Business Review

Taste & Nutrition
Taste & Nutrition reported revenue was €5.8 billion, reflecting a reported decrease of 4.4%, primarily due to lower volumes and adverse translation currency, partially offset by contribution from business acquisitions. Taste & Nutrition began the year strongly before the global spread of COVID-19. While performance was most impacted in the second quarter, business volumes recovered well since then and returned to growth in the fourth quarter. We saw a significant change in the nature of innovation through the year, as product ideation, collaboration and co-creation was adapted to cater for virtual engagement through this period. Kerry's nutrition and wellness technology portfolio had a very good performance within the retail channel through customised solutions incorporating our broad protein portfolio, fermented ingredients, probiotics and immunity enhancing technologies.

Business volumes in the foodservice channel declined 19.0% in the year, with many out-of-home food and beverage outlets closed for an extended period of time. This impact was the primary driver of overall performance in developing markets, where business volumes declined by 1.2%.

In the year, we completed a number of key strategic acquisitions. These included Bio-K Plus International Inc., a leading biotechnology company with a number of probiotics in beverage and supplement applications in Canada, and we acquired Jining Nature Group in China and Tecnispice, S.A. in Guatemala, both of which are local leaders in savoury taste in their respective markets within APMEA and LATAM.
Revenue in the region was €3.1 billion, reflecting a reported decrease of 3.5%, with lower business volumes of 2.5%, positive pricing of 0.1%, an adverse translation currency impact of 3.0% and contribution from business acquisitions of 1.9%.

The retail channel in North America achieved strong growth in the year. This was led by an excellent performance across the Beverage EUM, where Kerry’s immunity enhancing technologies, broad protein portfolio and natural extracts were deployed in a number of nutritional, low/no alcohol and plant-based beverage launches. Within the Food EUM, Meals achieved very strong growth through clean label innovations incorporating Kerry’s natural stocks and broths, with a number of plant-based launches also supporting growth. Overall Meat performance was impacted in the year by customer product availability on retail shelves, while Snacks performed well through more at-home consumption and increased demand for healthier options.

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The foodservice channel in North America was impacted considerably in the second quarter, however performance has seen a significant improvement since then, led by quick service restaurant chains, while dine-in restaurants and independent operators were more challenged. This improvement in performance has been supported by health and wellness innovations and limited time offerings.

In LATAM, the foodservice channel was impacted later in the year, but recovered well through the fourth quarter. Brazil returned to growth led by beverage and ice-cream, while market conditions in Mexico and CACAR remained more challenged.

Pharma achieved very strong growth globally, with cell nutrition performing well and immunity enhancing technologies delivering excellent growth in the year.
Revenue in the region was €1.4 billion, reflecting a reported decrease of 5.6%, with lower business volumes of 5.0%, an adverse transaction currency impact of 0.1%, an adverse translation currency impact of 0.9% and contribution from business acquisitions of 0.4%.

This was the most impacted region from COVID-related restrictions in the foodservice channel in the second quarter, but has recovered well since then with customers reopening and operating at varying capacities through the second half of the year. Kerry’s improvement in the foodservice channel was supported by a number of launches incorporating the Radicle™ portfolio of plant-based technologies.

The retail channel performed well, with Beverage achieving good growth in nutritional and low/no alcohol beverage categories. Within the Food EUM, Snacks had strong growth through clean-label and healthier innovations in savoury applications with a number of large customers. Dairy performance was impacted by product repositioning in the category and supply/demand dynamics in global dairy markets. Meat performed well in the year, driven by strong growth and business development in plant-based alternatives, as ranges continued to expand within the category. Russia and Eastern Europe delivered a very good performance in the year, led by Snacks and Meat within the Food EUM.

Revenue in the region was €1.2 billion, reflecting a reported decrease of 5.2%, with lower business volumes of 1.9%, an adverse transaction currency impact of 0.2%, an adverse translation currency impact of 3.5% and contribution from business acquisitions of 0.4%.

Overall performance in the region further improved in the fourth quarter, having returned to growth in the previous quarter. This growth was led by China and the Middle East, while there remained variations in performance across the region aligned to local conditions. The foodservice channel continued to recover through the year as restrictions on mobility eased. The retail channel performed well, led by the Food EUM of Snacks, where we saw a lot of innovation in the category across the region. Demand increased for indulgent offerings as consumers spent more time at home, while healthier snacks with nutritional claims also had a strong performance in the year, benefitting from increasing emphasis on ingredient label declarations for children in China. Meals was more challenged, as many consumers opted for more traditional food offerings during the initial period where restrictions were in place. Dairy had strong growth from increased demand with regional leaders for Kerry’s clean label solutions, with Meat also performing well, particularly in the Middle East.

The Group continued to make good progress in expanding its capacity and deploying technology capabilities in China and the Middle East, while also moving into the new Technology & Innovation Centre in Shanghai.