

Strong second-half recovery as Tate & Lyle

BY ALAN WRAIGHT

EARL JELlicoe, chairman of Tate and Lyle, expressed himself cautiously optimistic that the group is regaining its momentum, as he reported a strong second half pre-tax profit recovery for the year to September 30, 1980. At the interim stage, results showed a £2m shortfall at £9.2m, but the full year figure has turned in some £4.5m higher at £30.7m.

"The significance of 1979/80 and certain events since the year end should be viewed in terms of progress made towards completing the restructuring of the group, embarked on in 1978," says Lord Jellicoe. Actions taken will strengthen the group, but have resulted in extraordinary debits of £32.6m, compared with credits of £9.8m last time. Bulk of the actions referred to relates to the Love Lane, Liverpool,

sugar refinery and its associated Lock Fields distribution depot which will be closed as soon as possible.

The actual total of provision for closure of some of the sugar refining and starch interests and other rationalisation costs was £55.5m, but this was reduced by £18.6m for stock appreciation relief written back.

While group profits are described by Lord Jellicoe as satisfactory, their mix was less so. Overall figures show striking variations in the performance of the main businesses. Internationally for both sugar and molasses, the trading companies made the most of buoyant prices and volatile conditions in world supply. However, it was a different picture for UK manufacturing operations. Sugar refining and starch and glucose production

Analysis of trading profit and turnover.

	Trading profit		Turnover		
	£m	£m	£m	£m	
Agribusiness	*7.6	(2.3)	29.4	(64.4)	UK speciality chemicals
UK	*6.5	(2.2)	27.2	(42.3)	UK starch
Canada	*1.3	(—)	0.3	(20.9)	Sugar refining and production
U.S.	0.2	(0.1)	1.9	(1.2)	UK
Bulk liquid storage	2.2	(1.2)	7.5	(5.4)	Canada
UK	2.0	(1.1)	7.5	(5.4)	U.S.
U.S.	0.2	(0.1)	—	(—)	Belize
Commodity trading worldwide	32.5	(17.4)	702.0	(499.3)	Zimbabwe
Molasses	14.9	(8.4)	219.9	(207.3)	UK warehousing and distribution
Sugar	19.3	(9.8)	431.0	(174.8)	Other activities
Other	*1.7	(*0.8)	51.1	(117.2)	Making
Insurance	0.8	(0.8)	—	(—)	Central expenses (note 2)
UK Maltng	2.3	(2.4)	19.6	(18.6)	Research and development (note 3) ...
UK Shipping	2.4	(2.5)	4.7	(9.5)	Trading profit
					* Loss.

reflected the pressures of overcapacity, falling demand and EEC policies.

Turnover for the 12 months

pushed ahead from £1.19bn to £1.42bn, on which trading profits improved from £30.1m to £42m. Pre-tax profits included excep-

tional credits of £2.7m (£5.9m) and associated profits of £0.2m (£3.6m), but were after higher interest of £14.2m (£13.4m). Tax a

Lyle finishes £4.5m higher

Trading profit		Turnover	
£m	£m	£m	£m
*2.9	(*0.6)	0.6	(0.1)
*3.5	(*1.9)	36.3	(35.7)
17.4	(7.5)	554.0	(485.4)
5.6	(5.4)	374.9	(371.1)
3.2	(1.5)	69.1	(59.2)
5.0	(*0.4)	77.9	(48.9)
2.9	(1.0)	14.0	(6.2)
0.7	(—)	18.1	(—)
0.1	(1.9)	28.4	(30.7)
1.9	(2.1)	38.2	(41.3)
45.6	(35.6)	1,420.7	(1,190.4)
1.1	(2.6)	—	(—)
2.5	(2.9)	—	(—)
42.0	(30.1)	—	(—)

profits totalled £11.3m, but dividends are still not covered by inflation-adjusted attributable results.

Extraordinary items have been charged to reserves, which at the year end stood at £133.4m (£158.1m). The effect of deducting these items from attributable profits would be to decrease the figure to a loss of £15.4m (1978-1979 increased to a £23.6m profit).

Basic earnings per £1 stock unit rose from 25.1p to 31.3p and fully diluted from 24.9p to 31p. The final dividend is 6.5p net, maintaining the 10.5p total.

While the major changes in group structure have affected stockholders' funds, higher retained earnings linked with the release of deferred tax credits have helped to minimise this reduction. The net worth at

September 30, 1980, stood at £190m, compared with £215m.

During the year the company realised £31m from the disposal of assets. Of this ship sales accounted for £22m, and the sale of the three remaining parcel carriers since the year end has added a further £11m.

Capital expenditure for the 12 months amounted to £24m and net borrowings closed the year at £74.5m (£98.3m).

Concluding his statement, Lord Jellicoe says, that after three years of redirecting group strategy, many difficult decisions about Tate and Lyle's future have been taken and are now being implemented.

"A more flexible, more robust and more profit conscious group is already emerging," he adds.

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took £10.4m (£11.6m), and minority profits £3.1m (£0.8m), leaving the attributable balance at £17.2m (£13.8m). CCA taxable