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Tate & Lyle sells controlling stake to KPS for $1.3 B

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By **Pooja Yadav** | July 12, 2021



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Tate & Lyle, a British-headquartered, global supplier of food and beverage ingredients, has entered into an agreement to sell a controlling stake in a new company and its subsidiaries (NewCo), comprising its Primary Products business in North America and Latin America and its interests in the Almidones Mexicanos S.A de C.V (Almex) and DuPont Tate & Lyle Bio-Products Company, LLC (Bio-PDO) joint ventures, to KPS Capital Partners, LP (KPS). Tate & Lyle and KPS will each own 50% of NewCo with KPS having Board and operational control.

Tate & Lyle expects to receive gross cash proceeds of approximately $1.3billion (c.£0.9bn), resulting in net cash proceeds of approximately $1.2 billion (c.£0.9bn) after customary adjustments and transaction costs.

20-year long-term agreements have been established between Tate & Lyle and NewCo to provide supply security and economic protection over the Food & Beverage Solutions' (FBS) products made in NewCo's facilities, and to ensure continued alignment of objectives between the two companies.

75% of Tate & Lyle's revenue in the year ended 31 March 2021 was generated from manufacturing facilities that will remain under its own control.

It is expected that NewCo will generate significant and steady free cash flow with the ability to pay meaningful dividends over time to Tate & Lyle and KPS. Tate & Lyle will also benefit from potential value upside from retaining a substantial equity stake in NewCo.

Read online: https://nuffoodsspectrum.in/news/11/17717/tate-lyle-sells-controlling-stake-to-kps-for-1-3-b.html
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