

Q3 2025 Sales and Revenue Call

Company Participants

- Nick Hampton, Chief Executive
- Sarah Kuijlaars, Chief Financial Officer

Other Participants

- Alex Sloane, Barclays
- Chris Pitcher, Redburn Atlantic
- Joan Lim, BNP Paribas Exane
- Matthew Webb, Investec
- Patrick Higgins, Goodbody

Presentation

Operator

Good morning, and welcome to the Conference Call for Tate & Lyle's Q3 Trading Statement. Your speakers today are Nick Hampton, Chief Executive; and Sarah Kuijlaars, Chief Financial Officer.

I will now hand you over to Nick Hampton for some opening remarks.

Nick Hampton {BIO 18794378 <GO>}

Thank you, Operator. Good morning, everyone, and welcome to Tate & Lyle's third conference call. I will make some introductory comments, and then Sarah and I will be happy to take your questions.

The group delivered another quarter of solid operating performance, with volume and EBITDA growth. We also saw strong productivity and cash delivery. In November, we completed the acquisition of CP Kelco, a leading global pectin and speciality gums business. This acquisition represents a significant acceleration in the delivery of our growth-focused strategy. It establishes Tate & Lyle as a leader in Mouthfeel, a critical driver of customer solutions, and we are encouraged by the positive response of customers to the benefits of our expanded portfolio and solutions capabilities.

Looking in more detail at our performance in the quarter. Volume in food and beverage solutions was 4% higher, with growth in each region. Revenue was 4% lower, primarily reflecting the pass-through of input cost deflation. Sucralose performed strongly, benefiting from the continued impact of the pull-forward of customer orders, which we expect will partly unwind in the fourth quarter.

CP Kelco performed well and in line with our expectations, delivering strong volume growth in the 2024 calendar year and delivering the anticipated progress on the phased margin recovery we outlined at the time of the acquisition. The integration of the two businesses is progressing well, and we will operate as one business from the 1st of April.

Our progress since we closed the deal reinforced our confidence in delivering the targeted run-rate cost synergies of \$50 million by the end of the 2027 financial year, as well as the identified revenue synergies over the medium term. In line with the normal cycle of our industry, during the

quarter, we renewed contracts for the 2025 calendar year for those customers who contract annually.

While market demand remains broadly stable, we have not yet seen the acceleration in demand we expected in the second half of the 2025 financial year. Against this background, continued geopolitical uncertainties, and some pricing pressure, we renewed contracts for both Tate & Lyle and CP Kelco, which are expected to deliver volume and revenue growth in the 2025 calendar year.

Turning now to the outlook for the year ending 31 March, 2025, excluding CP Kelco and in constant currency, we now expect revenue to be mid-single-digit percent lower and for EBITDA growth to be towards the lower end of our guidance range of 4% to 7%. Overall, the business continued to perform well. The muted consumer demand environment and ongoing geopolitical uncertainties reinforced the importance of the steps we have taken to reposition Tate & Lyle over the last six years.

Looking ahead, the combination with CP Kelco significantly strengthens our customer offering, expands our reformulation capabilities, and further increases our ability to benefit from the structural long-term trends toward healthier, tastier, and more sustainable food and drink.

With that, I will open up the call for questions.

Questions And Answers

Operator

(Question And Answer)

Thank you, Mr. Hampton. (Operator Instructions) The first question comes from the line of Patrick Higgins from Goodbody. Please go ahead.

Q - Patrick Higgins {BIO 17720947 <GO>}

Thanks. Good morning, everyone. A couple of questions on my end, if that's okay. Firstly, I just wanted to clarify in terms of, and I appreciate the revenue update, but just wanted to kind of see if you could comment on underlying kind of EBITDA performance in the quarter. I assume you're still in growth, right? And possibly, what does that mean then for Q4? Is it possibly flat as sucralose unwinds? That's the first question.

And then the second question is just around the comments around the contract renewals, and perhaps you could give us just a bit more color on the moving part to the assumptions you've outlined in the statement, the pricing pressures you flagged, how much of that is pass-through of deflation versus the price investment that you kind of had highlighted this time last year? Thanks.

A - Nick Hampton {BIO 18794378 <GO>}

Thanks, Patrick, and good morning. Maybe I could take the first -- second questions first and then Sarah can talk about the EBITDA in the quarter. So, when we look at contracting for next year, market conditions haven't really changed over the last 12 months. The one thing that has changed clearly is the impact of deflation.

So, overall, going into next year, we're seeing raw material input costs pretty flat. As we went into contracting, we looked to entertain our discipline on managing the balance on top lines of delivery across volume, price, mix, and therefore, we're expecting to see continued volume

momentum and revenue growth with limited impact from deflation, inflation, and critically looking to position the business for the future through the next contracting round.

If you think about what that means, very little impact from deflation, inflation going forward with some selective pricing. And as we did last year, coming into the contracting round. So sort of similar outcome on the sort of price mix side to this year, really.

Do you want to take the EBITDA question?

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Yes. Thanks, Nick. And good morning, Patrick. Good morning, everyone. So I think, Patrick, it's worth highlighting -- so in Q3, we saw the volume up 4% and revenue down 4%. Yes, we've got continued pass-through, so some deflation in there, but I think it's worth highlighting that when you compare it to H1, there is a slightly improved mix. If you recall, in H1, it was volume up 4% and revenue down 8%. And just to confirm, yes, year-to-date EBITDA growth is positive.

You also highlighted sucralose, so it's great to see another robust quarter for sucralose. And while we do expect some unwind in Q4, again, year-on-year, we do see some growth and that's where really we're working on the productivity side to meet that robust demand from customers.

Q - Patrick Higgins {[BIO 17720947 <GO>](#)}

I'm sorry, on EBITDA, was that positive year-to-date and in the quarter, or just specifically on Q3?

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Yes.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

Yes.

A - Sarah Kuijlaars {[BIO 20542857 <GO>](#)}

Yes, Patrick.

Q - Patrick Higgins {[BIO 17720947 <GO>](#)}

Okay. Thank you.

Operator

(Operator Instructions) The next question comes from the line of Matthew Webb from Investec. Please go ahead.

Q - Matthew Webb {[BIO 19890601 <GO>](#)}

Good morning, everyone. Can I start off just by clarifying that the answer to that -- to Nick's -- the answer that Nick gave there, just on pricing, looking forward to FY'26. Did I understand it correctly that you said that you expected a limited impact from price in that year, price overall in that year? And the reason I just wanted to clarify that was because I thought that, Nick, you then said that you expected a similar impact from price mix in '26 versus '25. And of course, it was negative. So that was my first question, if we just clear that up.

And then my second question is just about the fact that, obviously, it was only quite recently in mid-November, so three months ago, that you said you expected an acceleration in demand. That obviously hasn't come through yet. I mean, do you think that's just a delay, or has something changed that has made you more wary of calling that improvement? I mean, is it just that it -- clearly, it is not going to happen in FY'25 because it's almost over and you don't want to get into guiding on next year, or have you become a bit more cautious on the market?

And then my final question was just whether you could provide any updated guidance on the tax rate and the interest charge for this year for FY'25? Thank you.

A - Nick Hampton {[BIO 18794378](#) <GO>}

Thanks, Matthew. Thanks for those questions. And thanks for the clarification question as well. So, I'll leave the tax question to Sarah.

On the point on the contracting round, I was trying to make two separate points. The first point is, they're very different to last year. We're not seeing deflation throw through as a result of raw materials. So the cost base is relatively stable going into next year. And I was trying to isolate the point about the overall contracting round on price mix. And we're expecting to see not a dissimilar view to this year on price mix if you exclude the impact of deflation. So I hope that's a helpful clarification.

In terms of your question on the market, what we're seeing today is food inflation is still having a significant impact on consumers. So, although we've seen inflation abate, food today is still 20% to 30% higher than it was two or three years ago. And as a result, we're seeing relatively muted consumer demand. And that's flowing through into, I think, some caution from our customers as well. So what we're really reflecting is the current state of the market and our customer caution on seeing that growth return. And we'll give, as we always do, clear guidance for next year when we get to our May results cycle.

So, with that, maybe I'll hand it over to Sarah to talk about the tax question.

A - Sarah Kuijlaars {[BIO 20542857](#) <GO>}

Thanks, Nick. And good morning, Matthew. To clarify, so on tax, we're seeing an ETR of between 22% and 23%. And then on the interest side, you might want to recall that we managed to refinance the U.S. private placement earlier in the month. It's great to see that was oversubscribed. Obviously, that brings us some stability on the financing. So I think we need to take both interest and tax into account, although the EBITDA on FBS softened a little, sucralose is ahead, so we're comfortable with the consensus for EPS.

Q - Matthew Webb {[BIO 19890601](#) <GO>}

That's very helpful. Thank you very much indeed.

Operator

The next question comes from the line of Alex Sloane from Barclays. Please go ahead.

Q - Alex Sloane {[BIO 21961825](#) <GO>}

Yes. Hi. Thanks for taking the questions. A few follow-ups. Just in terms of the contracting round, thanks for clarifying. So you're saying kind of similar outcome to last year. So, am I right in

assuming that's kind of like a minus 4% headwind then to FBS that we should assume continues over into the fiscal '26?

And I mean, just in terms of putting some context around that, I mean, I'm slightly surprised if that is the extent of it, that's the case, given one of your peers reported last week and then talked about sort of mid-single-digit volume outlook in the equivalent business to FBS and mid-single-digit to high-single-digit EBIT growth. So, I mean, the question is, basically, do you think you're sort of losing share and, therefore, having to give back more, or is this kind of industry-wide price givebacks? That was the main question. Thanks.

A - Nick Hampton {[BIO 18794378](#) <GO>}

So let me take that then, Alex. So, I mean, your assumptions are reasonable. Obviously, it will depend on how we see volume and price mix evolve as we go into next year. We'll have a full quarter when we get to May to report on, which will be helpful. We're not seeing anything different in the industry. So we're anticipating seeing volume growth next year as well, as I said. And we'll report on our EBITDA guidance in May. So we don't think it's a share-loss situation at all. I mean, we think we're balancing off volume and share as the industry evolves. It's sort of a simple answer to your question.

Q - Alex Sloane {[BIO 21961825](#) <GO>}

Okay. Thanks. And if I could put in one follow-up. I mean, I appreciate this is not a call for fiscal '26, but just in maybe in the context of the share price, it was helpful, the comment, you're comfortable with consensus EPS for '25. I mean, how do you feel about the consensus for '26? And I guess maybe not specifically the EPS, but is there any reason why you shouldn't be able to deliver a similar level of EBITDA growth for the kind of core Tate business next year that you're guiding to, i.e. the 4% to 7%, low end of the 4% to 7% for this year?

A - Nick Hampton {[BIO 18794378](#) <GO>}

I mean, as I said earlier, we'll give you specific guidance for next year when we get to May, but we're clearly going to be looking to make progress -- balance progress across volume, volume revenue and EBITDA. We'll give you the specifics when we get to the May results as always.

Q - Alex Sloane {[BIO 21961825](#) <GO>}

Okay. Thank you.

Operator

The next question comes from the line of Joan Lim from BNP Paribas. Please go ahead.

Q - Joan Lim {[BIO 17002696](#) <GO>}

Hello. Thank you. Sorry to labor the point, but maybe just on volume expectations for FY'26. So you had said volumes remain stable instead of accelerating in FY'25. Fine. If we look forward to '26, can you just remind us of how Tate expects to deliver above end market growth?

So, for example, peers have talked about seeing an improvement in the innovation pipeline in part related to GLP-1, increased health and wellness trends, consumers looking for healthier solutions, including more fiber. How does your innovation pipeline look? And how is your new portfolio positioned to benefit from that trend? So that's my first question.

The second question is on your contracting round. Post your contracting round, what are your expectations for unit margins in fiscal '26?

A - Nick Hampton {[BIO 18794378](#) <GO>}

So taking your first question, Joan. Everything we've done to reposition the business in the last six years, including the recent acquisition of CP Kelco, has been to position the business for areas of where the market is growing. And those are very, very focused on helping create healthier, more sustainable, clean-label solutions for customers.

And the combination of the two businesses gives us strong positions across sweetening, mouthfeel, and fortification to do that. So, clearly, as we look at the innovation pipeline, we're looking to build a pipeline with customers that represents those future pockets of growth. And that's been part of the process of going through putting the two businesses together and the conversations we're now having with customers as a result of the combination.

So many of the things you talked about, the increased focus on more nutritious food and beverage, given the obesity challenges in the world, some of the challenges with feeding a growing population, all give us confidence in finding pockets of growth because of the way we've repositioned the business. And then in terms of margin progression, we'll give you a much clearer view on that in May when we get to our guidance for the following year.

Q - Joan Lim {[BIO 17002696](#) <GO>}

Thank you. And maybe just to follow up then, if you could give an update on the CPK integration, so how has conversations with customers been like in terms of cross-selling opportunities?

A - Nick Hampton {[BIO 18794378](#) <GO>}

So, with that -- on integration, everything is going well and on track and we'll be a fully combined business by the 1st of April, operate as one business. So I've visited a number of the CPK sites, in fact, most of them over the last few months.

And I'm very, very excited by the calibre of the people, the assets and the portfolio, so integration is going very well. We're very confident in the delivery of the synergies that we announced as part of the transaction and everything remains on track. Whilst it's early days with customers, they're very positive about the combination and we're starting to see real interest in requests for innovation and meetings to talk about how the combined portfolio can help our customers grow going forward. So all good at this stage.

Q - Joan Lim {[BIO 17002696](#) <GO>}

Okay. Thank you very much.

Operator

(Operator Instructions) The next question comes from the line of Chris Pitcher from Redburn Atlantic. Please go ahead.

Q - Chris Pitcher {[BIO 2496733](#) <GO>}

Hi. Good morning. A couple of questions from me. Could you give us a bit more detail on CPK and its current performance to try and help model out the EBITDA recovery there? I mean, are

the volumes positive but revenues negative as per the FBS business, or has CPK got a bit better pricing coming through?

And then secondly, could you give a bit more color on your end markets and how they're doing? I know you specifically said it's not come back as much as you thought, but is there a mix of end market just to be mindful of in terms of your business?

And then last point, I don't know if you can give an update, but in terms of the Q3, in terms of new business wins, are solutions dropping off in this environment and going back more towards the standard ingredients? Can you give us a feel for that? Thanks.

A - Nick Hampton {[BIO 18794378](#) <GO>}

Sure. So let's start with CPK performance. We saw performance precisely in line with our expectations through calendar year '24 and in the third quarter. And we saw positive volume growth and revenue growth in the quarter. So all as anticipated.

That growth is being led by strong demand for pectin, which is very encouraging because they've got a leadership position there. And as expected, we're seeing the margin rebuild over time. If you remember, when we did the announcement of the acquisition, we said we see margin recovery over a three or four year period and we're seeing that recovery as anticipated. So all positive and on track at this point as we go into next year.

In terms of sort of more regional color on markets, we saw growth across all regions in quarter three. You have higher growth in growth markets as you'd expect. If you go around the world, we saw growth in North America, but we're not seeing much growth in food in North America underlying. So there's stability there.

Similar picture in Europe. If you look at our growth markets across Latin America and Asia, we saw good pockets of growth in Asia. China's more challenging, although we did see volume growth in China as well. So it's actually quite balanced across the world at the moment, Chris, if that sort of helps.

Could you remind me of what your third question was?

Q - Chris Pitcher {[BIO 2496733](#) <GO>}

Yes. Just in terms of how your business mix is in this softer environment? Are you seeing less solutions driven -- are customers less willing to commit to solutions provision and it's just back to more just ingredients provision?

And just as a quick follow up, sorry, you mentioned that CP Kelco was positive for volume and revenue. Clearly, there's a different pricing dynamic there. Is that because of underlying commodities, or does it feel like the business has got better pricing power than take FBS?

A - Nick Hampton {[BIO 18794378](#) <GO>}

Let me take that -- your second question first. Obviously, there's different dynamics in the relative decline and growth of that business over the previous years, because volume was declined further in the previous couple of years. So we're seeing very strong volume recovery, which is positive. In terms of pricing, kind of similar dynamic with different views on inflation and deflation, I'd say would probably be the best way of summarizing.

In terms of innovation, we saw consistent progress in the third quarter and sort of a similar kind of level to half one. So a bit like the rest of the business, it's similar. We're starting to see more conversations with customers about innovation going forward. I think that reflects the need to stimulate more market demand as well. So it's not falling off. We're looking to see an increase as we go into next year.

Q - Chris Pitcher {[BIO 2496733 <GO>](#)}

Okay. Thank you.

Operator

We have an additional question from Alex Sloane from Barclays. Please go ahead.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

Yes. Hi. Thanks for taking the follow-up. Just on sucralose, obviously, still strong in the quarter, still very strong in the quarter. I mean, could you give us a bit more context on why customers are pulling forward orders? Is it the tariff situation? And I mean, could this be a structural benefit? And if it is, can you kind of free up more capacity to service that potential incremental demand in the U.S.? Thanks.

A - Nick Hampton {[BIO 18794378 <GO>](#)}

So, Alex, we've seen consistently strong demand from our major customers on sucralose through the whole of this year and that was consistent in the third quarter. We are expecting some phasing of orders out in the fourth quarter, and obviously, it's very encouraging because it's a good validation of both the demand for sucralose generally, but also the way we've positioned the business to serve our customers well.

That strength preceded any discussion on tariffs. I mean clearly any tariff imposition does create a structural benefit for us. The key for us then is to continue to serve our customers well and to eke out the modest increases in production that we can through productivity in our McIntosh facility. But as we said consistently, we are very close to the capacity ceiling, so we've always seen sucralose as a great business to be in because of its reformulation capabilities and the cash generation it creates, but we're not anticipating significant growth going forward either.

Q - Alex Sloane {[BIO 21961825 <GO>](#)}

Okay. Thanks. And can I just squeeze in one more just as a follow-up? I mean, so I fully appreciate you're not giving guidance on '26, but just to return to the sort of broad outlook there. I mean, as I read it, you're basically saying the pricing round went similar to last year and the volume dynamics are not accelerating, but maybe staying the same. So, I mean, is there any reason to think why at this stage '26 shouldn't look too different from '25 for the core Tate standalone business, or should we be expecting something worse in '26 which is maybe implied by the share price?

A - Nick Hampton {[BIO 18794378 <GO>](#)}

No, look, I think we are looking to consistently drive balance between volume, pricing, and margin in the core business. Before we talk about the pro formas and synergies, et cetera, et cetera, and of course, that's a combination of how we manage volume, price, productivity, and mix and we're going to continue to do that. Those are the levers that we've consistently

controlled over the last few years and we'll continue to look to control going to next year. And we'll give you more specifics on that when we get to May and we finalize the plan.

Q - Alex Sloane {[BIO 21961825](#) <GO>}

Okay. Thank you.

Operator

There are no further questions, so I hand back to you Mr.Hampton for closing remarks.

A - Nick Hampton {[BIO 18794378](#) <GO>}

Thank you, operator, and thank you all for your call. So, in summary, we delivered another quarter of solid performance, with volume and EBITDA growth and continued strong cash delivery. As we talked about in the Q&A, the integration of CP Kelco is progressing to plan and the business is performing well, which only reinforces our ability and our belief in the ability of the combined business to create sustainable long-term value for shareholders. Thank you for your time and questions today, and I wish you all a very good day.

Operator

Thank you for joining today's call. You may now disconnect your lines.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2025, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.