The strength and ingenuity of our people, combined with the proactive nature of our business model have been key drivers of our recovery, and I am immensely proud of Kerry’s response to the pandemic.

Edmond Scanlon
Chief Executive Officer

This year has been truly unprecedented due to the COVID-19 pandemic, and I am extremely grateful for the tremendous efforts of our people throughout the year in supporting our customers and local communities, aligned to our Purpose, Inspiring Food, Nourishing Life.

At the beginning of the year we closely monitored developments in China, and the decisive action we took was crucial in ensuring the safety of our people and their families. In January, we set up our global COVID-19 Taskforce, a critical step in ensuring we were proactive in addressing the various challenges posed by the pandemic as it spread globally.

Across the business, our people faced these challenges with strength and ingenuity. Their adaptability was tested, as work practices changed almost overnight. Their courage was vital in ensuring that Kerry played an important role through this period of crisis in our industry and within our communities. The strength of our global supply chain was instrumental in ensuring food and beverage products continued to reach consumers. The enterprising spirit of our teams in supporting our customers was displayed in a variety of ways. This included sharing our COVID-19 safety playbook with customers to ensure their operations were not compromised, supplying PPE and sanitiser, providing insights on developments in product categories, and adapting the innovation process for virtual collaboration with many products launched at record speed. These examples highlight the resilience and proactive nature of Kerry’s business model, as we continue to strive to be our customers’ most valued partner.

I am immensely proud of Kerry’s response to the pandemic and would like to thank everyone for their extraordinary efforts throughout.

Market

This year has seen major changes in the daily lives of consumers across the globe, with purchasing and consumption behaviours significantly disrupted, leading to a much more dynamic marketplace. At-home consumption has been elevated, as consumers adapted to changes in daily routines and work practices. The foodservice channel has been significantly impacted due to restrictions on operations and consumer mobility, leading to increased demand for online and delivery. Our foodservice business was most impacted in the second quarter, as many of our customers were closed for extended periods, with performance significantly improving through the year as they adapted their offerings to cater for the changing marketplace.

The COVID-19 pandemic has served to accelerate the key trends that were on the rise at the beginning of the year, with increased demand for health and immunity enhancement, plant protein options, and products addressing a diverse range of sustainability...
criteria. Customers are increasingly focusing on sustainability as an enabler of growth, leading to significant opportunity for Kerry and our differentiated portfolio of sustainable nutrition solutions. As customers adapt to this dynamic operating environment, product portfolios and menu offerings continue to be evaluated, with new product development strategies focused on these rapidly changing consumer demands. These dynamics are leading to significant challenges and opportunities across the industry.

**Strategic Developments**

We made good progress across a number of strategic fronts in the year despite the challenges posed by COVID-19. We moved into our new Technology & Innovation Centre in Shanghai earlier in the year, while continuing to make good progress in expanding our capacity and deploying our technologies in the APMEA region. We commenced the strategic development of our Georgia, US operation, which is an important step in creating a state-of-the-art facility to meet the increasing demand for integrated solutions across a variety of protein applications.

We enhanced our proactive nutrition capabilities through the acquisition of Bio-K Plus International Inc., a leading biotechnology company, with a number of probiotics in beverage and supplement applications in Canada. We also enhanced our local taste capabilities in APMEA and LATAM through the acquisitions of Jining Nature Group in China and Tecnispice, S.A. in Guatemala, both of which are leaders in savoury taste in their respective markets. We made good progress in enhancing our portfolio of food protection solutions, with the 2019 acquisitions of Biosecur and Isoage complementing our industry-leading capability and enhancing our ability to further extend the shelf life of products through our range of natural sustainable solutions.

Following the successful completion of our Towards 2020 programme, we refreshed our sustainability strategy to reflect the changing marketplace and the increased demand for sustainable food and beverage products. Our goal of reaching over two billion people with sustainable nutrition solutions by 2030, combined with our range of science based targets demonstrate how sustainable innovation and co-creation will be central to Kerry’s growth strategy in the coming decade and beyond.

In the year, net capital expenditure amounted to €311m (2019: €315m) and research and development expenditure was €282m (2019: €291m). We continued to invest under our strategic priorities for growth and allocated resources to key growth areas that have accelerated through COVID-19, in particular the areas of health and wellness, plant protein and natural preservation.

**Results**

Group revenue of €7 billion reflected a reported decrease of 4.0%, with an overall volume reduction of 2.9% in the year. This performance reflected a strong recovery since April with a return to volume growth of 2.2% in the fourth quarter. The Group reported trading profit of €797.2m (2019: €902.7m). Group trading margin decreased to 11.5% as a result of significant operating deleverage and COVID-related costs partially offset by cost mitigation actions, with significant recovery in business margins across the second half of the year.
Business Performance
Taste & Nutrition had a reported revenue decrease of 4.4%, reflecting a volume decrease of 3.0%. Good volume growth of 3.8% in the retail channel was more than offset by the volume reduction of 19.0% in the foodservice channel, where restrictions on movement were introduced and customers were closed for extended periods of time.

Our performance in the foodservice channel significantly improved through the year, recovering from April when the impact was most pronounced. This was led by North America, where operators adapted quickly to changes in regulations, followed by a similar recovery in Europe and APMEA over the course of the year.

In the retail channel, our performance in the Americas was strong, led by Beverage, Dairy and Meals. Europe delivered good growth in Beverage, Snacks and Meat, while APMEA continued to progress through the year and achieved excellent growth in Snacks and Dairy.

Strong growth achieved in Nutrition & Wellness in particular through proactive health and immunity-enhancing solutions.

Consumer Foods had a reported revenue decrease of 2.1%, reflecting a volume decrease of 2.6%, as underlying volume growth of 2.2% driven by good growth in snacking and strong performances across our plant-based ranges was more than offset by the impact of the ready meals contract exit in the prior year.

Future Prospects
The scale and pace of change seen over the last 12 months has led to customers fundamentally reassessing their portfolios, ways of working and business models. This has created an environment where customers are more open to change and are looking for partners to help them pivot at pace, to address both short term challenges and opportunities, while also allowing them to target more meaningful, purposeful, step change innovations as they look out into the future. Sustainability, localisation, speed to market and innovation process agility have been elevated in importance as customers strive to win market share.

Against this backdrop, Kerry’s proactive approach and co-creation business model is ideally placed to support customers through these changing market dynamics.

Looking to the year ahead, within Taste & Nutrition, we see strong growth prospects in the retail channel, with continued recovery in foodservice, underpinned by a very good innovation pipeline and strong customer engagement.

Our Consumer Foods business has a good growth outlook supported by continued innovation and the strength of our brands.

We will continue to invest for growth and enablement of our business model, while continuing to pursue M&A opportunities aligned to our strategic growth priorities. Kerry’s unique business model, broad taste and nutrition portfolio and industry-leading integrated solutions capabilities are more critical than ever, as we support our customers through this dynamic environment.

Edmond Scanlon
Chief Executive Officer
15 February 2021

Read More →
Taste & Nutrition Business Review
Pages 40-43
Consumer Foods Business Review
Pages 44-45

Plant-based offerings continue to deliver excellent growth and business development, with the strength of our Radicle™ portfolio a key strategic advantage for Kerry with our customers