

STRATEGIC REPORT  
**FINANCIAL KEY PERFORMANCE INDICATORS**

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 Non-Financial KPIs are detailed in the Sustainability Review pages 50-51

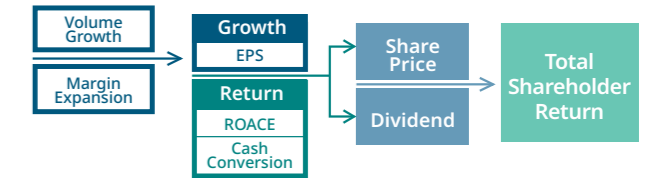
The metrics outlined below are the important measurement indicators of Group performance in meeting its financial objectives. The Group's financial objective is to maximise shareholder return by delivering on the targets of growth in business profitability and meeting return on investment hurdles.

The Group also has a range of non-financial metrics that are used to measure performance with customers, suppliers, community, environmental targets and employee engagement. The non-financial metrics are shown in the Sustainability Review and complement the financial metrics detailed below.

Business strategy is set by the Board of Directors and all Kerry employees work towards achieving these goals.

Performance evaluation takes account of all key performance indicators. Remuneration is directly linked with performance versus targets.

**Drivers of Shareholder Return**



**GROWTH**

**RETURN**

Key Financial Performance Metric	<b>Volume Growth</b> 2.8%	<b>Trading Margin Expansion</b> +30bps	<b>Constant Currency Adjusted EPS Growth</b> +8.3%	<b>Return on Average Capital Employed (ROACE)</b> 11.8%	<b>Cash Conversion</b> 74%	<b>Total Shareholder Return (TSR)</b> 29.3%
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Definition <sup>1</sup>	Volume growth represents sales growth year-on-year, excluding pass-through pricing on raw material costs, currency impacts, acquisitions (net of disposals) and rationalisation volumes.	Trading margin expansion represents the change in trading margin in the current year compared to trading margin achieved in the prior year. Trading margin represents trading profit expressed as a percentage of revenue.	Constant currency adjusted EPS growth represents adjusted EPS in the current year compared to adjusted EPS achieved in the prior year calculated on a constant currency basis. Adjusted EPS is considered more reflective of the Group's underlying trading performance than basic EPS.	This measure is defined as profit after taxation before non-trading items (net of related tax), brand related intangible asset amortisation and finance income and costs, expressed as a percentage of average capital employed.	Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after tax.	TSR represents the change in the capital value of Kerry Group shares plus dividends in the financial year.
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Performance Commentary	The Group achieved volume growth of 2.8% in the year which outperformed the market. This reflected strong growth in the Taste & Nutrition division, partially offset by the performance of the Consumer Foods division which was impacted by a contract exit.	The Group increased its trading margin by 30bps to 12.5% in the year.	The Group achieved constant currency adjusted EPS growth of 8.3% reflecting a consistent solid performance in the year.	The Group achieved ROACE of 11.8% reflecting strategic acquisitions and investments made in the year.	The Group achieved cash conversion of 74%, reflecting good cash generation partially offset by capital investment for growth and additional working capital in the year.	The Group achieved a TSR of 29.3%, which outperformed the mean and median of Kerry's peer set in the year. The Group has achieved compound growth of 100% in TSR over the course of the last five years.
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Strategic Linkage	Volume growth is an important metric as it is seen as a key driver of top-line organic business improvement. This is used as the key revenue metric, as Kerry operates a pass-through pricing model with its customers to cater for raw material price fluctuations. Pricing therefore impacts like-for-like revenue growth positively or negatively depending on whether raw material prices moved up or down.	Trading margin expansion is a key measure of profitability, demonstrating improvement in the product mix being sold and in operational efficiency in the business.	EPS growth is a key performance metric encompassing the components of growth important to the Group's stakeholders. Volume growth and margin expansion are two key drivers of EPS growth.	ROACE is a key measure of the return achieved by the Group on its investment in capital expenditure projects, acquisitions and other strategic investments, as a percentage of what resources are available to the Group.	Cash conversion is an important metric as it measures how much of the Group's adjusted earnings after tax is converted into cash.	TSR is an important indicator of how successful the Group has been in terms of shareholder value creation.
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Link to Remuneration	Volume growth is a metric in the short term incentive plan and is a key driver of adjusted EPS growth, which is a metric for the long term incentive plan.	Trading margin expansion is a metric in the short term incentive plan and is a key driver of adjusted EPS growth, which is a metric for the long term incentive plan.	Constant currency adjusted EPS growth is a performance metric for the long term incentive plan.	ROACE is a performance metric for the long term incentive plan.	Cash conversion is a performance metric for the short term incentive plan.	TSR is a performance metric for the long term incentive plan.
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<sup>1</sup> These are non-IFRS measures or Alternative Performance Measures. Definitions, calculations and reconciliations for these are set out above and within the Supplementary Information section – Financial Definitions on pages 216-219.