

Business Review

Taste & Nutrition



Taste & Nutrition reported revenue increased by 9.0% to €6.3 billion in the year.



Revenue

€6,273m

Volume Growth

+8.3%

- Volume growth driven by Beverage and Food EUMs – led by Meat and Bakery
- Retail channel volume growth of 5.4% with foodservice growth of 18.0% against lower comparatives
- Pricing of 1.3% reflected increases in input costs through the period
- Trading margin improvement of 40bps primarily driven by operating leverage

EBITDA Margin

17.5%

Trading Margin

14.6%

Taste & Nutrition reported revenue increased by 9.0% to €6.3 billion in the year. This reflected strong volume growth of 8.3% increased pricing of 1.3% and contribution from acquisitions of 2.1%, partially offset by the impact of adverse translation currency of 2.7%.

Kerry's key growth platforms performed well in the year, with particularly strong growth achieved in Food Waste applications supported by the acquisition of Niacet, and also in Plant-based with new launches incorporating our Radicle™ plant-based range. We achieved excellent growth across a number of our end use markets, supported by innovations with our leading taste solutions for nutritionally optimised products and our proactive nutrition portfolio. Kerry's overall growth was supported by an increased number of customer launches through the year, where we played an important role in improving the sustainability impact of our customers' products. In emerging markets, we achieved strong growth across all regions, with overall volume growth of 14.4%.



Americas Region

- Volume growth of 6.7%
- Retail channel delivered strong growth led by Beverage, Bakery and Meat
- Foodservice channel delivered very good growth with a strong finish to the year

Revenue in the region increased by 4.9% to €3.2 billion in the year. This reflected strong volume growth of 6.7%, increased pricing of 1.2% and contribution from acquisitions of 1.8%, partially offset by the impact of adverse translation currency of 4.8%. The strong growth within the region was achieved despite supply chain and labour challenges across the industry.

Within the North American retail channel, the Beverage EUM achieved excellent growth driven by Kerry's portfolio of proactive nutrition, botanicals and taste modulation technologies. Within the Food EUM, Bakery delivered very strong growth through taste, preservation and clean label solutions. Performance in Meals and Cereal & Sweet were impacted by product repositioning within these categories, while Snacks had good growth supported by new launches in healthier snacking. Meat achieved good overall growth through food protection and preservation, with strong business development and growth in plant-based alternatives.

The foodservice channel in North America continued to deliver very good growth, with a strong finish to the year across quick service restaurants and coffee chains in particular, supported by Kerry's brands and solutions to reduce complexity in back-of-house operations.

In LATAM we had strong growth across the region. Volume growth in Brazil was driven by performance in Beverage and ice-cream, while growth in Mexico was led by Snacks. Within the global Pharma EUM, cell nutrition delivered good growth, which was offset by weaker volumes in excipients as a result of supply chain delays in the year.

During the year, we commenced production at our new state-of-the-art facility in Rome, Georgia, and within our taste facility in Irapuato, Mexico. These facilities will be important contributors to future growth within the region.



Europe Region

- Volume growth of 9.9%
- Retail channel delivered strong growth led by Meat, Bakery and Dairy
- Foodservice channel performance improved significantly with increased out-of-home consumption through the year

Revenue in the region increased by 14.6% to €1.6 billion in the year. This reflected very strong volume growth of 9.9%, increased pricing of 1.8%, contribution from acquisitions of 2.3% and the impact of favourable transaction and translation currency of 0.1% and 0.5% respectively. The level of growth achieved in the region reflected strong progress across the year, while recognising softer prior year comparatives.

Growth in the retail channel was driven by performance within the Food EUM. Meat achieved excellent growth through a number of plant-based meat alternative innovations, launches with natural preservation and increased demand for healthier coating systems. Bakery & Confectionary delivered a very strong performance through texture systems and indulgent innovations. Dairy achieved strong growth in premium and dairy-free ice cream ranges, while international dairy markets reflected increased demand versus supply dynamics. Within the Beverage EUM, there was good growth with low/non-alcoholic beverages incorporating Kerry's botanicals, natural extracts and sugar reduction technologies.

The foodservice channel achieved excellent growth particularly in the UK and Southern Europe. This growth was broad-based across our end use markets, as customers extended their menu ranges and reintroduced limited time offers as the year progressed. Russia and Eastern Europe continued to deliver very strong growth across both retail and foodservice channels, led by Meat and Snacks.



APMEA Region

- Volume growth of 11.3%
- Retail channel delivered excellent growth led by Meat, Beverage and Bakery
- Foodservice channel delivered strong overall growth – with variations across the region

Revenue in the region increased by 14.8% to €1.4 billion in the year. This reflected very strong volume growth of 11.3%, increased pricing of 1.1% and contribution from acquisitions of 3.3%, partially offset by the impact of adverse transaction currency of 0.1% and adverse translation currency of 0.8% respectively. The overall growth across the region was led by strong performances in China and the Middle East.

Growth in the retail channel was well spread across Kerry's markets. Within the Food EUM, Meat had strong growth through local authentic taste innovations and a number of plant-based launches. Growth in the Bakery EUM was led by savoury taste innovations with a number of local leaders across the region. Within the Beverage EUM, growth was driven by innovations across tea, coffee and refreshing beverage through solutions incorporating Kerry's natural extracts, Tastesense™ sugar reduction technology and proactive nutrition portfolio.

The foodservice channel delivered strong overall growth and a good finish to the year. This was achieved despite COVID-related restrictions impacting performance across the region at various stages, most notably in South East Asia.

During the year, we continued to make good progress in expanding our capacity and deploying our technology capabilities in the region. We opened our new taste facility in Durban, South Africa in the final quarter, which represents an important strategic step in our expansion within the continent. We made good progress in the development of our new taste facility at our Jeddah, Saudi Arabia operation and we also announced the development of a new taste facility in Karawang, Indonesia.