

CHAIRMAN'S STATEMENT



Kerry continues to successfully invest in developing its business model and deploying it in local markets across the globe.

In this, my first Chairman's statement, I am pleased to report another year of positive business performance, as the Group achieved good volume growth and progress in the development of the strategic growth priorities. The Group continued to deliver broad based volume growth, with very strong performance in most developing markets across the globe, particularly in Asia as the Group further invested in capabilities and capacity to meet evolving local consumer preferences.

Taste & Nutrition continued to successfully advance the deployment of its unique business model into local markets across the globe in conjunction with investments in the Group's strategic growth priorities. Kerry opened its first manufacturing facility in Russia, as well as establishing its first manufacturing footprint in the Middle East through the acquisition of AATCO Food Industries LLC. There were a number of significant strategic acquisitions announced that further enhanced Kerry's industry-leading foundational technology portfolio, noteworthy examples being Fleischmann's Vinegar Company, Inc. and Ariake USA.

Consumer Foods further advanced its strategic growth priorities with the 'Food To Go' category delivering strong growth in the year. This performance was achieved in a challenging environment, as the uncertainty in relation to the UK's exit from the European Union impacted UK consumer confidence in the second half of 2018 and resulted in reduced consumption in a number of the division's core categories.

In October, the Group hosted its first investor day in Asia. Its focus was on South East Asia, where an overview was provided into Kerry's intrinsic culture of responsible sustainable growth in the region. It is underpinned by a business model that resonates with local customers and has provided the platform for a track record of strong organic growth in the region. The event was an excellent demonstration of how Kerry continues to successfully invest in developing its business model and deploying it in local markets across the globe.

Strategic Development

2018 is the first year of the Group's new strategic plan and the management team has made a successful start implementing the strategic priorities for growth and margin expansion as noted above. 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 acquisition investment. In a year of significant acquisition investment, the Group completed ten acquisitions at a net cost of €502m.

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

Sustainability

We see an increasing awareness of sustainability and the importance of balancing economic growth with environmental and social wellbeing. Sustainability is at the heart of everything we do and through the Group's 'Towards 2020' programme we promote value creation that benefits all our stakeholders. Good progress has been made across our key target areas in 2018 and more detail on our sustainability performance is presented in the Sustainability Review section of this report on pages 49 to 72.

Dividend

The Board recommends a final dividend of 49.2 cent per share (an increase of 12.1% on the 2017 final dividend) payable on 10 May 2019 to shareholders registered on the record date 12 April 2019.

Together with the interim dividend of 21.0 cent per share, this brings the total dividend for the year to 70.2 cent, an increase of 12% on 2017.

Board & Management Changes

Michael Dowling retired as Director and Chairman of the Board following the Group's Annual General Meeting on 3 May 2018. As Chairman, I wish to thank Michael for his enormous contribution to the Kerry organisation over the years. Michael served as Chairman since 1 January 2015 and as a Director since 3 March 1998. On behalf of the Board, I wish to pay tribute to Michael for his commitment and dedication to the success of the Group throughout his years of service.

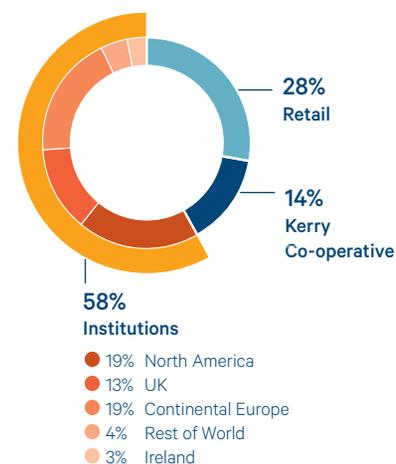
As previously announced, Marguerite Larkin was appointed Chief Financial Officer on 30 September 2018 succeeding Brian Mehigan who took up the position of Chief Strategy Officer. I would like to welcome Marguerite to this Executive Board position and to thank Brian for his personal contribution to the Board and to the governance of the organisation since his appointment as an Executive Director of the Company on 25 February 2002. Brian provided unstinted service to the Board and has served as a key member of the Group's leadership team over the years.

I also welcome Christopher Rogers who joined the Board as a non-Executive Director and Chairman of the Audit Committee in May 2018. Christopher has considerable financial and food and beverage industry experience and I look forward to him making a significant contribution to the Board.

Operational Visits

As part of an ongoing programme, the June 2018 Board meeting was held in Kerry's Regional Application Centre, in Durban, South Africa. The visit focused on Kerry's Taste & Nutrition Strategy for Sub Saharan Africa (SSA) and Middle East, North Africa and Turkey (MENAT) sub-regions. It also afforded Board members the opportunity to meet and engage with key leaders and emerging talent from many countries in the sub-regions.

Shareholder Analysis



While in South Africa the Board visited the site for the Group's new manufacturing facility in Durban and undertook a market immersion tour during which the Board saw firsthand the different markets for the Group's products in South Africa and had the opportunity to meet with major customers. During 2018, I made additional visits to our operations in Ireland, Singapore, Turkey and the UK.

Our People

Our people are central to Kerry's continued successful growth and development. The Group is well positioned to achieve its future objectives based on the strength of the executive leadership teams and the commitment of all Kerry employees.

Prospects

Your 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. The view of management regarding the business outlook for 2019 is presented in the Chief Executive's Review.

Finally, on behalf of the Board, and on a personal note, I would like to thank Edmond and everyone throughout the Kerry organisation for their contribution to the ongoing success of the Group.

Philip Toomey Chairman
18 February 2019