TATE & LYLE
Science\Solutions\Society

Half-year results for the six months to 30 September 2023

Robust revenue, profit and cash performance

Adjusted performance[1]	2023	vs 2022	Statutory performance	2023	vs 2022
Revenue	**£857m**	4%	**Revenue**	**£857m**	1%
Food & Beverage Solutions	£707m	5%	Food & Beverage Solutions	£707m	2%
Sucralose	£89m	(5)%	Sucralose	£89m	(9)%
EBITDA	**£178m**	7%	Primary Products Europe	£61m	–%
Food & Beverage Solutions	£153m	10%			
Sucralose	£28m	(14)%			
EBITDA margin	20.8%	70bps			
Share of profit of Primient	£17m	32%			
Profit before tax	**£156m**	16%	**Operating profit**	**£123m**	8%
Earnings per share	**30.1p**	19%	**Profit before tax**	**£130m**	92%
Free cash flow	**£77m**	£15m	**Diluted earnings per share**	**25.4p**	90%

Key highlights

- Revenue growth +4%, with Food & Beverage Solutions (FBS) +5%
- Adjusted EBITDA +7%, driven by mix management, pricing, productivity and cost discipline
- Adjusted profit before tax +16%, strong FBS growth, increased Primient share of profit, lower finance charges
- Free cash flow[1] £77m, £15m higher reflecting cash conversion of 69%, 14ppts higher
- Investment in innovation and solution selling 11% higher
- Solutions new business wins by value up 4ppts to 22% of pipeline
- Major investment underway in new capacity for dietary fibres at manufacturing facility in Slovakia
- 0.8p increase in interim dividend, up to 6.2p per share; reflecting one third of prior year full-year dividend

Nick Hampton, Chief Executive said:

"Tate & Lyle delivered a robust financial performance in the first half despite challenging market conditions and made good progress on its growth-focused strategy.

Food & Beverage Solutions performed well with double-digit profit growth. Revenue was higher benefiting from a combination of our focus on mix and margin expansion as well as the recovery of inflation, partially offset by softer consumer demand and customer de-stocking. In Sucralose, underlying customer demand remained steady with the lower first-half performance reflecting the phasing of orders in the comparative period.

To deliver our commitment to 'Science, Solutions, Society', we increased investment in innovation and solution selling, announced a major expansion of growth capacity for dietary fibres, and expanded the use of renewable energy across our operations. These investments strengthen customer partnerships and drive long-term growth.

The strategic re-positioning of Tate & Lyle to focus on speciality food and beverage solutions is enhancing the quality of the business and driving performance. Our strong ingredient portfolio and solutions capabilities in sweetening, mouthfeel and fortification mean we are well-placed to benefit from the long-term trends towards healthier, tastier and more sustainable food and drink."

1. Revenue growth, adjusted EBITDA and adjusted EBITDA margin, share of adjusted profit of Primient, adjusted earnings per share, free cash flow, return on capital employed (ROCE), net debt and net debt to EBITDA are non-GAAP measures (see pages 8 to 11). Changes in adjusted performance metrics are in constant currency and for continuing operations

Outlook

We expect to deliver progress in-line with our five-year ambition to 31 March 2028 with revenue reflecting both strategic momentum and the impact of the expected pass through of input cost deflation in the second half. Therefore, for the year ending 31 March 2024, in constant currency, we expect to deliver:

- Revenue slightly ahead of the prior year; and
- EBITDA growth of 7% to 9%.

We continue to expect stronger profits from our minority holding in Primient.

Overview

Our business

Tate & Lyle is a growth-focused speciality food and beverage solutions business with a strong sense of purpose and clear strategic focus.

- Global leader in sweetening, mouthfeel and fortification, creating solutions for our customers to meet growing consumer trends for healthier food and drink.
- Science-driven business, with an established record of innovation and scientific expertise.
- Well-balanced and global business with a strong presence in developed markets and a platform for accelerated growth in the large markets of Asia, Middle East, Africa and Latin America.
- Strong balance sheet providing flexibility to invest for growth, and an experienced management team with a track record of delivery.

Tate & Lyle has been re-positioned to be at the centre of the future of food, operating in segments of the market which are seeing significant growth. This supports our five-year financial ambition to 31 March 2028, to deliver:

- Revenue growth of 4% to 6% each year
- Adjusted EBITDA growth of 7% to 9% each year
- Improved return on capital employed by up to 50 basis points on average each year
- US$100m of productivity savings.

As stated at our Capital Markets Event on 8 February 2023, revenue growth is on an underlying basis excluding the impact of abnormal inflation and deflation.

We also have the potential to further accelerate growth through partnerships and M&A.

Delivering our growth-focused strategy

We continued to invest in the first half to progress our growth-focused strategy in line with our commitment to ‘Science, Solutions, Society’.

Science

- Investment in innovation and solutions selling was 11% higher, with investments in new customer-facing labs, new technology and strengthening capabilities in areas such as sensory and open innovation.
- New Product revenue was up 18% on a like-for-like basis (i.e. no products are removed from disclosure due to age) with strong growth in the mouthfeel platform; revenue was broadly in line on a reported basis.
- We expanded our sweetener portfolio by launching TASTEVA® SOL Stevia Sweetener, a patent-protected breakthrough in stevia technology to help customers solve stevia solubility challenges.
- New automated lab established at our Customer Innovation and Collaboration Centre in Singapore with advanced technology to accelerate the development and speed-to-market of mouthfeel solutions.
- We added 18 patents to our patent portfolio and now have over 500 patents granted and over 320 pending.

Solutions

- The value of solutions-based new business wins increased by 4ppts to 22% of revenue, with strong solutions performance in Asia, Middle East, Africa and Latin America.
- Value of new business pipeline increased by 1%, with 38% of the total pipeline coming from New Products.
- We opened a new Customer Innovation and Collaboration Centre in Jakarta, Indonesia, bringing our global network of Centres to seventeen.
- Investment programme underway to add new capacity for non-GMO PROMITOR® Soluble Fibres in Boleráz, Slovakia. Production of fibres from the first phase, a €25 million investment, will start in mid-2024.

Society

- We advanced our sustainability agenda:
  - Our production facility in Guarani, Brazil became our first site to be 100% powered by renewable energy.
  - Our production facilities in the Netherlands, UK and Italy are buying 100% of their electricity from renewable sources.
  - Intervention programmes are underway with corn farmers in the US, such as managing nitrogen levels in the soil to increase crop yields, improve soil health and minimise the impact on local watersheds.
  - Around 90% of all waste generated is being beneficially used.
- 45% of leadership and management roles (~500 positions) are held by women.
- Since 31 March 2020, our low- and no-calorie sweeteners and our fibres have removed 7.0 million tonnes of sugar from people's diets, equivalent to 28 trillion calories.

Strong cash generation

Free cash flow was £15 million higher at £77 million, benefiting from an improvement in working capital of £47 million. Capital expenditure increased by £20 million to £46 million to deliver capacity expansion in our Food & Beverage Solutions business, particularly for dietary fibres in Europe. Overall, cash conversion increased to 69%, 14ppts higher. We are on track to deliver our ambition to increase the conversion of our profit into cash to 75% over the five years to 31 March 2028.

At 30 September 2023, net debt was £249 million, £11 million higher than at 31 March 2023, with net debt to EBITDA at 0.8x, and liquidity of over £1.0 billion.

Productivity

We have made a good start to our US$100 million five-year productivity target to 31 March 2028, with savings delivered in the first half of US$17 million from areas such as operational efficiencies, supply chain and other cost savings. We expect benefits from this programme for the full-year to be more than US$25 million.

Group performance

Revenue		Adjusted EBITDA	
Half-year	**Change[1]**	**Half-year**	**Change[1]**
£857m	**4%**	**£178m**	**7%**

1 Growth in constant currency.

Overview

The Group delivered a robust financial performance. Revenue was up 4% reflecting good mix management, pricing and the recovery of inflation. Adjusted EBITDA was 7% higher with adjusted profit before tax 16% higher.

Food & Beverage Solutions performed well delivering revenue growth, particularly in Europe, and adjusted EBITDA growth. The underlying performance of the Sucralose business remained steady, with the phasing of orders into the comparative period resulting in lower profits. The optimisation of Primary Products Europe is continuing with losses significantly reduced.

We continued to intentionally reset Tate & Lyle as a growth-focused speciality business through a focus on revenue growth and margin expansion, ahead of volume, by way of solution selling (by value up 4ppts to 22% for new business wins), mix management and pricing. This approach, together with softer consumer demand, customer de-stocking and the ongoing transition of capacity out of Primary Products Europe combined to deliver 4% revenue growth.

Following consecutive periods of high input cost inflation which significantly accelerated revenue growth, we are now seeing input cost deflation with revenue in the second half expected to reflect the pass through of these lower costs as customer contracts for the 2024 calendar year are renewed.

For Primient, the adjusted share of joint venture profit was £17 million, 32% higher. Operating performance improved, supported by robust demand for sweetener products, strong 2023 calendar year contracting and improving operational performance, while increased interest rates drove finance charges higher. We expect continued improvement in performance in the second half of the 2024 financial year. Tate & Lyle received US$17 million in cash dividends from Primient in the half, with a further US$37 million cash dividend received on 2 November 2023.

Reporting segments

Food & Beverage Solutions

83% of Group revenue and 86% of Group adjusted EBITDA

	Revenue		Revenue Drivers		Adjusted EBITDA	
	Half-year	Change[1]	Volume[2]	Price Mix[2]	Half-year	Change[1]
North America	£334m	2%	(8)%	10%	–	–
Asia, Middle East, Africa and Latin America	£200m	1%	(8)%	9%	–	–
Europe	£173m	19%	(6)%	25%	–	–
Total	**£707m**	**5%**	**(8)%**	**13%**	**£153m**	**10%**

Revenue was 5% higher in constant currency at £707 million. Lower volume from softness in consumer demand and customer destocking led to 8ppts reduction in revenue. Price mix increased revenue by 13ppts, reflecting 6ppts from our focus on strategic mix management and solution selling and 7ppts from the pass-through of input cost inflation (including higher corn costs).

Looking at the three regions, North America revenue was stable, Asia, Middle East, Africa and Latin America was mixed with pockets of growth and some regional challenges, while Europe was strong reflecting the pricing through of significant input cost inflation.

- **North America**: Revenue was 2% higher. We saw good gains in the beverage, confectionery, and bakery categories, particularly with our largest customers. However, cost of living pressures on consumers and customer destocking led to softer demand.
- **Asia, Middle East, Africa and Latin America**: Revenue was 1% higher. In Asia, revenue was broadly in line with the comparative period. Revenue growth in China was robust supported by good growth in the dairy category, while revenue was lower in both south-east and north Asia. In Latin America, revenue declined driven by lower priced imports from outside the region, especially in Mexico, while revenue from central America was solid. In Middle East and Africa, strong demand in north and west Africa more than offset weaker demand in southern Africa.
- **Europe:** Revenue was 19% higher. We saw good revenue growth across all categories, especially in dairy. We continued to exit some low margin business and saw increased competition from imports from outside the region.

Adjusted EBITDA was up 10% in constant currency at £153 million benefiting from mix management and the pricing through of input cost inflation. This, together with the benefit from productivity and strong cost control, saw adjusted EBITDA margins expand by 90bps in constant currency. The effect of currency translation decreased adjusted EBITDA by £5 million.

1 Growth in constant currency.
2 To reflect the underlying drivers of revenue growth, the total percentages for volume and price mix have been adjusted by 5ppts to exclude the impact from our focus on mix management and margin expansion. Without this adjustment, the values for both volume and price mix would be 5ppts greater.

Innovation and solution selling

Investment	New Product Revenue			Solutions
Innovation and solution selling	Value	Growth	% of FBS revenue	% of new business wins
11%	£109m	(1)%	15%	22%

Revenue from New Products was 1% lower. On a like-for-like basis, which assumes the same ingredients are included in New Products revenues in both the current and comparative periods (i.e. no products are removed from New Product disclosure due to age), New Products revenue was 18% higher. On this like-for like basis, the mouthfeel platform saw good growth, reflecting growth in clean label starches and cost optimisation, while Quantum helped to accelerate growth in fortification.

Investment in innovation and customer-facing solution selling capabilities including sensory and open innovation was 11% higher. Targeted programmes to develop new ways of working with customers and build stronger solutions-based partnerships helped increase solutions new business wins by value to 22%. We have set an ambition to increase this to 32% over the five years to 31 March 2028.

Sucralose

10% of Group revenue and 15% of Group adjusted EBITDA

Revenue		Revenue Drivers		Adjusted EBITDA	
Half-year	Change[1]	Volume	Price Mix	Half-year	Change[1]
£89m	(5)%	(8)%	3%	£28m	(14)%

Underlying customer demand for Sucralose remained steady. We delivered attractive returns however revenue and adjusted EBITDA were lower than the comparative period which benefited from the phasing of orders into the half. Revenue declined by 5% reflecting more normal phasing and the recovery of inflation. EBITDA declined as cost inflation across a range of inputs increased production costs and multi-year contracts with our larger customers limited our near-term recovery of these increases. Currency translation decreased adjusted EBITDA by £1 million.

Primary Products Europe

7% of Group revenue and (1%) of Group adjusted EBITDA

Revenue		Revenue Drivers		Adjusted EBITDA	
Half-year	Change[1]	Volume	Price Mix	Half-year	Change[1]
£61m	(2)%	(25)%	23%	£(3)m	51%

We continue to optimise the financial performance of Primary Products Europe through the transition of capacity to speciality ingredients. Lower volume also reflected reduced co-products. Revenue was slightly lower partially mitigated by improved pricing from more favourable market conditions and the recovery of input cost inflation. Adjusted EBITDA losses were significantly reduced.

1 Growth in constant currency.

Webcast details

Following this statement's release on 9 November 2023 at 07.00am (UK time), a live webcast will be held at 10.00am via this link. A replay of the webcast and presentation will be made available afterwards at this link. Only sell-side analysts and any pre-registered buy-side investors will be able to ask questions during the Q&A session. Sell-side analysts will be automatically pre-registered. To pre-register, please contact Lucy Huang at lucy.huang@tateandlyle.com.

Commentary on the financial statements

Six months to 30 September	2023 £m	2022 £m	Constant currency change %
Adjusted EBITDA			
Food & Beverage Solutions	**153**	144	10%
Sucralose	**28**	34	(14%)
Primary Products Europe	**(3)**	(6)	51%
Adjusted EBITDA	**178**	172	7%
Depreciation and adjusted amortisation	**(35)**	(35)	(3%)
Adjusted operating profit	**143**	137	8%
Net finance expense	**(4)**	(11)	64%
Adjusted share of profit of Primient joint venture	**17**	13	32%
Adjusted profit before tax	**156**	139	16%

Net finance expense

Net finance expense at £4 million was 64% lower in constant currency, mainly reflecting higher net income on the Group's cash balances. Because almost all of the Group's borrowings in the year were at fixed rates of interest, the Group was not exposed to significant changes in interest rates on its borrowings.

Exceptional items

Net exceptional charges of £8 million were included in profit before tax. Of these costs, £7 million related to organisational improvements to the Food & Beverage Solutions business and activities to drive productivity savings. Exceptional cash outflows for the period totalled £11 million. (For more information see Note 5).

Adjusted share of profit of Primient joint venture

Six months to 30 September	2023 £m	2022[1] £m	Constant currency change %
Adjusted operating profit	**73**	48	59%
Net finance expense	**(46)**	(35)	(38%)
Adjusted share of profit from its own joint ventures after tax	**10**	18	(41%)
Adjusted profit before tax	**37**	31	25%
Adjusted share of profit of Primient joint venture[2]	**17**	13	32%

Adjusted operating profit was 59% higher in constant currency at £73 million reflecting robust demand for sweeteners, strong 2023 calendar year contracting and improved operational performance in Primient's plants. Net finance expense increased in the half reflecting higher US interest rates. Lower profits in Primient's own joint ventures reflected lower volumes in Covation PDO, and adverse foreign currency impacts in Almex.

Tate & Lyle received a cash dividend from Primient of US$17 million in the half. A further cash dividend of US$37 million was paid on 2 November 2023 bringing the total dividend for the year to-date to US$54 million.

Taxation

The adjusted effective tax rate for the period was 21.9% (2022 – 21.9%). Looking ahead, we continue to expect the adjusted effective tax rate for the year ending 31 March 2024 to be one to two percentage points higher than the full-year effective tax rate for the prior year of 19.9%. The expected increase in the full-year rate reflects more profit taxed in higher rate jurisdictions and the increase in the rate of UK corporation tax from 19% to 25%.

1 Reclassification adjustment: adjusted operating profit has been increased by £5 million and adjusted share of profit from its own joint ventures after tax reduced by the same amount.

2 The Group's share of the adjusted profit of Primient joint venture is based on profit after tax. Primient is a US partnership (so its partners rather than Primient itself are responsible for tax on its US income), tax of £4 million (2022 - £5 million) has been deducted from profit before tax relating to tax on income earned by Primient's Brazilian subsidiary.

The reported effective tax rate (on statutory earnings) for the period was 21.3% (2022 – 18.4%). The lower rate in the comparative period was due to higher tax deductions on exceptional items recorded by Primient.

Earnings per share

Adjusted earnings per share at 30.1p were 19% higher (in constant currency). This increase reflects 16% higher profits after tax and benefit from a lower weighted number of shares of 3ppts, reflecting the share consolidation completed on 3 May 2022. Statutory diluted earnings per share for continuing operations increased significantly to 25.4p (2022 – 13.3p), reflecting mainly higher exceptional costs in, and therefore a lower share of profit from, joint ventures in the comparative period.

Return on capital employed (ROCE)

ROCE for the 12 months ended 30 September 2023 at 16.8% was lower than the 12 months ended 31 March 2023, reflecting the impact of the acquisition of Quantum part way through the comparative period. ROCE increased by 10bps on an organic basis.

Dividend

In line with the policy announced in our Capital Markets Event in February 2023 that interim dividends will be at the level of one third of the previous year's full-year dividend, the Board has approved an interim dividend for the six months to 30 September 2023 of 6.2p (2022 – 5.4p) per share. This dividend will be paid on 5 January 2024 to all shareholders on the Register of Members on 24 November 2023. As well as the cash dividend option, shareholders will be offered a Dividend Reinvestment Plan alternative.

Within the context of its growth-focused strategy the Board operates a progressive dividend policy with the overall aim of balancing growing the dividend with further strengthening dividend earnings and cash cover over the medium term.

Cash flow, net debt and liquidity

Free cash flow was £77 million (2022 – £62 million), an increase of £15 million. This reflected both higher profits and a strong focus on cash generation which delivered a £47 million improvement in net working capital compared to the comparative period. Investments in infrastructure, capacity and technology drove capital expenditure to £46 million, £20 million higher in the period. Overall, cash conversion for the period improved by 14ppts to 69%[1].

Looking ahead, we continue to expect capital expenditure for the year ending 31 March 2024 to be in the £90 million to £100 million range.

Net debt at 30 September 2023 was £249 million, £11 million higher than at 31 March 2023. Strong free cash flow generation and dividends received from Primient of US$17 million were more than offset by outflows including the payment of the final dividend to shareholders of £52 million and payments in respect of share incentive schemes of £25 million. In April 2023, to reduce interest costs and in line with on-going balance sheet optimisation, the Group repaid a US private placement debt floating rate note of US$95 million ahead of its maturity using cash. On 30 October 2023, a US$25 million US private placement 3.83% fixed rate note was repaid on maturity using cash.

At 30 September 2023, the Group had access to £1.0 billion of available liquidity through readily available cash and cash equivalents and access to a committed, undrawn revolving credit facility of US$800 million (£655 million). Reported leverage at 30 September 2023 was 0.8 times net debt to EBITDA. On a covenant testing basis, the net debt to EBITDA ratio was 0.6 times, which was much lower than the covenant threshold of 3.5 times.

1 Free cash conversion calculated as: free cash flow before capital expenditure divided by adjusted EBITDA

Non-GAAP measures

Some performance discussion and narrative in this announcement includes measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. The Group believes this information, together with comparable GAAP measures, is useful to investors in providing a basis for measuring our operating performance, cash generation and financial strength. The Group uses these alternative performance measures for internal performance analysis and incentive compensation arrangements for employees. These measures are not defined terms and may therefore not be comparable with similarly-titled measures reported by other companies. Wherever appropriate and practical, reconciliations are provided to relevant GAAP measures.

Alternative performance measures are used for and refer to continuing operations only.

The Group uses constant currency percentages and movements, using constant exchange rates which exclude the impact of fluctuations in foreign currency exchange rates. We calculate constant currency values by retranslating current year results at prior year exchange rates into British Pounds. The average and closing US dollar and Euro exchange rates used to translate reported results were as follows:

	Average rates		**Closing rates**	
Six months to 30 September	**2023**	2022	**2023**	2022
US dollar : sterling	**1.26**	1.21	**1.22**	1.11
Euro : sterling	**1.16**	1.17	**1.15**	1.14

Items adjusted in alternative performance income statement measures (Adjustment items)

Several alternative performance measures are adjusted to exclude items due to their size, nature and / or frequency of occurrence.

1. **Adjusted items excluded from earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) are:** exceptional items (as they are material in amount; and are outside the normal course of business or relate to events which do not frequently recur), amortisation of acquired intangible assets and the unwind of fair value adjustments.
2. **Additional adjusted items excluded from adjusted profit after tax are:** tax on the above items and tax items that themselves are exceptional as they meet these definitions. For tax items to be treated as exceptional, amounts must be material and their treatment as exceptional enable a better understanding of the Group's underlying financial performance. Included in adjusted profit after tax is the adjusted share of profit of Primient (the Group's non-controlling joint venture interest, where the results of Primient have been adjusted for items meeting the Group's definitions herein).

Income statement measures

Adjusted revenue change

Adjusted revenue growth refers to the change in revenue for the period, in constant currency. This is analysed between the drivers of revenue growth attributable to:

1. **Volume** – this means, for the applicable period, the change in revenue in the period attributable to volume excluding those related to the re-positioning of the Food & Beverage Solutions business through a focus on mix management and margin expansion.
2. **Price mix** – this means, for the applicable period, the change in revenue in such period calculated as the sum of i) the change in revenue attributable to changes in prices during the period; and ii) the change in revenue attributable to the composition of revenue in the period, including the volume effect of the impact of the re-positioning of the Food & Beverage Solutions business through a focus on mix management and margin expansion.

In the narrative where acquisitions are referred to in explaining revenue growth, this means changes in revenue resulting from acquisitions.

Adjusted EBITDA

Adjusted EBITDA is used as the Group's primary profit measure for internal performance analysis. Adjusted EBITDA is calculated as follows:

Six months to 30 September	**2023 £m**	**2022 £m**
Operating profit	**123**	114
Depreciation	**29**	29
Amortisation	**18**	18
Exceptional items	**8**	11
Unwind of fair value adjustments	**–**	–
Adjusted EBITDA	**178**	172
Revenue	**857**	849
Adjusted EBITDA margin	**20.8%**	20.2%

Adjusted earnings per share

Adjusted earnings per share (adjusted EPS) is calculated as the adjusted profit for continuing operations attributable to shareholders' equity divided by the diluted average number of ordinary shares. In calculating adjusted profit attributable to shareholders' equity, net profit attributable to shareholders' equity is adjusted to eliminate the post-tax impact of all excluded adjustment items. Refer to note 8 for reconciliation of net profit attributable to shareholders' equity to adjusted profit attributable to shareholders equity.

Change in adjusted earnings per share is shown in constant currency.

Cash flow measure

The Group also presents an alternative cash flow measure, 'free cash flow' which is defined as cash generated from operating activities after net capital expenditure, net interest and tax payments, and excludes the impact of exceptional items, tax payments on behalf of Primient and the impact of acquisitions and disposals.

The reconciliation of net cash flow from operating activities to free cash flow is as follows:

Six months to 30 September	**2023 £m**	2022 £m
Net cash flow from operating activities	**86**	38
Capital expenditure (net)	**(46)**	(26)
Tax paid in respect of Primient partnership	**4**	4
Exceptional cash flows[1]	**23**	52
Interest received	**10**	2
Collection on behalf of previous owners of Quantum and share based payment adjustment	**–**	(15)
Free cash flow attributable to discontinued operations	**–**	7
Free cash flow	**77**	62

1. Includes exceptional cash flow of £11 million (2022 - £37 million) and tax paid in relation to gain on disposal of Primient of £12 million (2022: £15 million)

Six months to 30 September	**2023 £m**	2022 £m
Adjusted EBITDA	**178**	172
Adjusted for		
Changes in working capital	**(28)**	(75)
Capital expenditure (net)	**(46)**	(26)
Net retirement benefit obligations	**(3)**	(3)
Net interest and tax paid	**(30)**	(13)
Share-based payment charge	**8**	7
Other non-cash movements	**(2)**	–
Free cash flow	**77**	62

Financial strength measures

The Group uses three financial metrics as key performance measures to assess its financial strength. These are net debt, the net debt to EBITDA ratio and the return on capital employed ratio. For the purposes of KPI reporting, the Group uses a simplified calculation of these KPIs to make them more directly related to information in the Group's financial statements.

All ratios are calculated based on unrounded figures in £ million.

Net debt

Net debt is a measure that provides valuable additional information on the summary presentation of the Group's net financial liabilities. Net debt is defined as the excess of borrowings and lease liabilities over cash and cash equivalents.

The components of the Group's net debt are as follows:

	At 30 September 2023 £m	At 31 March 2023 £m
Borrowings	**(588)**	(659)
Lease liabilities	**(52)**	(54)
Cash and cash equivalents	**391**	475
Net debt	**(249)**	(238)

Net debt to EBITDA ratio

The net debt to EBITDA ratio shows how well a company can cover its debts if net debt and EBITDA are held constant.

The net debt to EBITDA ratio is as follows:

	At 30 September 2023 £m	At 31 March 2023 £m
Calculation of net debt to EBITDA ratio		
Net debt	**249**	238
Adjusted EBITDA	**326**	320
Net debt to EBITDA ratio (times)	**0.8**	0.7

Return on capital employed (ROCE)

Return on capital employed (ROCE) is a measure of the return generated on capital invested by the Group. The measure encourages compounding reinvestment within business and discipline around acquisitions, as such it provides a guardrail for long-term value creation. ROCE is a component of the Group's five-year performance ambition to 31 March 2028 and is used in incentive compensation.

ROCE is calculated as underlying operating profit excluding exceptional items divided by the average invested operating capital (calculated as the average for each month of goodwill, intangible assets, property, plant and equipment, working capital, provisions and non-debt related derivatives). As such the average invested operating capital is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of average invested operating capital are calculated in accordance with IFRS.

Twelve months ended	**30 September 2023 £m**	31 March 2023 £m
Adjusted EBITDA	**326**	320
Deduct:		
Depreciation	**(59)**	(59)
Amortisation	**(36)**	(36)
Unwind of fair value adjustments	**(1)**	(1)
Profit before interest, tax and exceptional items for ROCE	**230**	224
Average invested operating capital	**1 366**	1 278
ROCE %	**16.8%**	17.5%

Changes to the Board of Directors

- Dr Gerry Murphy stepped down as Chair of the Board on 1 September 2023. The Board appointed Warren Tucker as Interim Chair from that date.
- On 8 November 2023, it was announced that David Hearn was appointed as a Director and Chair of the Tate & Lyle Board from 1 January 2024. On his appointment, Warren Tucker will step down as Interim Chair but will continue to serve as a non-executive director and as Chair of the Audit Committee.
- Mr Paul Forman, the Senior Independent Director and who led the Chair's succession process, will retire from the Board on 31 December 2023 having served his nine-year term. As previously announced, Kimberly (Kim) Nelson will become Senior Independent Director on 1 January 2024.

Cautionary statement

This statement of Half-Year Results for the six months to 30 September 2023 (Statement) contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. A copy of this Statement can be found on our website at www.tateandlyle.com. A hard copy of the Statement is also available from the Company Secretary, Tate & Lyle PLC, 5 Marble Arch, London W1H 7EJ.

Enquiries

For more information contact Tate & Lyle PLC:
Christopher Marsh, VP Investor Relations
Tel: Mobile: +44 (0) 7796 192 688

Nick Hasell, FTI Consulting (Media)
Tel: Mobile: +44 (0) 7825 523 383