

STRATEGY & FINANCIAL TARGETS

STRATEGIC PRIORITIES FOR GROWTH

The Group has clear strategic priorities for 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.

The **Taste & Nutrition** division's leading strategic priorities for growth are Authentic Taste combined with Nutrition, Wellness & Functionality. These are intrinsically intertwined, as Kerry's philosophy and ways of working focus on delivering great tasting products, whilst enhancing their nutrition, wellness and functionality.

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

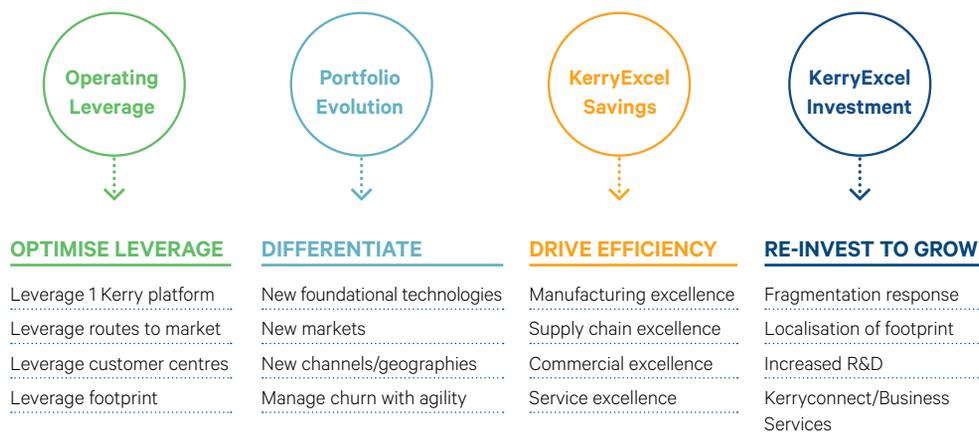
The **Consumer Foods** division is a leader in its categories in the chilled cabinet, and is focused on best positioning its offering in the changing marketplace to drive further growth.

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	TASTE & NUTRITION				CONSUMER FOODS	
STRATEGIC PRIORITIES FOR GROWTH	AUTHENTIC TASTE	 Kerry's Unique Proposition	NUTRITION, WELLNESS & FUNCTIONALITY	DEVELOPING MARKETS	FOODSERVICE	Core New occasions New channels New customers Adjacencies
OVERVIEW	Our Authentic Taste platform is founded on a 'from-food-for-food' heritage and philosophy, with a broad range of foundational technology capabilities in Dairy, Savoury, Smoke & Grill, Citrus, Tea & Coffee, Beverage and Sweet amongst others.	The combination of Authentic Taste and Nutrition, Wellness & Functionality through application is where significant value is added for our customers, and this intersection is the sweet spot for Kerry – with our strategic positioning, industry-leading capabilities and applications expertise.	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, Fibre, Enzymes, Probiotics, Texturants, Food Protection and Natural Preservation Solutions amongst others.	We have an excellent track record of growth in Developing Markets as customers continue to realise the potential of having a partner with Kerry's local knowledge and global expertise and capabilities. Kerry's target is to continue to achieve average volume growth in developing markets of 10%+ per annum over the five year plan.	Kerry has an unrivalled position as a partner to the Foodservice channel. The breadth of our offering and depth of capabilities allows customers to work with Kerry right across their menu, both in enhancing the taste proposition and improving the nutritional value and functionality of their products. Kerry's target is to achieve average volume growth in Foodservice of 7% per annum over the five year plan.	We are a leader in our chilled foods' categories in the UK and Ireland. 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.
BRANDS/ POSITIONING	Selected brands 			In our industry 	Selected brands 	Selected brands 
FOCUS	<ul style="list-style-type: none"> Enhance authentic and natural taste technology portfolio Advance our leading authentic cooking taste capabilities as part of our <i>Chef to Shelf</i> programme Leverage authentic and natural taste capability to deliver world taste experiences 	<ul style="list-style-type: none"> Enhance technology portfolio with technologies that deliver across both strategic pillars Drive innovation in new and fast-growing applications areas – e.g. plant protein Invest in the fundamental food science and further expand network of research partners Evaluate and explore strategic partnership and M&A opportunities 	<ul style="list-style-type: none"> Enhance nutrition, wellness & functionality technology portfolio Further leverage industry-leading clean label portfolio into a broader range of applications in line with evolving consumer demands Further investment in scientific and clinically validated nutrition programmes in conjunction with the development of the Kerry Health and Nutrition Institute 	<ul style="list-style-type: none"> Expand our footprint and roll out our consumer-led in-country approach through organic investment and M&A Global foundational technology portfolio selectively deployed with strategic customers Holistic business model selectively deployed, aligned to local consumer preferences Invest in capabilities to continue to deliver sustainable growth into the future 	<ul style="list-style-type: none"> Targeting strategic accounts: new platforms, menu nutritional development, limited time offers and seasonal products Brand strategy: selective geographical and sub-channel deployment, supported by our digital strategy, along with enhancement of our brand portfolio New and emerging sub-channels: e.g. convenience and health Further embed Kerry's cross functional teams within our customers' innovation and culinary development processes 	<ul style="list-style-type: none"> Our focus is on continuing to grow and outperform in our core business, where we enjoy leading positions, while also expanding our offering in targeted adjacencies. Core business: continue to outperform by innovating to meet key consumer trends of authentic taste, healthfulness and convenience Adjacent categories: focus on growth priorities of snacking, out-of-home and food-to-go solutions which will be driven by new consumption occasions, new channels and a broader customer base
KEY 2018 ACHIEVEMENTS	<ul style="list-style-type: none"> Further developed Taste Sense™ sugar-reduction technology with a number of new launches Further leveraged our capabilities and industry-leading technology position in smoke & grill Further expanded our foundational technology portfolio with technology innovation and strategic authentic taste acquisitions 	<ul style="list-style-type: none"> Delivered a number of innovations encapsulating Kerry's unique taste & nutrition positioning Acquired Fleischmann's Vinegar Company – further supporting Kerry's clean label strategy Agreed to acquire Ariake USA – significantly complementing the Group's authentic taste and clean label portfolio 	<ul style="list-style-type: none"> Expanded our industry-leading clean label capability and bio-processing technology capacity with our plant in Rochester Further enhanced our existing plant-based protein capability and expanded with Ojah technologies Ganeden® probiotics & Wellmune® immunity enhancing ingredients had a number of new launches across a wide range of end use markets 	<ul style="list-style-type: none"> Strong organic performance, with volume growth of 9.5% despite a backdrop of volatility in many developing markets Established first manufacturing footprint in Russia and also completed an acquisition in the Middle East, establishing a platform in these regions for future business growth Acquired a number of different businesses across a range of developing markets – China, India, Middle East and South Africa 	<ul style="list-style-type: none"> Achieved volume growth of 5.8%, a good performance in light of the very strong comparatives in the prior year Further strengthened customer relationships by tailoring our offering right across the menus of a number of strategic customers Expanded our Foodservice presence through internal deployment of resources and leveraging new acquisitions with positioning in the Foodservice channel 	<ul style="list-style-type: none"> Achieved volume growth ahead of our markets, which were challenged in the year due to softer consumer demand Achieved strong growth in our adjacent categories, particularly in snacking through the Cheestrings and Fridge Raiders ranges Fridge Raiders successfully relaunched to a wider market and demographic

STRATEGY & FINANCIAL TARGETS

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 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 Targets

On average over life of plan

Growth			
Volume growth		Margin Expansion	
Taste & Nutrition	4% to 6% p.a.	Taste & Nutrition	40bps p.a.
Consumer Foods	2% to 3% p.a.	Consumer Foods	20bps p.a.
Group	3% to 5% p.a.	Group	30bps p.a.

Above assumes 2% above market growth rates

Constant currency adjusted EPS* +10% p.a.

Returns	
ROACE* 12%+	Cash conversion >80%
Relative Total Shareholder Return – outperforming peers	

Cash conversion is expressed as a percentage of adjusted earnings after tax.

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

The medium term targets above for the period commencing FY2018 were outlined at the Group's Capital Markets Day in October 2017.

Full definitions can be found on pages 30-31.