

American Sugar Refining Buys UK Sugar Refining Business

LONDON (AP) — Tate & Lyle PLC said Thursday it is selling its European sugar refining business to American Sugar Refining Inc. for 211 million pounds (\$314 million) in cash as it focuses on producing ingredients for industry.

American Sugar Refining, based in Yonkers, New York, is buying cane sugar refineries in London and Lisbon, the Lyle's Golden Syrup factory in London, the associated sugar and syrup brands, and the Tate & Lyle Process Technology consulting business.

These businesses had external sales of 689 million pounds in the year ending March 31, making an adjusted operating profit of 14 million pounds and had gross assets of 374 million pounds, Tate & Lyle said.

Tate & Lyle shares were up 0.9 percent to 453.7 pence in early trading on the London Stock Exchange.

"A very welcome move by Tate at a good price, without leading to any material change to earnings forecast," said Graham Jones, analyst at Panmure Gordon.

Jones said Tate & Lyle's sugar refining business wasn't expected to be profitable this year, discounting for 17 million pounds in European Union transitional aid.

Tate & Lyle also announced that it intended to sell the rest of its sugars business, including the molasses business and operations in Vietnam.

"The acquisition of Tate & Lyle's European sugar operations is consistent with our strategic vision for expansion in the sugar refining sector," said Luis Fernandez, co-president of American Sugar Refining.

American Sugar Refining previously bought Tate & Lyle North American Sugars Inc. and its three refineries in 2001, and Tate & Lyle Canada Ltd. in 2007.

American Sugar Refining markets its products under the Domino, C&H and Redpath brands. It owns and operates six cane sugar refineries in Yonkers, Baltimore, Toronto, Crockett, California, and Veracruz, Mexico. The company is owned by Florida Crystals Corp. and the Sugar Cane Growers Cooperative of Belle Glade, Florida.

"Sugar refining has enjoyed a long and proud history within Tate & Lyle, but we believe the interests of this business and its employees are now best served by being part of a company for whom sugar refining is core," said Tate & Lyle Chief

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Executive Javed Ahmed.

"Tate & Lyle's clear priority is to grow its Speciality Food Ingredients business, supported by cash generated from Bulk Ingredients," he added.

Those two divisions make products for industry, not consumer goods. The Bulk Ingredients division is essentially a corn-based business, making high-fructose sweeteners, ethanol and industrial starches for packagings. Speciality Ingredients makes sucrose and food starches.

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