

## Kerry's strategic positioning and leading business model continue to be key drivers of growth



**Philip Toomey** Chairman

I am pleased to report another successful year for the Group, characterised overall by good business performance and strategic development.

The Group expanded its strategic footprint in developing markets, made good progress integrating a number of strategic acquisitions and further enhanced its integrated solutions portfolio.

The Group's strategic expansion in China progressed well. We upgraded the recently acquired SIAS facility to serve our customers in the Greater Beijing region, and continued the expansion programme at our Nantong facility.

In June, the Group opened a new facility in Tumkur, India, which will serve our rapidly expanding South West Asia market. Further to the acquisition of AATCO at the end of 2018, the Group also invested in expanding our capabilities in the Middle East region.

The recent acquisitions of Fleischmann's (FVC) business, Southeastern Mills (SEM) and Ariake U.S.A., all performed well, and integration is progressing to plan. These acquisitions were complemented by the acquisitions of Isoage Technologies, Biosecur Lab, Diana Food (Georgia, USA) and Pevesa Biotech, further enhancing Kerry's leading authentic taste and clean label technology portfolio which the Group plans to leverage to meet increasing demand across a broader range of applications.

During the year, we continued to evolve our industry-leading integrated solutions portfolio, with the launch of the Radicle™ portfolio of plant-based offerings as a notable example.

Kerry delivered a robust performance in the context of a subdued UK marketplace and excluding the impact of the previously reported ready meals contract exit. A number of new plant-based products were launched under the Naked Glory and Richmond brands in the year.

### **Strategic Development**

Kerry's business model embraces the Group's leadership in Taste & Nutrition and Kerry Foods' leadership positioning in its selected consumer foods platforms. Strategic development of our platforms for growth is underpinned by continued organic growth and acquisitive activity. In a year of significant acquisition investment, the Group completed eleven acquisitions at a net cost of €561.7m.

We continue to pursue organic and acquisitive growth opportunities which build on the Group's business model and can be structurally integrated.

## Governance

The Board is firmly committed to maintaining the highest standards of corporate governance in line with best practice. During 2019, the Board reviewed the Company's corporate governance policy and implemented appropriate changes in accordance with the Provisions of the 2018 UK Corporate Governance Code. This included broadening the remit of the Remuneration Committee and strengthening our stakeholder engagement structures with the appointment of Mr. Tom Moran as designated workforce engagement Director. We also engaged with all our other stakeholders during the year, as we believe that listening to their views and needs is fundamental to building a sustainable business. Further details of our stakeholder engagement activities are outlined on pages 100-103.

In 2019, the Board engaged Independent Audit Limited to facilitate a performance evaluation of the Board and its Committees. The Board concluded that the outcomes of the evaluation process have been positive and have confirmed to the Chairman that the Board and its Committees operate effectively. A number of areas of improvement were identified and action plans were agreed which will be addressed during 2020. Further details of the performance evaluation are outlined on page 105.

## Purpose and Values

During 2019, the Group articulated its Purpose, refreshed its Values, and communicated and embedded both across the organisation following a collaborative process with input from employees across the Group. Our Purpose to Inspire Food and Nourish Life, and our Values of Courage, Ownership, Inclusiveness, Open-mindedness and Enterprising Spirit are core elements of The Kerry Way organisational framework. The Board will continue to ensure that management throughout the Group promote our Purpose and Values to guide our employees in the way we do business.

## Sustainability

We understand the importance of delivering long term sustainable economic growth in an ethical manner, aligned to our Purpose and in line with societal expectations.

During 2019, the Group made good progress on its sustainability objectives with the successful conclusion of the Towards 2020 Programme.

Building on the success of this programme, taking into account the feedback received from ongoing engagement with our stakeholders, we developed a new sustainability programme with even greater ambition, to be launched in the second quarter of 2020. This strategy will address the most material issues for Kerry and our stakeholders and our objective as an organisation, is to continue to integrate sustainability into all aspects of our business to support our Purpose to Inspire Food and Nourish Life.

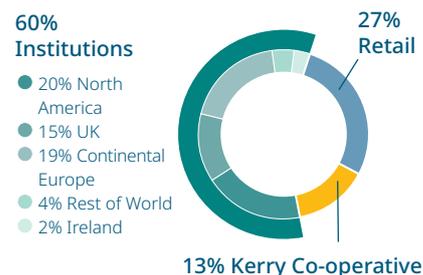
Further details of our sustainability programme are outlined in the Sustainability Review on pages 49-72.

## Operational Visits

As part of an ongoing programme, the June 2019 Board meeting was held in Krakow, Poland. The visit focused on Kerry's Taste & Nutrition strategy for Europe and Russia and featured presentations on strategy, market updates and trading performance from the Polish, Russian, Eastern Europe and Northern Europe senior management teams. An economic update on the Polish market was also presented by an external industry expert. Representatives from a major customer in Eastern Europe were invited to present and engage in discussions with the Board on their experience of working with Kerry. While in Poland, the Board hosted a dinner with key stakeholders including employees and customers, representatives of government, trade and enterprise agencies. This provided an informal opportunity for the Board to engage with stakeholders in the local market.

In 2019, I visited the North America Savoury Taste Centre of Excellence and manufacturing facility in Clark, New Jersey, USA, the opening of our new manufacturing facility in Tumkur, India as well as sites in France and Ireland.

## Shareholder Analysis



## Our People

Central to Kerry's continued success is the hard work and commitment of all our employees and the strength of our senior management teams. During 2019, the Board reviewed senior management development and succession plans having regard to agreed diversity targets, ensuring the appropriate level of skills and diversity exist in the Group to achieve our future growth and development objectives. As I visit sites throughout the Group, I continue to be impressed by the quality, commitment and enthusiasm of our people.

## Dividend

The Board recommends a final dividend of 55.1 cent per share (an increase of 12% on the 2018 final dividend) payable on 15 May 2020 to shareholders registered on the record date 17 April 2020.

Together with the interim dividend of 23.5 cent per share, this brings the total dividend for the year to 78.6 cent, an increase of 12% on 2018.

## Prospects

The Board remains confident that the Group's business model and strategies will continue to deliver shareholder value and benefit our other stakeholders in the years to come. We will continue to pursue organic and acquisitive growth opportunities and the Group's balance sheet is well placed to support our objectives. The view of management regarding the business outlook for 2020 is presented in the Chief Executive Officer's Review.

Finally, on behalf of the Board, I would like to thank Edmond and all our employees for their contribution to the ongoing success of the Group.

**Philip Toomey**  
Chairman  
17 February 2020