will occur in the fourth quarter of the 2024 calendar year. That's all for me for now. Let me hand you back to Nick.

Anthony Nicholas Hampton "Nick"

Thank you, Dawn. In summary, today marks the beginning of a new ambitious and exciting chapter for both Tate & Lyle and CP Kelco. Our two strong companies will become one even stronger company, a leading specialty food and beverage solutions business focused on delivering for our customers, shareholders, and employees. We believe the proposed transaction has a compelling strategic rationale and delivers attractive value for shareholders. The combined business will create a global leader in mouthfeel and strengthen our core platforms and categories. It will accelerate R&D and innovation and significantly enhance our customer solutions offering. Overall, the combined business will drive stronger financial performance.

Over the last six years, Tate & Lyle has executed an extensive strategic transformation to become a growth-focused specialty food and beverage solutions business, aligned to the attractive structural and growing consumer trends for healthier, tastier, and more sustainable food and drink. Today's announcement represents a significant acceleration in that strategy and in our ambition. Our aim is to become the innovation solutions partner of choice for customers and the proposed transaction represents a major step towards making this happen. The growth potential of the new combined business is significant, and we look forward to the future with great excitement and confidence.

I would like to finish by thanking everyone at Tate & Lyle, CP Kelco, and Huber for their hard work that has made today's announcement possible. Great people make great companies. And I know from my personal experience that our new combined business will have truly amazing people. Thank you.

Questions And Answers

A - Anthony Nicholas Hampton "Nick"

Thank you for joining today's presentation. We are now into the live Q&A. As I said in the pre-recording, today we announced the start of an exciting new era for Tate & Lyle with the proposed acquisition of CP Kelco, a transaction that significantly accelerates our growth focus strategy and delivers on our ambition to become a leading and differentiated specialty food and beverage solutions business. Turning now to your questions. The first question comes from Damian McNeela at Deutsche and Numis. Damian, good morning.

Q - Damian McNeela {BIO 15992231 <GO>}

Hi, good morning, Nick, morning, Dawn. Two questions for me, please. Firstly, just are you able to sort of provide a bit more granularity on the margin build back within CP Kelco? How much of that is sort of self-help? How much of that is sort of dependent on market recovering? And then secondly, just -- is there any indication of what proportion of CP Kelco's revenues are solutions-based and whether you're going to change your sort of medium-term targets around portion of sales from solutions, please?

A - Anthony Nicholas Hampton "Nick"

Thank you for your question. Look, maybe I'll take the first question. Look, if I sort of take a step back here and look at the big picture, when we talked about doing M&A consistently to -- over the last 5 years, we've said that whatever we do has to increase customer relevance. And what this does for us is it secures leadership in mouthfeel, along sweetening and fortification. We also said that whatever we do has to expand exposure to growth markets, and it does that, it takes us from 30% to 35%. And if you think about those two things in the round and you think about the innovation in growth markets, this will no doubt accelerate our ability to provide solutions to customers versus selling ingredients. And we'll think about what the right target for that is, as we put the 2 businesses together and think about the specific growth strategies on a region-by-region, category-by-category perspective. But there's no doubt that their solutions offering, our solutions offering will allow us to accelerate solution selling and topline growth.

And then you link that to your second question about margin recovery and expansion. A lot of this is about growth and solutions. So our ability to shift the mix of the portfolio of both businesses. And that's reflected in how we thought about the guidance on the topline, so increasing the guidance to the top end of our range. It's also about a recovery from a low point in the cycle as we start to see the benefits of the significant capital investments they've made in productivity and capacity flow-through, and it's also about a portion of industry recovery. So we're really confident over the next few years, we'll see margins recover to more like historical levels on a steady basis. So hopefully, that gives you a sort of sense of answers to your 2 questions.

Q - Damian McNeela {BIO 15992231 <GO>}

Yes, thats very clear. Thank you.

A - Anthony Nicholas Hampton "Nick"

And our second question comes from Karel Zoete, Kepler. Karel, good morning.

Q - Karel Zoete {BIO 4452327 <GO>}

Yes, good morning. Thanks for taking the question. My first question with regards to the guidance for EBITDA growth, when you say for the top line, we expect to be at the high end of the 4% to 6% and there's significant margin expansion. Does it imply that EBITDA growth in the years ahead will be above the old target of 7% to 9%? And the second question is, are there certain areas where you say antitrust issues might be present, there's overlapping clients or capabilities? Thank you.

A - Anthony Nicholas Hampton "Nick"

Sure. I'll ask Dawn to take the question on EBITDA in a minute. Let me add a couple of points first, though. On antitrust, we clearly have to go through antitrust clearance as is normal in any transaction of this size. But we don't see any specific issues in any geography. It's obviously going to drive the timeline to completion because there's a sort of probably a 4-month process to get through antitrust, but we don't anticipate any problems. On your question on EBITDA growth, I mean, clearly, as we add in the natural growth cycle of the business, the 7% to 9%, and we add in the cost synergies, which, by the way, we've worked really hard in partnership with the CP Kelco team to frame up, we're going to see those flow-through in the first couple of years. And there's natural recovery as we move to solutions settling, we'd expect to see very favorable EBITDA growth over the first few years and sustaining our longer-term guidance into the medium term. And of course, the medium term is a few years out. I don't know, Dawn, do you want to add if anything specific is there?

A - Dawn Allen {BIO 20417710 <GO>}

Yes. I mean, thanks, Karel. I mean I would say we're really excited about this combination. CP Kelco has a broad, high-quality portfolio, a well-invested asset base and actually really strong customer reputation. So the combination enables us to deliver enhanced EBITDA margin along the 3 drivers that Nick talked about, cost synergies in the first 2 years, revenue synergies up to 10% over the first few years as well as the recovery in CP Kelco business. And as I talked about, this is a very strong performing business. If you look over the longer term, its margins are above 20%. So that should give us confidence actually that we can accelerate the EBITDA.

A - Anthony Nicholas Hampton "Nick"

Okay. Let's move on. So our next question comes from Alex Sloane at Barclays. Alex, good morning.

Q - Alex Sloane {BIO 21961825 <GO>}

Yeah, morning Nick, morning Dawn. A few questions from my side. Just firstly, on CP Kelco, in terms of the volume decline, I think 13% volume decline in '23. Are you able to kind of break that down in terms of what was destocking, what was market and if any of that market growth was part structural or you see it all as kind of cyclical pressure? And related, I guess, in terms of the recovery at CP Kelco before we think about synergies, do you have a view on where EBITDA might have put back to in, say, '25 on a standalone basis? And then just the second question, I think you talked about orange peel being a key feedstock for the pectins, I guess there's been some concern over supply shortages there. So any impact on the outlook in the short term in terms of input costs on that front? Thanks.

A - Anthony Nicholas Hampton "Nick"

So let me take your 3 questions in terms(ph). So on the short-term challenge on volume last year, as you said, 13%. I would break that broadly down into 2 big buckets, two-thirds of it, plus or minus, was the consistent industry decline that we've seen across many ingredient sectors, driven by consumer softness, customer destocking, et cetera. They also had some supply challenges as they bring on stream the significant capital investments they've made. And of course, as those capital investments come on stream, we would expect to see that volume come back. So that's a sort of positive coming into this year.

And what we're seeing so far in the first few months of this year is very similar to the shape that we're seeing in our business, which is some volume recovery and revenue recovery and a sort of stabilization of margin, which is encouraging as we think about moving forward and benefiting from the investments that have been made. So when you think about the recovery, if you take synergies to one side, we're very clear in our minds that we can build margins back to the historical levels over time without synergies. There's the benefits of the significant capital investments that we talked about in the presentation. There's the natural return to market growth because fundamentally these ingredients categories are growing across the world because they're natural, they're clean-label, they're from plants, and therefore, they're on trend with consumer trends. So I would think about the cost synergies being a benefit of putting the 2 companies together rather than an underlying margin recovery in CP Kelco.

And then your last question on orange peel, they are a major player in pectin. They're the number 1 supplier of pectin globally. And as you would expect, they have very disciplined procurements and hedging policies for all material purchasing like we are. So these things always go in cycles. They'll manage that cycle very well as we would with our corn-based cycle.

So let's move on then to Joan Lim(ph), BNP Paribas. Joan, good morning.

Q - Unidentified Participant

Good morning everyone. Just 2 questions. I think you mentioned that CP Kelco had sales in personal care and household. Is it a new area of adjacency Tate wants to move into, so moving away from food and going more into personal care and household? And my second question is, can you perhaps give us a sneak peek of how CP Kelco can help with solutions selling it? Any examples of how this revenue synergies will come from?

A - Anthony Nicholas Hampton "Nick"

Sure. I mean, let me take the first question, -- second question first rather, and then I'll come back to the new channels because fundamentally, the excitement about this combination is our ability to better serve our core categories. So if you look at the overlap of the 2 businesses, the overlap in the 4 key global categories we're in is very, very strong, and that allows us more weapons to grow faster with our customer. I'll give you one example. So if you think about a breakfast yogurts which typically has a fruit compote with it. So typically, you'd find in the yogurt itself, we'd be using our sweetener systems and our starch systems to help with sugar reduction and mouthfeel. But we can't help with the fruit compote. Think about the fruit compote, CP Kelco brings the pectin that allows the structure of the fruit compote to be shelf-stable. So the combination of the 2 means we can work on the entire product for customers. If you look at an ice cream, for instance, you'll see both their products and our products in it typically. If you look at a fruit-based beverage, for the sugar reduction, we can provide the solution, but we can't provide the mouthfeel, they can because of the nature of their pectins and gums businesses. So there are lots of examples where the customer overlap in terms of solutions capability is very strong. And I could go category by category by category and explain that to you. And that's part of the category opportunity over and above the greater exposure to gross markets.

Then you look at adjacent categories, and we think together, we could probably build a stronger business in confectionery. So it allows us to strengthen our existing categories beyond where we are, potentially into further categories. And then to your first question, there's a very interesting go-to-market capability there in personal care, which is actually all about using nature-based ingredients to replace petrochemical-based ingredients. And that's something we've been thinking about as a Tate & Lyle team for a while. And in fact, we did with our old business, but they have more presence there, which will allow us to work with them. And in fact, some of the innovation conversations we've been having pre this deal with them have actually been about that very thing, how might they take some of our ingredients beyond food. So I think it's a longer-term opportunity. That's very interesting for us as well.

Q - Unidentified Participant

Thank you.

A - Anthony Nicholas Hampton "Nick"

So as far as I can tell, that's the end of the questions today. So look, thank you for everyone, for watching and for all your questions. I mean, look, in summary, this marks the beginning of a new ambitious and exciting era for Tate & Lyle and for CP Kelco. This is a real partnership. The proposed combination will create a leading specialty food and beverage solutions business, focused on delivering for our shareholders, customers, and employees. Thank you for your time today, and I wish you all a very good day.

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