Companies and Markets

UK COMPANY NEWS

Strong second-half recovery as Tate & Ly.

BY ALAN WRAINT

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 a some £4.5m higher at £9.7m.

"The significance of 1979/80 and certain events since the year began, is 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 £35.6m, compared with credits of £9.8m last time. Bulk of the actions referred to relate to the Laven Lane, Liverpool, sugar refinery and its associated Lockfields 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 markets. However, it was a different picture for the UK manufacturing subsidiaries, with particular operations. Sugar refining and starch and glucose production reflected the pressures of over capacity, falling demand and EEC policies.

Turnover for the 12 months pushed ahead from £1,105bn to £1,206bn, on which trading profits improved from £50.1m to £54.7m, but were after higher exceptional costs of £7.7m (£6.9m) and associated profits of £0.2m (£1.0m) (£5.6m), but were after higher interest of £14.2m (£13.4m). Tax a

Tate finishes £4.5m higher

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 (£135.1m). The effect of deducting these items from attributable profits would be to decrease the figure to a loss of £15.4m (1979-1979 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 per ordinary, maintaining the 10.5p total.

While the major changes in group structure have affected shareholders' 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 packaged carriers since the year end has added a further £11m.

Expenditure for the 12 months amounted to £24m and net borrowings closed the year at £74.5m (£87.3m). Concluding his statement, Lord Jellicoe says, that after three years of restructuring, strategy a many difficult decisions about Tate and Lyle's future have been taken and are now being implemented.

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

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