

Strategy & Financial Targets

Strategic Priorities for Growth

The Group has clear strategic priorities for organic and acquisitive growth which are the main drivers of our medium term organic growth targets and focus areas for capital allocation.

These are complemented by our margin expansion objectives and underpinned by a returns discipline, with sustainability a key consideration for all strategic decisions.

The **Taste & Nutrition** division's leading strategic priorities for growth include Authentic Taste and Nutrition, Wellness & Functionality. These are intrinsically intertwined, as Kerry's philosophy and ways of working focus on delivering great tasting products that enhance nutrition, wellness and functionality properties, that are better for the planet and help our customers meet their sustainability goals.

The Group also continues to advance our leading positions in Developing Markets and the Foodservice channel.

The **Consumer Foods** division is a leader in its categories in the chilled cabinet and is focused on best positioning its offering in the changing marketplace to drive further growth.

Taste & Nutrition			Taste & Nutrition		Consumer Foods	
Strategic Priorities For Growth	Authentic Taste	Kerry's Unique Proposition	Nutrition, Wellness & Functionality	Developing Markets	Foodservice	Core
						New Occasions
Overview	Our Authentic Taste platform is founded on a from-food-for-food heritage and philosophy, with a broad range of foundational technology capabilities including Sweet, Savoury and Dairy Flavours, Texturants, Taste Modulation and Natural Extracts amongst others.	Kerry has an extensive portfolio of technologies across both Taste and Nutrition. It has developed its unique ability to deploy these technologies together to enhance the taste and improve the nutrition and functionality of products, which has been integral to Kerry leading the industry shift towards delivering customer specific integrated solutions.	Our Nutrition, Wellness & Functionality platform delivers benefits such as natural preservation, immunity support, digestive health, sustainable efficiencies, fortification and cleaner labels. These benefits are achieved by leveraging this broad foundational technology platform which includes Proteins, Probiotics and Bioactives, Lipids, Enzymes, Bio-preservation and Pharma amongst others.	Kerry's local knowledge and focus, combined with its global expertise and capabilities have been key to its excellent track record of growth in developing markets. Kerry's target is to continue to achieve volume growth in developing markets of 10%+ per annum on average.	Kerry has an unrivalled position as a partner to the foodservice channel. The breadth of our offering and depth of capabilities means Kerry is the leading partner for foodservice operators, as it provides menu innovation and new platforms, themed and seasonal offerings and nutrition-led innovation. Kerry's target is to achieve volume growth in Foodservice of 7% per annum on average.	A leader in its categories in the chilled cabinet primarily in Ireland and the UK. We will continue to drive growth and outperform our markets in our core business by responding to key consumer trends in meat, meals and dairy, while also leveraging this core expertise in developing and expanding adjacent categories.

Kerry's new Technology & Innovation Centre in Shanghai



Progress in 2020/ Strategy in Action

Winning Innovations in 2020

Radicle Plant-based Teriyaki Sandwich

In Europe, we created an innovative plant-based chicken-alternative for a key foodservice customer using our Plenti™ protein and our taste technologies.



- Plenti™ protein
- Authentic Savoury™ natural flavours
- Savarome™ yeast extract
- 85% reduction in emissions
- +6g fibre per 100g

Immunity Enhancing Powdered Beverage

In North America, we developed an immunity enhancing powdered beverage for a leading functional beverage brand customer to meet the exceptional consumer demand for health and wellness products.



- Wellmune immunity enhancing beta glucan
- Natural flavour
- 7% less carbon
- Significant customer downstream carbon reduction due to lower transport costs

Clean label Charcuterie

In Europe, we partnered with a key customer to launch a range of new clean label meat snacks. Our CleanSmoke™ enabled the customer to communicate better for the consumer and better for the environment messaging on-pack.

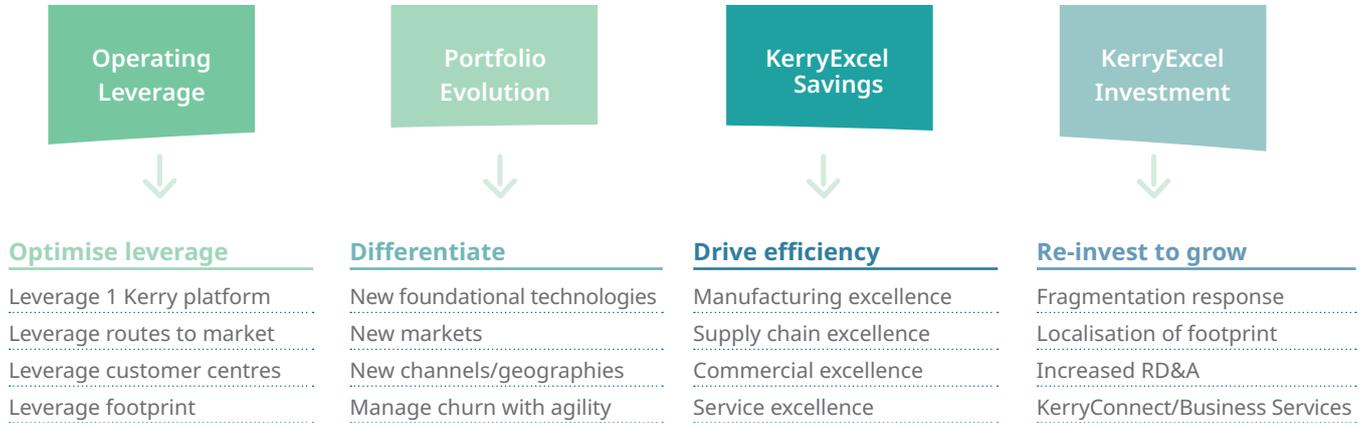


- Consistent great tasting traditional flavour
- Removal of harmful chemicals
- 84% less carbon
- 88% less water usage

- Performance across Kerry's developing markets was impacted due to COVID-19 with overall volumes down 1.2% in the year, but Kerry achieved a strong recovery through the year and returned to growth in the last quarter – led by China and Brazil.
- Completed strategic acquisitions of Jining Nature Group and Tecnispice, S.A. which enhance Kerry's presence and capabilities in China and LATAM.
- Strategic expansion of our facilities in China and the Middle East.
- Performance in the channel was significantly disrupted by restrictions due to the pandemic. Many of Kerry's customers saw their operations closed or at a reduced capacity for extended periods. Our performance recovered through the year as restrictions on mobility reduced, however overall volumes were down 19.0% in the year.
- Achieved strong growth and business development with customers improving their food delivery proposition.
- Successful launch of a number of products including Kerry's proactive nutrition technologies.
- Delivered good underlying volume growth of 2.2% with a very strong finish to the year.
- Achieved strong growth in snacking, particularly through Cheestrings and Fridge Raiders ranges.
- Strong performance and development of plant-based ranges led by the Richmond brand.

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Strategic Priorities for Margin Expansion



Medium Term Financial Targets

The medium term financial targets are based on a combination of growth and return.

Our overall target of 10%+ average constant currency adjusted EPS growth represents a balance of volume growth and margin expansion, supported by the reinvestment of cash in our strategic priorities. The metrics of return on average capital employed and cash conversion represent a balanced assessment of performance over time.

These return metrics ensure that there is an appropriate balance between growth and return. We believe that the delivery of these financial targets should underpin a Total Shareholder Return outperformance relative to our peers.

Strategic Medium Term Financial Targets



Note 1: Volume growth targets assume 2% above market growth rates.

Note 2: Adjusted EPS growth and ROACE are calculated before brand related intangible asset amortisation and non-trading items (net of related tax).

Note 3: Cash conversion is free cash flow expressed as a percentage of adjusted earnings after tax.

Full definitions can be found on pages 231-234.