TATE & LYLE
Science\Solutions\Society

Results for the year ended 31 March 2023

Strong financial performance and significant strategic progress

Adjusted performance[1]	2023	vs 2022	Statutory performance[2]	2023	vs 2022
Revenue growth		18%	**Revenue**	**£1,751m**	27%
Food & Beverage Solutions		19%	Food & Beverage Solutions	£1,438m	29%
Sucralose		2%	Sucralose	£184m	13%
EBITDA	**£320m**	22%	Primary Products Europe	£129m	28%
Food & Beverage Solutions	£271m	21%			
Sucralose	£58m	(5)%			
EBITDA margin	18.3%	60bps			
Share of profit of Primient	£24m	(64)%			
Profit before tax	**£253m**	13%	**Operating profit**	**£196m**	>100%
Earnings per share[3]	**49.3p**	10%	**Profit before tax**	**£152m**	>100%
Free cash flow	**£119m**	£47m	**Diluted earnings per share**	**30.8p**	>100%

Full-year highlights

Group: Strong financial performance across all key measures

- Revenue growth +18%: +19% in Food & Beverage Solutions (FBS)
- Adjusted EBITDA +22%: inflation offset by mix management, pricing, productivity savings and cost discipline
- Adjusted profit before tax +13%: strong FBS performance and materially lower profits from Primient
- Return on capital employed of 17.5%, improved by 100 bps
- Free cash flow[1] £119m, £47m higher reflecting strong cash conversion
- Strong balance sheet supports investment in growth, net debt to EBITDA ratio 0.7x
- Recommending increase in final dividend of 2.5% to 13.1p per share; full-year dividend of 18.5p per share

Science: Innovation continues to deliver with investment accelerating to support future growth

- New Product revenue growth +17% with strong growth in mouthfeel and fortification platforms
- New Product revenue as a percentage of Food & Beverage Solutions revenue at 17%
- Investment in innovation and solutions selling increased by 11%

Solutions: Building deeper solutions-based relationships with customers

- Solutions new business wins by value up 2ppts to 18% of pipeline
- Strengthened solutions offering with acquisitions of Quantum (dietary fibre) and Nutriati (chickpea protein)
- Expanded consumer and category insights expertise in North America, Asia and Latin America

Society: Good progress on purpose and sustainability targets

- 6% reduction in Scope 1 & 2 GHG emissions and 13% in Scope 3 emissions[4]; 92% of waste beneficially used
- Sustainable agriculture programmes for corn and stevia delivering material environmental improvements
- Target to provide 3 million[4] meals through food bank partnerships met two years ahead of schedule

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. Comparatives for adjusted performance are pro-forma financial information (see Additional Information)
2. Continuing operations.
3. Adjusted EPS calculated using the shares in issue adjusted for impact of the 6 for 7 share consolidation as if it occurred on 1 April 2021.
4. From baseline of 31 December 2019 for GHG emissions; baseline of 31 March 2020 for meal donations.

Nick Hampton, Chief Executive said:

“It has been an excellent first year for the new Tate & Lyle with strong financial performance and significant strategic progress.

Our key financial measures were all met, with Group revenue and adjusted EBITDA showing double-digit growth and productivity savings well ahead of target. It’s also been another year of strategic progress as we further improved the mix of the business, greatly strengthened our solution selling capabilities, acquired a high-quality dietary fibre business in China, made a commitment to reach net zero by 2050 and launched our new brand to better reflect the new Tate & Lyle.

Tate & Lyle’s expertise in sweetening, mouthfeel and fortification plays directly into increasing consumer demand for food and drink which is healthy, tasty, convenient, and more sustainable and affordable. The growth opportunity ahead is substantial and we saw encouraging progress in the year with revenue from New Products and solutions wins both demonstrating good momentum.

The re-positioning of Tate & Lyle continues at pace. With our clear strategic focus and strong scientific and solutions capabilities, we are well-placed to progress our strategy and deliver on the five-year financial growth ambition announced in our Capital Markets Event in February 2023.”

Outlook

For the year ending 31 March 2024, we expect to deliver progress in line with our five-year ambition to 31 March 2028 with, in constant currency:

- Revenue growth of 4% to 6%
- Adjusted EBITDA growth of 7% to 9%.

We also expect stronger profits from our minority holding in Primient.

Overview

New Tate & Lyle

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.

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

Delivering our growth-focused strategy

To expand our portfolio, accelerate innovation, increasingly provide solutions for our customers and deliver on our purpose and sustainability programme, during the year:

- We acquired two businesses for a combined purchase price of £192m. Quantum Hi-Tech, a leading prebiotic FOS and GOS dietary fibre business in China, and Nutriati, a small ingredient technology business developing and producing chickpea protein and flour. Both businesses are performing as expected.

- We executed targeted programmes to develop new ways of working with customers to build stronger solutions-based partnerships, leading to solutions new business wins by value increasing to 18%.
- We expanded our global network of Customer Innovation and Collaboration Centres, opening a new Centre in Santiago, Chile and extending our Centre in Singapore.
- We expanded our patent portfolio with over 70 patents granted, with a further c.300 pending.
- We expanded our sustainable agriculture programme for stevia in China delivering 55% reduction in greenhouse gas emissions on participating farms, while increasing crop yields.
- We are increasingly making sustainability part of our customer offering. For example, we developed a more sustainable manufacturing process for our CLARIA® clean-label starches which results in a 34% reduction in greenhouse gas emissions and a 35% reduction in water use.

Maintaining strong financial discipline

To support growth in our business, we continue to focus on improving cash conversion, and delivered free cash flow £47 million higher at £119 million. We were disciplined in the use of capital investment for growth, productivity and sustainability, with return on capital employed increasing by 100bps to 17.5%. At 31 March 2023, net debt was £238 million, and net debt to EBITDA was 0.7x, with liquidity of over £1.1bn. Total dividends paid to shareholders in the 2023 financial year were £570 million including a special dividend of £497 million from the proceeds of the Primient disposal.

Productivity remains a key focus, driving efficiencies in our business. We delivered productivity of US$21 million, more than double the target at the beginning of the 2023 financial year. Looking ahead, our target is to deliver US$100 million productivity savings in the five years ending 31 March 2028 enabled by systems investment. The cost to deliver this programme is expected to be in the range of US$80 million to US$100 million.

Group performance

Revenue	Volume	Price/mix	M&A	Revenue change	Adjusted EBITDA	
					Full-year	Change[1]
£1,751m	(11)%	27%	1%	**18%**	**£320m**	**22%**

1 Comparative pro-forma financial information (see Additional Information)

Overview

The Group delivered strong financial performance. Revenue was up 18% reflecting the pricing through of inflation and good mix management, delivering higher margin business in a period of capacity constraint. Adjusted EBITDA was 22% higher and adjusted profit before tax was 13% higher reflecting strong performance from Tate & Lyle and weaker performance from our minority holding in the Primient joint venture. Food & Beverage Solutions, our growth driver, performed particularly well delivering strong revenue and adjusted EBITDA growth. Sucralose once again delivered attractive returns with profits slightly lower. We continued to optimise the Primary Products Europe business with losses reducing significantly in the year.

We continued to intentionally reset Tate & Lyle as a growth-focused speciality business through the focus on revenue growth and margin expansion, ahead of volume growth, by way of solution selling, mix management and pricing. We expect to continue to follow this approach in the coming year and to enhance the quality of the business in line with our long-term financial ambition.

Primient had a difficult year primarily due to operational challenges. While underlying demand for Primient's products remained robust, this and increased finance charges limited adjusted share of joint venture profit to £24m, 64% lower. The operational challenges are being addressed, and the 2023 calendar year pricing round returned unit margins to more normal levels in the final quarter of the financial year. Reflecting this, we expect stronger profits from Primient in the 2024 financial year. Tate & Lyle received US$76 million in cash dividends from Primient in the year.

Managing input cost inflation

The war in Ukraine caused significant inflation in raw material, energy and logistics costs, especially in Europe. To recover these incremental input costs, in May 2022 we implemented a programme of supplementary price increases across our main markets. Later in the year, we renewed customer contracts for the 2023 calendar year, again recovering higher input costs. We built flexibility into these contracts to address possible further input cost volatility and added variable pricing frameworks to meet customer requirements. These pricing actions, together with mix management, productivity savings and strong cost discipline, enabled us to offset input cost inflation. With the war in Ukraine continuing, we remain vigilant of possible further supply chain volatility.

Full-Year review: Reporting segments

Food & Beverage Solutions

82% of Group revenue and 85% of Group adjusted EBITDA

	Revenue	Volume	Price/mix	M&A	Revenue Change[1]	Adjusted EBITDA Full-year	Adjusted EBITDA Change[1,2]
North America	£687m	(4)%	16%	–%	12%	–	–
Asia, Middle East, Africa and Latin America	£432m	(4)%	26%	3%	25%	–	–
Europe	£319m	(15)%	42%	1%	28%	–	–
Total	**£1,438m**	**(7)%**	**25%**	**1%**	**19%**	**£271m**	**21%**

1 Growth in constant currency. 2 Comparative pro-forma financial information (see Additional Information).

Revenue was 19% higher in constant currency at £1,438 million. Our focus was on delivering revenue growth and margin expansion through solution selling, mix management and pricing. Volume was 7% lower, reflecting this approach and the impact of two further factors. Firstly, one-off factors including supply chain disruption, the exit of low margin business and the impact of industrial action in The Netherlands in the first half. Secondly, some demand softness and customer destocking in the fourth quarter.

We delivered strong price/mix leverage of 25ppts with equal weighting of mix management and the pass-through of input costs inflation (including higher corn costs). Acquisitions contributed 1ppt of revenue growth.

All regions saw double-digit revenue growth reflecting the benefit from pass through of inflation, strong mix management and lower volume.

- **North America**: While input cost inflation was more moderate in North America, revenue was 12% higher. We saw good gains in the beverage, confectionery, and soup, sauces and dressings categories, particularly with our largest customers. Despite consumer trends for healthier, better tasting food remaining strong, we saw some customer demand softness from supply chain inventory management in the final quarter of the financial year.
- **Asia, Middle East, Africa and Latin America**: Revenue was 25% higher. In Asia, revenue growth was strong across all sub-regions. Good mix management contributed to strong growth in Southeast Asia and China, with the acquisition of Quantum contributing to revenue growth. In the final quarter, consumer demand in China was somewhat slower to recover than expected following the easing of Covid controls. In Latin America, all sub-regions saw revenue growth. We saw good progress in sweetener solutions, especially in Mexico driven largely by customer desire to address front-of-pack labelling regulations, and growth in the bakery and snacks, and soups, sauces and dressings categories. In Middle East and Africa, demand for mouthfeel and fortification solutions drove strong revenue growth.
- **Europe:** Revenue was 28% higher reflecting the pricing through of significant input cost inflation. Lower volume reflected our pricing and margin focus, the exit from low-margin sweetener business, and the impact of supply chain challenges especially from industrial action at our corn wet mill in The Netherlands. We saw good revenue growth across all categories, especially in soups, sauces and dressings. As the year progressed and pricing in Europe increased, we saw increased competition from imports from outside the region.

To recover incremental input costs, we implemented a programme of supplementary price increases. Then, customer contracts were successfully renewed for the 2023 calendar year recovering further higher input costs. In renewing these contracts, we applied our approach of focusing on revenue growth and margin expansion.

Adjusted EBITDA was up 21% in constant currency at £271 million benefiting from mix management, a transparent approach with customers to the pricing through of input cost inflation, and operational leverage. This, together with the benefit from productivity, saw adjusted EBITDA margins expand by 40bps in constant currency. The effect of currency translation increased adjusted EBITDA by £28 million.

Innovation and solutions

Investment	New Product revenue			Solutions
Innovation and solution selling	Value	Growth	% of FBS revenue[1]	% of new business wins
11%	£239m	17%	17%	18%

1 From 1 April 2022 New Products includes stabiliser and functional systems new ingredients. Excluding this change, New Products are 16% of FBS revenue

Revenue from New Products was 17% higher. The mouthfeel platform grew strongly, reflecting good demand for clean label starches and cost optimisation, while Quantum helped to accelerate growth in fortification and in New Products revenue overall. 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 20% higher.

Investment in innovation and customer-facing solution selling capabilities including sensory, nutrition and regulatory, 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 18%. We have set an ambition to increase this to 32% over the five years to 31 March 2028.

Sucralose

11% of Group revenue and 18% of Group adjusted EBITDA

Revenue	Volume	Price/mix	M&A	Revenue change[1]	Adjusted EBITDA	
					Full-year	Change[1,2]
£184m	(4)%	6%	-%	**2%**	**£58m**	**(5)%**

1 Growth in constant currency. 2 Comparative pro-forma financial information (see Additional Information).

Sucralose delivered attractive returns with revenue slightly higher and adjusted EBITDA slightly lower than the prior year. Cost inflation across a range of inputs increased production costs at our single facility in McIntosh, Alabama, US. While the existence of multi-year contracts with our larger customers limited our near-term ability to recover higher input costs, this impact was mitigated by customer mix management. Currency translation increased adjusted EBITDA by £8 million.

Primary Products Europe

7% of Group revenue and (3%) of Group adjusted EBITDA

Revenue	Volume	Price/mix	M&A	Revenue change[1]	Adjusted EBITDA	
					Full-year	Change[1,2]
£129m	(19)%	44%	-%	**25%**	**£(9)m**	**+57%**

1 Growth in constant currency. 2 Comparative pro-forma financial information (see Additional Information).

We continue to optimise the financial performance of Primary Products Europe as we transition capacity to higher margin Food & Beverage Solutions ingredients. Revenue was significantly higher reflecting improved pricing from more favourable market conditions and the recovery of input cost inflation. Lower volume reflected both the impact of industrial action at our facility in The Netherlands in the first half and the transition of capacity to speciality ingredients. Higher revenue delivered significantly lower adjusted EBITDA losses.

Webcast details

Following this statement's release on 25 May 2023 at 07.00am (UK time), a live webcast will be held at 10.00am via https://event.on24.com/wcc/r/4219130/62E4A9DE5070EE426DB680898784688E. A replay of the webcast and presentation will be made available afterwards at https://tateandlyle-events.com/year-ended-2023. 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 – Full Year

Year ended 31 March Continuing operations	2023 £m	Pro forma[1] 2022 £m	Constant currency change %
Adjusted EBITDA	320	233	22%
Depreciation and adjusted amortisation	(71)	(70)	(7%)
Adjusted operating profit[2]			
Food & Beverage Solutions	214	145	31%
Sucralose	46	42	(6%)
Primary Products Europe	(11)	(24)	55%
Adjusted operating profit	249	163	35%
Net finance expense	(20)	(25)	29%
Adjusted share of profit of Primient joint venture	24	61	(64%)
Adjusted profit before tax	253	199	13%

1. Comparatives are pro-forma financial information (see Additional Information).
2. Pro-forma adjusted operating profit for the year ended 31 March 2022, previously reported as Food & Beverage Solutions £153 million, Sucralose £61 million and Central (costs) £(51) million. Primary Products Europe operating loss of £(21) million has been separated from Food & Beverage Solutions, and Central (costs) have been allocated as follows £(29) million to Food & Beverage Solutions, £(19) million to Sucralose and £(3) million to Primary Products Europe.

Net finance expense and liquidity

Net finance expense at £20 million was 29% lower in constant currency, mainly reflecting higher net income on the Group's cash balances. Because approximately 90% 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 £28 million were included in profit before tax. Exceptional cash outflows for the year totaled £59 million, comprising £24 million of cash outflows related to charges in the current year and £35 million of cash outflows resulting from prior year exceptional costs. (For more information see Note 5).

Adjusted share of profit of Primient joint venture

Year ended 31 March	2023 £m	Pro-forma 2022 £m	Constant currency change %
Adjusted operating profit	100	135	(33%)
Net finance expense	(80)	(48)	(47%)
Adjusted share of profit from its own joint ventures after tax	35	35	(13%)
Adjusted profit before tax	55	122	(59%)
Adjusted share of profit of Primient joint venture	24	61	(64%)

Adjusted operating profit was 33% lower in constant currency at £100 million reflecting operational disruption in Primient's plants. The operational challenges which impacted the 2023 financial year are being addressed, and the 2023 calendar year pricing round returned unit margins to more normal levels in the final quarter of the financial year. Reflecting this, we expect stronger operating profits from Primient in the 2024 financial year. Net finance expense increased significantly reflecting higher US interest rates.

The Primient joint venture was set up under a US partnership arrangement. Under this arrangement, the partnership does not pay tax on its US income as the partners are responsible for this tax. Primient however, pays tax on income earned by its Brazilian subsidiary.

Tate & Lyle received US$76 million in cash dividends from Primient. Of this amount, US$30 million represented a distribution in respect of the 2023 financial year, US$31 million related to the distribution of a dividend from a former joint venture announced prior to disposal, and US$15 million allowed Tate & Lyle to settle tax obligations on Primient profits.

Taxation

The adjusted effective tax rate on continuing operations was 19.9% (2022 – 19.3%). The slightly higher rate reflects higher profits, with more profit taxed in higher rate jurisdictions, and the inclusion of the minority interest in the Primient joint venture. Looking ahead, we expect the adjusted effective tax rate for the year ending 31 March 2024 to increase by one to two percentage points reflecting the increase in the rate of UK corporation tax from 19% to 25%, and stronger profits in Primient.

The reported effective tax rate (on statutory earnings) for continuing operations was 16.8% (2022 – 38.4%). The lower effective tax rate is due to the prior year being impacted by a £12 million exceptional tax charge on the de-recognition of deferred tax assets as a result of the Primient transaction.

Earnings per share

Adjusted earnings per share at 49.3p were 10% higher (in constant currency, pro-forma comparative information for continuing operations only), reflecting strong performance from Tate & Lyle and weaker performance from our minority holding in the Primient joint venture. Statutory diluted earnings per share for continuing operations increased significantly to 30.8p, reflecting in the current year strong operational performance and the inclusion of a share of profits from our minority interest in the Primient joint venture, and in the prior year higher exceptional costs related to the Primient transaction.

Dividend

The Board is recommending a 0.3p or 2.5% increase in the final dividend to 13.1p (2022 – 12.8p) per share. In the previous year, the final dividend was re-based to reflect the Primient transaction and the associated share consolidation, while the interim dividend was paid at a higher rate (before re-basing). Reflecting this the full year dividend of 18.5p per share is lower than the prior year amount of 21.8p (18.1p rebased for reduced earnings base following the Primient transaction and impact of the share consolidation). Subject to shareholder approval, the proposed final dividend will be due and payable on 2 August 2023 to all shareholders on the Register of Members on 23 June 2023. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) 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. As announced in our Capital Markets Event in February 2023, the Board intends for interim dividends in future to be paid at the level of one third of the previous year's full year dividend.

Cash flow, net debt and liquidity

Free cash flow was £119 million (2022 continuing operations – £72 million), an increase of £47 million, benefiting from higher profits. Despite significant activities to optimise working capital, input cost inflation drove working capital £37 million higher. Capital expenditure of £78 million (on a gross basis) was £3 million higher in the year. Overall, a strong focus on working capital delivered cash conversion at 62%[1].

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

Net debt at 31 March 2023 was £238 million, £388 million lower than at the prior year end. Significant cash flows in the year included the receipt of gross cash proceeds of £1.1 billion from the disposal of a controlling stake in Primient and the subsequently returned £497 million to shareholders by way of a special dividend. Net debt was further reduced by the receipt of dividends from Primient of £66 million (US$76 million). This reduction in net debt from these items was partially offset by the investment to acquire two businesses for £192 million (net) and further dividend payments to shareholders of £73 million.

At 31 March 2023, the Group had access to £1.1 billion of available liquidity through readily available cash and cash equivalents and access to a committed, undrawn revolving credit facility of US$800 million (£647 million). Reported leverage at 31 March 2023 was 0.7 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. 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.

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.

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**	
Year ended 31 March	**2023**	2022	**2023**	2022
US dollar : sterling	1.20	1.37	1.24	1.32
Euro : sterling	1.16	1.18	1.14	1.19

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).
3. **Items excluded from discontinued operations for the year ended 31 March 2022 are:** IFRS 5 held for sale accounting consisting of 1) cessation of depreciation and amortisation of assets of the Primient business; and, 2) cessation of equity accounting of the share of profits and dividends received from the Group's existing joint venture interests.

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.
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.
3. **Acquisitions** - 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:

Continuing operations	2023 £m	2022 £m
Operating profit	**196**	67
Depreciation	**59**	56
Amortisation	**36**	24
Exceptional items	**28**	93
Unwind of fair value adjustments	**1**	–
Adjusted EBITDA	**320**	240
Pro-forma impact of long-term agreements[1]	**–**	(7)
Pro-forma adjusted EBITDA	**320**	233
Revenue	**1 751**	1 375
Adjusted EBITDA margin	**18.3%**	17.0%

1 See Additional Information

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:

Continuing operations	2023 £m	2022 £m
Net cash flow from operating activities	**66**	88
Capital expenditure (net)[1]	**(71)**	(75)
Tax paid in respect of Primient partnership	**5**	–
Exceptional cash flows[2]	**101**	58
Interest received	**11**	1
Free cash flow attributable to discontinued operations	**7**	–
Free cash flow	**119**	72

1. Gross capital expenditure of £78 million less proceeds from the sale of an investment of £7 million
2 Includes exceptional cash flow of £59 million and tax paid of £42 million in relation to the gain on disposal of Primient.

Continuing operations	2023 £m	2022 £m
Adjusted EBITDA	**320**	240
Adjusted for		
Changes in working capital	**(105)**	(68)
Capital expenditure (net)	**(71)**	(75)
Net retirement benefit obligations	**(9)**	(7)
Net interest and tax paid	**(28)**	(32)
Share-based payment charge	**20**	10
Other non-cash movements	**(8)**	4
Free cash flow from continuing operations	**119**	72

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 31 March	
	2023 **£m**	2022 £m
Borrowings	**(659)**	(620)
Lease liabilities	**(54)**	(133)
Cash and cash equivalents	**475**	127
Net debt	**(238)**	(626)

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 31 March	
	2023 **£m**	2022[1] £m
Calculation of net debt to EBITDA ratio		
Net debt	**238**	626
Adjusted EBITDA	**320**	470
Net debt to EBITDA ratio (times)	**0.7**	1.3

1. Total operations

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.

At 31 March – continuing operations	**2023 £m**	Pro-forma* 2022 £m
Adjusted EBITDA	**320**	240
Deduct:		
Depreciation	**(59)**	(56)
Amortisation	**(36)**	(24)
Unwind of fair value adjustments	**(1)**	–
Impact of long-term agreements	–	(7)
Profit before interest, tax and exceptional items for ROCE	**224**	153
Average invested operating capital	**1 278**	924
ROCE %	**17.5%**	16.5%

* Comparatives are based on pro-forma financial information (see Additional Information)

Board and management

Changes to the Board of Directors

1. Paul Forman will retire as a non-executive director and as the Senior Independent Director at the Annual General Meeting (AGM) on 27 July 2023.
2. Kimberly (Kim) Nelson becomes Senior Independent Director from the AGM on 27 July 2023.

Changes to the Executive Committee

3. Tamsin Vine was appointed Chief Human Resources Officer with effect from 1 December 2022.

Cautionary statement

This statement of Full-Year Results for the year ended 31 March 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

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