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INGR.N - Ingredion Inc Recommended All-Cash Acquisition of Tate & Lyle PLC Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning. Thank you for dialing into Ingredion's call. I'd now like to turn the call over to Noah Weiss.

Noah Weiss - *Ingredion Inc - Investor Relations*

Good morning, everyone, and thank you for joining us. I'm Noah Weiss, Vice President of Investor Relations. Joining me on today's call are Jim Zallie, our Chairman, President and CEO and Jason Payant, our Vice President and Interim CFO. The press release we issued today as well as the presentation we will reference for this call can be found on our website, ingredion.com. There's also a separate landing page that we have set up on our website to access materials and disclosures in connection with this transaction.

As a reminder, our comments within this presentation may contain forward-looking statements. These statements are subject to various risks and uncertainties and include expectations and assumptions regarding the company's future operations and financial performance.

Actual results could differ materially from those estimated in the forward-looking statements, and Ingredion assumes no obligation to update them in the future as or if circumstances change. Additional information concerning factors that could cause actual results to differ materially from those discussed during today's conference call or in this morning's press release can be found in the company's most recently filed annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. During this call, we will also refer to certain non-GAAP financial measures, including adjusted EBITDA and adjusted operating income, which are reconciled to US GAAP measures in today's presentation appendix.

With that, I will turn the call over to Jim.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thanks, Noah, and good morning, everyone. Today, we are announcing the recommended all-cash offer by Ingredion for the acquisition of Tate & Lyle, a significant milestone in Ingredion's transformation to a global leader in ingredient solutions. Combining Ingredion and Tate & Lyle's complementary portfolios establishes a global leader with the innovation, expertise and geographic reach that will help create the future of food.

The combined group will be better positioned to serve customers' needs for the development of great tasting, healthier and affordable food products that consumers demand. This compelling combination will create exciting new possibilities for employees while also generating significant value for all stakeholders. This acquisition represents a leap forward in a transformation that Ingredion has been executing for nearly a decade to create a more global, scaled ingredient solutions provider, better equipped to help customers solve key formulation challenges across taste, texture, nutrition and performance.

Additionally, the acquisition expands Ingredion's localized innovation network, thus enabling deeper co-creation with customers and accelerating our speed to market.

Just as importantly, the combination of our ingredient solutions capabilities with those of Tate & Lyle strengthens our formulation expertise, enabling us to deliver more integrated, higher-value solutions that help customers meet performance and affordability needs. And finally, our expanded manufacturing and commercial network enhances our ability to provide reliable, cost-effective supply to customers around the world. We believe these capabilities will make Ingredion the partner of choice for customers. For the benefit of those less familiar with Tate & Lyle, let me spend a few minutes providing details on why we are so excited about this opportunity.

Headquartered in London, Tate & Lyle is a highly respected ingredient solutions company with a long and rich history. Like Ingredion, they have spent more than a century helping food and beverage manufacturers solve complex formulation challenges and bringing new products to market.

Tate & Lyle has generated approximately $2.7 billion in full year 2026 revenue and about $570 million in adjusted EBITDA, with approximately 5,000 employees globally and a patent portfolio of roughly 1,000. Tate & Lyle's revenues are geographically balanced across the Americas, Europe, Middle East and Africa and Asia Pacific, and they have established leading capabilities in mouthfeel, sweetening and fortification. Both Ingredion and Tate & Lyle are trusted brands with storied histories serving customers in the food and beverage industry for more than 100 years. Over time, both companies have evolved from their roots in traditional ingredients to businesses focused on higher-value specialty ingredients and customer solutions.

Both organizations have strong commitments to innovation and have independently invested to expand capabilities focused on attractive growth areas. This gives us confidence in the strategic fit and in the portfolio we continue to expand. As we touched on earlier, this transaction rapidly accelerates a transformation we've been executing for nearly a decade, shifting our portfolio toward higher-value, higher-growth specialty solutions. Following the combination, more than half of our revenue will come from Texture and Healthful Solutions, the fastest growth portion of our portfolio where customer and consumer demand remains strong and volume growth persists.

On a combined basis, Tate & Lyle and Ingredion will have generated $10 billion of revenue with an adjusted EBITDA margin of 18.1% before integration and synergies. Now let me briefly walk through the key transaction terms. Ingredion has agreed the terms of a recommended all-cash offer to acquire Tate & Lyle under which the shareholders of Tate & Lyle will be entitled to receive GBP 5.95 per share, which implies a total enterprise value of approximately $5 billion and represents an acquisition multiple of 8.8 times full year 2026 adjusted EBITDA.

Tate & Lyle shareholders will also be entitled to receive a final dividend of no greater than 13.2p per ordinary share and an interim dividend of no greater than 6.8p per share for financial year ended March 31, 2026, and the six-month period ended September 30, 2026, respectively.

Following the transaction, the company is expected to have approximately $10 billion in revenue and adjusted EBITDA of $1.8 billion, representing an 18.1% margin prior to integration and synergies, creating a larger, more diversified ingredient solutions platform with an enhanced growth profile.

Additionally, we expect a significant run rate net cost synergy opportunity of approximately $130 million by full year 2030 with one-time cash costs of $175 million. We expect the transaction to be more than 15% accretive to adjusted EPS in the first full calendar year following the acquisition with significantly improved free cash flow conversion. As it relates to capital structure and financing, the transaction is supported by fully committed bridge financing, and we remain committed to maintaining an investment-grade rating. At close, we expect the combined group to have leverage of approximately 3 times net debt to adjusted EBITDA, and we expect to reduce leverage to approximately 2.5 times within 18 months post closing, all while continuing to target a similar dividend policy to what Ingredion has had in the past.

Overall, it delivers a compelling combination of strategic fit, financial discipline and the potential for long-term value creation. Now before I turn to the next slide, I would like to touch on some details with regards to the next steps of the UK takeover process, which the transaction will follow, which is governed by the UK City Code on takeovers and mergers, otherwise known as the UK Takeover Code.

The acquisition will be implemented as a court-sanctioned scheme of arrangement. This requires, among other things, the approval of the scheme by a majority in number of present and voting Tate & Lyle shareholders who must also represent at least 75% of the votes being cast at a meeting of shareholders ordered by the English High Court. It is worth noting that Tate & Lyle's largest shareholder, Huber Equity Corporation, has provided an irrevocable undertaking to Ingredion to vote in favor of the scheme, subject to the terms of the undertaking.

The acquisition is also subject to the satisfaction of certain regulatory conditions, which are set out in the Rule 2.7 announcement, which will be available on Ingredion's and Tate & Lyle's respective websites. A scheme document further containing further details and terms of the acquisition will be published within 28 days of today's announcement. I would now like to turn to the strategic rationale and why this combination significantly strengthens Ingredion's long-term growth potential. The acquisition of Tate & Lyle strengthens our ability to service our customers around the world more reliably and more cost effectively. It also creates a differentiated go-to-market platform for texture solutions, sugar reduction and fortification, underpinned by exceptional technical capabilities.

Let me walk through these three strategic capabilities one by one.

Post closing, we will operate approximately 65 manufacturing facilities globally, supported by a network of over 50 idea labs and innovation centers with more than 800 scientists and approximately 2,700 granted and/or pending patents. That scale matters because while many of our customers increasingly operate globally, their formulation needs are highly localized. They desire innovation partners that can help them develop solutions for local and regional tastes that meet consumer preferences and regulatory requirements. With this transaction, we will have broader manufacturing capabilities, a larger innovation network, enhanced local-for-local service and deeper technical resources across North America, EMEA and Asia Pacific.

Across the food and beverage industry, several trends continue to shape product development and innovation. Consumers are looking for healthier products with reduced sugar, more protein and fiber and simpler labels with better nutritional profiles. They also continue to expect great taste and texture that provides an overall enjoyable eating experience. Affordability continues to remain a key consideration for both consumers and food manufacturers. The acquisition of Tate & Lyle strengthens Ingredion's ability to address these trends.

Post transaction, we will have expanded capabilities across sugar reduction, protein and fiber fortification, texture and mouthfeel with the opportunity to better assist our customers in developing products that are healthier, better tasting and are appealing to value-conscious consumers.

The combined group will be positioned to address the just described needs through complementary solution platforms. In Texturants, we bring together a broad range of texture solutions, including native and modified starches, functional texturizing systems and clean label ingredients. And these capabilities help customers improve mouthfeel, stability, consistency and overall product performance across a wide range of food and beverage applications. For sugar reduction, the acquisition significantly expands our sweetening toolbox.

Ingredion will be able to offer solutions spanning Stevia, Sucralose, Allulose and Polyols, allowing customers to reduce sugar while maintaining taste, functionality and consumer appeal. In fortification, we strengthened our ability to help customers improve nutritional profiles through protein and fiber systems, prebiotics and nutritional blends. These capabilities are increasingly important as consumers seek products that support health and wellness goals without compromising on taste or convenience. And lastly, within our Texturants platform, Tate & Lyle adds a complementary hydrocolloid portfolio of Pectins, Carrageenan and Guar Gum that combines with our starch capabilities to create one of the most comprehensive texturizing toolkits in the industry.

Taken together, these platforms strengthen our ability to deliver more complete formulation solutions for customers. Turning to the complementary capabilities of our solutions business. We expect the acquisition to further grow our higher-value portfolio through our solutions-led growth model. We spoke about how Tate & Lyle's capabilities expands our solutions toolbox, broadening portfolio coverage and enabling more integrated customer solutions. It also strengthens customer partnerships through deeper co-development and shared category expertise while scaling innovation and formulation to accelerate and optimize speed to market.

Furthermore, it extends our solutions capabilities across a larger global platform, enhancing our reach, relevance and ability to serve customers around the world. We believe this creates a clear path to value creation through solutions-led growth and supports a higher value mix across the portfolio over time. And when we connect these expanded solutions capabilities with our innovation platform, customer relationships and global reach, we strengthen what we call our customer-centric flywheel, which I'll discuss on the next slide. One of the things we find most compelling about this acquisition is how it strengthens our customer-centric innovation model. We think about innovation as a continuous flywheel that starts with understanding consumer and customer needs, translates those insights into differentiated solutions and ultimately brings those solutions to market through customer close customer collaboration.

And this transaction truly strengthens every part of that flywheel. Ultimately, the combination enhances our ability to move from insight to innovation to commercialization more quickly and more effectively, helping customers bring differentiated products to market. Just as importantly, this transaction brings together two organizations that share a strong cultural foundation and common values, which will be an important advantage as we move forward. Both Ingredion and Tate & Lyle are purpose-driven organizations that put customers at the center of all that we do. We share a commitment to innovation, operational excellence, sustainability and creating long-term value for all of our stakeholders.

We also share similar values around empowering our people, fostering an inclusive culture, acting with integrity and an owner's mindset while working together to deliver results. Importantly, both organizations believe that growth and innovation go hand-in-hand with helping customers meet evolving consumer needs and creating a better future through the science of food. While acquisitions are ultimately about strategy and value creation, they are also about people. The cultural alignment between Ingredion and Tate & Lyle will be an important advantage as we bring these organizations together and build the next chapter of growth.

With that, let me turn it over to Jason, who will discuss the financial framework.

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

Thank you, Jim. We believe this transaction enhances our financial profile and creates multiple avenues for value creation. On a combined basis, Ingredion and Tate & Lyle have generated approximately $10 billion in revenue, $1.8 billion in adjusted EBITDA, $1.4 billion in adjusted operating income and approximately $600 million in annual capital expenditures, a financial profile, which we anticipate to be further improved through synergy upside. One of the main reasons we are confident in this transaction is our proven track record of successfully integrating acquisitions and realizing synergies. Over more than a decade, we've completed a number of strategic acquisitions that have expanded our capabilities and strengthened our position in higher-value ingredient solutions, including National Starch, Penford, PureCircle, Western Polymer, TIC Gums and KaTech, among others.

Each of these transactions has helped advance our transformation into a more solutions-oriented company.

And throughout those integrations, we have developed a disciplined and repeatable playbook across planning, execution and value creation. Our integration philosophy is straightforward and begins and ends with ensuring business continuity for customers and employees. We also focus on adopting a best of the best approach from the combined organization across talent, systems and processes and through optimization of operations, all of which create opportunities to accelerate growth. Importantly, this is not just about cost synergies. It is also about bringing together complementary capabilities, retaining key talent and creating a stronger platform for long-term growth.

We believe Tate & Lyle is an excellent strategic fit for Ingredion, and we intend to apply the same disciplined integration approach that has served us well in prior transactions.

Turning to synergies. We have identified approximately $130 million of annual run rate net cost synergies that we expect to achieve by 2030. Approximately 60% of the opportunity is expected to come from SG&A synergies, including the elimination of public company costs, organizational simplification and other back-office savings, including IT expenses across the combined group. The remaining 40% is expected to come from COGS synergies, driven by procurement savings and optimization across manufacturing and supply chain, including logistics and warehousing, streamlined network flow and greater scale. We also expect to incur approximately $175 million of onetime cash costs to achieve these synergies, which we believe is a highly attractive investment given the opportunity for long-term value creation.

Additionally, we see further potential synergies coming from commercial cross-selling opportunities, optimized route to market, greater efficiency of capital spend and enhanced geographic presence as well as a more extensive innovation network. Overall, we believe this transaction creates a compelling balance of near-term financial benefits and long-term strategic growth opportunities. And while we are excited about the potential for value creation, we are equally focused on maintaining the financial discipline that has long been a hallmark of our company, which Jim will discuss on the next slide.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thanks, Jason. As we evaluate any transaction, maintaining financial discipline is a top priority. At close, we expect the combined group's leverage to be approximately 3 times net debt to EBITDA, and we are committed to reducing leverage to approximately 2.5 times within 18 months after close. We have a strong track record of deleveraging following acquisitions, supported by our cash-generative business model and disciplined approach to capital allocation. Importantly, our financial priorities will remain unchanged.

We are committed to maintaining a strong investment-grade credit profile, allowing us to continue investing in high-return growth opportunities that deliver returns above our cost of capital and provide balanced and progressive returns to shareholders over time. To summarize, we believe this transaction represents a transformative leap forward into a larger differentiated and more solutions-oriented ingredients company, creating compelling value for customers, employees and all stakeholders. And with that, operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Andrew Strelzik, BMO Capital Markets.

Andrew Strelzik - *Bank of Montreal - Analyst*

Hey, good morning. Thanks for taking the questions. You talked a lot about the strategic fit and the rationale, which I certainly get. But I was hoping you could talk about the trajectory of business fundamentals at tape and kind of what you're assuming moving forward. Obviously, we've seen estimates have come down a decent amount over the last year plus. So how are you thinking about kind of the underlying business trajectory for tape?

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Well, we are very excited about the portfolio, and we have had an opportunity to do some limited due diligence through the process, and we're very impressed with the caliber of the leadership, the team as well as the strategy and the ideas. And we see an opportunity to bring complementary portfolios of ingredients, talent as well as supply networks that is really going to bring about the opportunity for synergies.

We think the work that Tate & Lyle has done over these last number of years to transform its portfolio has really been something that is not easy and the benefits of which take time to bear fruit. And we think the timing of this combination and the ability to bring urgency to the compelling inherent value proposition of the acquisition is going to accelerate the opportunity to execute on behalf of customers.

And so we think the way they've transformed their portfolio has made our interest in them that much more compelling and makes the complementary nature of the combination quite attractive and will enable the ability to execute on behalf of customers easier and more attractive. So we think that they're very well positioned now through this combination to accelerate their volume-led growth that I know that they have been committed to, and that was recently stated in their most recent full year earnings summary.

Andrew Strelzik - *Bank of Montreal - Analyst*

Okay. That was helpful. And maybe if I could just follow up. I think the regulatory side is going to be very top of mind for investors. So can you -- you talked a little bit about the overlap, but can you talk a little bit more about where the biggest overlap is and isn't?

And ultimately, how you're thinking about the regulatory approval process, if divestitures might be needed? Just a little more color around that would be helpful.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. Yes. What I would say, just to clarify, the strategic rationale is not really driven by product or customer overlap, but it's about combining complementary portfolios, technical expertise and geographic supply networks that expand Ingredion's ability to address customer needs across a wider range, really of end use categories and applications. And together, this, we believe, is going to enhance our ability to better serve customers across a broader range of applications and end markets. We remain confident in that strategic rationale.

And of course, we're committed to explaining this and engaging constructively with regulators throughout the process.

Right now, it's really too early to speculate on specific outcomes or hypothetical scenarios in that regard. We're going to stay focused on completing the transaction, and we're confident that going forward, we're going to deliver significant benefits for customers. And again, very well prepared to engage constructively with relevant authorities throughout the review process.

Andrew Strelzik - *Bank of Montreal - Analyst*

Great. Thank you very much.

Operator

Kristen Owen, Oppenheimer & Company.

Kristen Owen - *Oppenheimer & Co Inc - Analyst*

Hi, good morning. Thank you so much for the questions. I wanted to start first with the cost synergies. The $130 million that you called out by 2030, if you could maybe just give us a sense of how you're thinking about those synergies? And maybe I know you talked 60-40 in terms of the split, but maybe talk a little bit more about where some of the opportunities are. Obviously, Tate had its own cost mitigation efforts in place. Ingredion just exited from its cost to serve.

So I'm just wondering how you're thinking about both the cadence and then maybe potential upside to that synergy number as we get through the transaction.

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

Yes. This is Jason. I can field that one. So as we stated in the prepared remarks, we have identified about $130 million of annual run rate net cost synergies -- we expect to achieve those by 2030, and there's approximately $175 million of one-time cash cost to achieve those. Where we're looking at the COGS piece is really procurement savings, network flow optimization, logistics and warehousing.

And then on the SG&A side, it's really areas of overlap in corporate and support functions, which are really expected to drive savings versus creating any disruption. It's probably also important to say, we haven't identified any material dis-synergies as part of the integration planning, given the complementary nature of the two portfolios and the geographic footprints. We're going to obviously carefully sequence the integration to maintain customer continuity and business momentum, and we're going to try to minimize any potential near-term friction.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

And the only thing that I would add to what Jason said is that, again, everything that we've identified are run rate cost synergies, and we have not factored in any revenue synergies.

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

And to your point about potential upside, obviously, as this is what we've identified in the initial phases of the work. So as we continue to move forward with the integration, we'll obviously be looking for other opportunities to identify additional.

Kristen Owen - *Oppenheimer & Co Inc - Analyst*

Okay. That's helpful. And then, Jim, you kind of got to the heart of my next question, which is on the top line synergies. I mean, in particular, I'm sort of interested in how you think about the hydrocolloids business and just the general expansion of the toolbox on the texture side. Maybe help us quantify what sort of TAM that combined portfolio could unlock.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. We're very excited about that opportunity. As you know, Kristen, we have been focused on unlocking the potential of texture and the impact that it has on overall liking. At the same time, Tate has been developing its understanding of mouthfeel. And this cuts across all different types of food types.

So you have high moisture foods, intermediate moisture foods, low moisture foods. Tate's mouthfeel understanding, maybe a little bit more skewed towards higher moisture foods, our understanding across all the various dimensions. And Tate & Lyle's acquisition not that long ago of CP Kelco, which is a storied franchise and leader in the hydrocolloid space complements the overall ability to structure water in ways that enhance overall sensory preference for foods alongside of starches.

And that overall texturizing market is very large, and it's, I believe, a $20 billion market. And so we believe the combination of their hydrocolloids portfolio, along with our specialty starch portfolio really does expand our problem-solving toolbox to, again, structure water in ways that we can influence overall consumer preference and enjoyment when it comes to formulating healthier foods that still have to taste great or formulating more indulgent products for consumers that are looking for those enjoyable eating experience and moments in time.

So we're very excited. We actually really believe this is going to enable us to help our customers create the future of food aligned with trends of health and wellness, authenticity and affordability. And it's just tremendous new possibilities that we're going to be able to unlock with this combination.

Kristen Owen - *Oppenheimer & Co Inc - Analyst*

Thank you for that color, Jim. And congratulations to both teams.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you very much, Kristen.

Operator

Josh Spector, UBS.

Joshua Spector - *UBS AG - Analyst*

Yes, hi, good morning. I wanted to follow up again just on some of the cost synergies and specifically procurement. I guess our understanding is Tate has a long-term offtake agreement for a lot of their starch products from Primient. And I mean, I guess they produce most of their gums, you guys buy most of your gums. Just wondering where kind of that procurement savings really comes from.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. I don't believe Tate & Lyle secures starch necessarily from Primient. They source other unique specialty ingredients such as fibers from Primient, not necessarily starches. Also CP Kelco is vertically integrated in relationship to hydrocolloids. And collectively, we source from a variety of suppliers in hydrocolloids, but Ingredion is smaller in that regard.

We're looking at procurement in certainly chemicals, packaging, freight, logistics, warehousing, all in how you put out bids with more scale, providing procurement synergies.

Ingredion has invested significantly over the last five to six years in building out a global procurement organization. And we believe that the capabilities and muscles that we've developed there, folding that in with Tate & Lyle's procurement operations are going to give us more scale to procure more efficiently and effectively in all of that regard. So travel, et cetera, we just think that, that's where the majority of the synergies are going to come from on the procurement side.

Joshua Spector - *UBS AG - Analyst*

Okay. And I mean, I don't know if you can get into the details on this call. I may need to follow up, but I'm having trouble getting to your 15% year one accretion using what consensus estimates are for Tate, assuming $5 billion of debt, maybe at a 6% rate and then assuming minimal cost savings in year one, is anything in that very off? I'm getting to about one-third to half of your number.

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

It may be more efficient to take that offline just so we can kick the tires on what you're looking at. But we're comfortable with our calculations. We've done a lot of work on it and have to be well prepared given the takeover code in the UK. So we believe that we've appropriately presented that. So maybe we can take that offline.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes, we can have a separate call and do a walk-through of the bridge and the building block to get to what is, we feel confident greater than 15% EPS -- adjusted EPS accretion one year, calendar year after the deal closes, the effective date.

Joshua Spector - *UBS AG - Analyst*

Okay. Yes, I could maybe try a couple of quick ones then to follow up here is just are there any break fees with this deal? And if there are divestments, is that $130 million still the achievable number? Does that get adjusted?

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. The $130 million does not get adjusted, and there are no break fees.

Joshua Spector - *UBS AG - Analyst*

Okay, thank you.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you.

Operator

Ryan Lavin, Barclays.

Ryan Lavin - *Barclays - Analyst*

Hey, good morning. This is Ryan on for Ben today. Thanks for taking our questions. I wanted to dig a little bit more into the leverage and balance sheet. So you give the 3.0 target following the close of the transaction and gave yourselves about 1.5 years to get it down to 2.5. You had said that the dividend policy is going to stay relatively stable. So with that, am I to assume that there's going to be some level of a reduction in CapEx?

Or is there something else here that's going to help you drive the leverage turn alongside those cost synergies?

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

Yes. I think if you look at our capital structure and how we invest, we're always focused on growth CapEx first. So that's kind of the primary. And then obviously, returning value to shareholders through the dividend. After that, we look at reliability, capital and continuing to maintain the plants.

I think where you're going to see the changes after we've accounted for those allocations, then we're looking at share repurchases and M&A. Obviously, this will be the focus for the next few years. So we'll be allocating less towards M&A. And then opportunistically looking for share repurchases, but clearly, we'll have other capital priorities. Both businesses generate solid cash flow, and that's why we believe we can quickly deleverage over the next 18 months.

Ryan Lavin - *Barclays - Analyst*

That's perfect, and I'll pass it along then. Thanks for the color.

Jason Payant - *Ingredion Inc - Interim Chief Financial Officer*

Thank you.

Operator

Heather Jones, Heather Jones Research LLC.

Heather Jones - *Heather Jones Research LLC - Analyst*

Good morning. Thank you for the question. I was just wondering if you all have done any work yet or able to offer us a sense of how this would change the combined company's growth profile? I mean, do you have a sense of what a long-term growth algo would be for EBIT or EBITDA for the combined company?

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. That's a body of work, obviously, that we'll do during the 12-month planning period, and we'll be prepared to communicate at the appropriate time. I think both companies are Texture and Healthful Solutions growth outlook, the revenue and the operating income and the targets that we most recently put out, along with what I think Tate had as their growth outlook for a business that predominantly will fit in our texture and healthful solutions are similar in ways.

So we'll continue to unlock that and do our planning. And again, what I mentioned is that our synergies are predominantly exclusively the $130 million on the cost side. There will obviously, we expect be revenue synergies, and that's one of the things that I think we'll take our time on and then that will be factored into the combined growth outlook that we'll put forward shortly after the effective date of the combination closing, the deal closing.

Heather Jones - *Heather Jones Research LLC - Analyst*

Okay. And then a follow-up on a question that was asked earlier, but just looking at Tate's numbers over the last couple of years and looking at the fiscal '27 projections, it looks like EBITDA margins have contracted a couple of hundred basis points. So I was wondering, I'm clearly not as familiar with their business as I am with yours. And just wondering if you could give us some color as to what's driven that contraction? And is that expected to stabilize?

Or just how we should be thinking about that?

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. I think that the volume growth has been somewhat challenging, I think, for Tate & Lyle. And that's one of the areas that I think was addressed on their most recent earnings call about the investments that they're going to make to drive volume-led growth. And that's one of the things we're most excited about the combination where there definitely will be synergies in the way we go to market and with the enhanced customer reach and the geographic reach, we think that's the opportunity to help address the volume-led growth where they were going to make some targeted organic growth investments.

And -- there also, I think, maybe were some mix-related matters there as well, but that's where the solutions-led combination, which is at its essence about margin accretion. And so that's, again, what makes the combination so compelling is we genuinely believe that together, we can achieve more than what either company could achieve on its own.

Heather Jones - *Heather Jones Research LLC - Analyst*

Okay, thank you so much.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you.

Operator

(Operator Instructions)

Ben Klieve, Benchmark.

Benjamin Klieve - *Benchmark Company LLC - Analyst*

Thanks for taking my questions. A couple of questions on the overlap. Clearly, there's a lot of synergies that you guys outlined, but I'm curious if you can elaborate a bit on where you think the most pronounced overlap is with the combined company, either from a kind of a customer capability, geographic standpoint?

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. Again, I wouldn't characterize it as product and customer overlap, but complementary the complementary nature of the product lines. Again, in the case of texturant, which we got asked earlier, Tate & Lyle's acquisition of CP Kelco creates leading positions in Pectin. Ingredion does not have any Pectin. Carrageenan, we don't have any Carrageenan to speak of, Gellan gumand products such as that.

So those are nice portfolio complements. Protein fortification. Ingredion is a leader in plant-based protein with pea protein isolate.

Tate & Lyle is a leader in fiber fortification and soluble fibers. Ingredion does not have much in the way of soluble fibers. So all of these are compelling complementary elements. Also, the geographic supply network is, I think, incredibly important for customers on what they're looking for from trusted suppliers that have redundancies in their network to assure more reliable supply. One of the things that the pandemic exposed is the frailty of the global supply chain network.

And so we believe that the very strong position that Ingredion has in South America, which Tate & Lyle doesn't have as long of a heritage and history. Ingredion, we talked about it, I think, at the Investor Day was -- is more than a 90-year history in South America.

Tate & Lyle does not have that history there. These are real compelling geographic complements that on behalf of global multinational customers that are nervous about the frailties in the supply chain from everything that the industry endured going back to '21 and '22 and now with what's happening in the Middle East, they're really interested in a trusted, reliable supplier that has redundancies that can get product to them under any set of circumstances. And that's the other thing that really, I think we're very, very excited about on behalf of customers, not -- and of course, the whole innovation capability side and what that unlocks.

Benjamin Klieve - *Benchmark Company LLC - Analyst*

Got it. Very helpful. And then you touched on my follow-up question, which is around the global manufacturing footprint and redundancies. And I'm wondering, maybe it's too early to answer this, but to the extent to which you observe likelihood of facility consolidation to maybe kind of reduce the pro forma maintenance CapEx spend that the combined company would have.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Yes, that will all be part of our 12-month planning work that we're going to do. We do believe that there will be opportunities in the cost synergies numbers that we put forward to look at not just corporate costs, but how to optimize that supply network. We do think there will be procurement synergies, certainly on CapEx, but also CapEx synergies that will come also just by bringing together the ingenuity of both companies on how to avoid CapEx spend in certain circumstances.

We're confident that -- and we're very, very impressed during the due diligence work that we did and the engagement we had with the Tate & Lyle management on their knowledge of the industry, their knowledge of their business and their network. And we're very confident that together, good ideas are going to come out and they are going to lead to savings and efficiencies and effectiveness.

Benjamin Klieve - *Benchmark Company LLC - Analyst*

Thanks for taking my questions. I'll get back into you.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you.

Operator

And I'm currently showing no further questions at this time. I'd now like to hand the call back over to Jim Zallie for closing remarks.

James Zallie - *Ingredion Inc - Chairman of the Board, President, Chief Executive Officer*

All right. Thank you, operator, and thank you for joining us this morning. In closing, we are excited, and I think that's an understatement about the opportunity to bring these two great companies together. And I believe the transaction will strengthen our portfolio, deepen our customer capabilities and create vast benefits for our shareholders and other stakeholders. As always, I want to thank you for your continued interest in Ingredion on what was a very, very important day for us.

Thank you so much.

Operator

This concludes today's conference. Thank you for your participation. You may now disconnect.
