Introduction

This brief history traces the evolution and growth of Kerry Group from its modest beginnings in the south west of Ireland some 40 years ago into a successful, publicly traded, multinational corporation and leading player in the global food industry. Having commenced operation from a green field site in Listowel, Co. Kerry in 1972, the Kerry organisation has realised sustained profitable growth with current annualised sales of approximately €5.8 billion.

With operations established in 26 countries across five continents, EMEA markets account for 49% of sales, Americas markets 38% and sales to Asia Pacific markets represent 13% of total Group sales.

Kerry Group is quoted on the Dublin and London stock exchanges, with a market capitalisation in excess of €13 billion and some 30,000 shareholders. Since its inception, Kerry’s Board, management and suppliers have progressively worked to grow the Kerry organisation and lead its evolution through three separate corporate entities;

(A) Private Dairy Processor
(B) Dairy Co-operative
(C) Public Company

Kerry’s origins date back to 1972 when as a private company, three shareholders; the State owned Dairy Disposal Company, a Federation of eight small farmer Co-operatives in Kerry and the Erie Casein Company Inc. from the US, committed to invest approximately €200,000 to finance a €1 million dairy processing facility in Listowel, Co. Kerry, for the manufacture of milk protein (casein) for export to the US.

Ownership of the company, then known as North Kerry Milk Products Ltd (NKMP) was shared with the Dairy Disposal Company holding 42.5%, the Federation 42.5% and Erie Casein 15%. The linkage to Illinois based Erie Casein provided a guaranteed market for the edible casein output, which was a relatively new dairy product for Ireland. In its first year NKMP processed 16 million gallons of skim milk to produce 2,000 tonnes of casein with a workforce of about 40 people and reported profits of €127,000 on a turnover of €1.3 million.
The Early Years

Formation of a Co-operative

In 1973 Ireland joined the European Economic Community (EEC) and this accelerated the merger of many small dairies in Ireland so as to be able to compete with the larger milk companies in the existing EEC. Kerry followed suit and with an injection of capital from milk suppliers in the County it acquired the State owned milk processing company and its creameries, together with its 42.5% stake in the private NKMP company for a consideration of €1.5 million. Furthermore, six of the eight independent Co-ops, which held the other 42.5%, were acquired and accordingly the private company became a subsidiary of the newly formed Kerry Co-operative Creameries Ltd (Kerry Co-op) which began trading in January 1974. Thus Kerry started out as the smallest of Ireland’s six major agricultural Co-operatives in 1974, with sales in that year of €29 million.

In the period 1974 - 1979 Kerry expanded its milk business in a similar fashion to other dairy Co-ops but did so on a consistently profitable basis, which of course was not always typical of the traditional dairy Co-op sector. EEC entry had brought better milk prices, increased milk volumes and improved farm incomes in Ireland. Kerry Co-op grew organically simply by taking the milk that came its way, processing it and meeting all other farmer requirements in terms of inputs and on-farm services. Its milk supply increased from 67 million gallons in 1974 to 87 million gallons in 1978. The new Co-op acquired the independent Kilarney, Limerick and Ballinahina Dairies (Cork) which later became part of Kerry’s Dawn Dairies structure with the addition of Galway and Moate Dairies.

However in 1979 everything changed for Kerry Co-op when the county was chosen as a pilot area for a bovine disease eradication scheme. Allied to this, milk production was further depressed due to wet summer weather in 1979 and in 1980, which meant that Kerry lost almost 20% of its milk supply. This was highly significant in that it happened at a time when the Co-op was in the course of completing an €18 million capital expenditure programme at the NKMP plant in Listowel.

Growth Strategy – 1980’s

Therefore, 1979 was to be a watershed in Kerry’s history. It was clear that if the organisation was to continue to grow and develop, it would need to reduce its reliance on dairy products and diversify into more ‘value added’ activities. The Board of Kerry Co-operative and its management realised that the future lay with strong, diversified businesses capable of competing in a world market. In terms of the food sector Kerry viewed this as a momentum towards the development of large international companies,
financially strong, with a significant share of any market in which they chose to compete. In 1980 a five year corporate plan was defined and agreed by the Board, research and development became a priority, overseas offices were opened and the quiet search for suitable acquisitions began. Kerry was determined to become a large scale food business and an appropriate management structure was put in place to cater for this strategy.

Kerry’s strategy was based on an equation for growth which read: strategy x capability x capital = sustained profitable growth. The organisation was, and indeed remains, convinced that where one of the elements in this equation is missing, the result at best is zero profitable growth. Kerry already had a well defined strategy and excelled in terms of capability. Its focus on the development of the organisation and its graduate recruitment programme was unparalleled in Irish industry which meant that Kerry had significant management and technical resource availability in the pursuit of its acquisition programme.

Between 1979 and 1985, with a great deal of talent nurtured throughout the organisation, Kerry had built up a lot of confidence in its abilities and technologies. Having realised that organic growth in existing businesses would at best produce 5% to 6% growth per annum, Kerry’s acquisition and diversification strategy was already underway.

Firstly the Co-op diversified into the convenience meat products business with the acquisition of the Denny pork and savoury products business in Ireland and made its first incursion into beef processing, again, on the home market.

In particular 1983 was an important year for Kerry when it was decided to establish US and UK headquarters – opening offices in the Hancock Centre in Chicago and in London. The Erie Casein company’s interest in NKMP was acquired and with its customer base in the US Kerry embarked on the long road of carving a niche in the specialist food ingredient sector. Long before then management had come to understand that Kerry’s milk protein was being used in the most sophisticated food products and that far greater value and profit was being generated in researching and producing such ingredient products, as distinct from supplying the milk protein from Ireland.

Accordingly Kerry advanced its diversification programme and established a foothold in the food ingredients business, whilst simultaneously concentrating on R&D to drive new product development.
By 1985 Kerry was moving fast with sales of €268 million and pre-tax profits of €6.5 million, but the third element of the equation, i.e. capital, still presented a problem. Kerry lacked the capital required to fund the level of growth commensurate with its strategy and ambitions. It was obvious that in order to fund the future growth and development of the organisation, the corporate structure would have to be changed and consequently the concept of Kerry Group plc emerged and Kerry took the first steps in becoming an Irish multinational.

Against this background, in February 1986, shareholders of Kerry Co-operative approved their Directors’ recommendation that Kerry Co-op should seek additional financial investors and change its structure to facilitate this. This move, which was entirely sympathetic to the Group’s ambitious five year plan 1986-1990, was viewed as novel and innovative and had not been embarked upon before within the Co-operative sector in Ireland or elsewhere.

Essentially it involved the formation of a Public Limited Company (Kerry Group plc) by acquiring the undertaking, property and assets of the Co-op and as a consideration 90 million ordinary shares in Kerry Group plc were issued to the Co-op. Then in October 1986 a public offering of shares in Kerry Group plc was made at €0.66 (IR 52 pence) per share and the shares were listed on the Dublin stock exchange.

Subsequent to the successful launch and establishment of Kerry Group plc in 1986, higher growth targets were agreed which, with the requisite capital available, were achieved predominantly by acquisition at home and overseas. Kerry opened its first overseas food ingredients manufacturing plant in Jackson, Wisconsin in 1987 and the following year made its significant acquisition of Beatreme Food Ingredients, a division of the Beatrice Corporation. Beatreme, the premier speciality food ingredient supplier in the US market was acquired by Kerry for US$130m.
The launch of Kerry Group plc on the Irish Stock Exchange on 9th October 1986. Photographed from left to right: Angus McDonald (President of the Irish Stock Exchange), Denis Brosnan (Managing Director of Kerry Group) and Hugh Friel (Deputy Managing Director of Kerry Group).
The acquisition of Beatreme in 1988 opened markets for Kerry throughout the world and provided a platform for Kerry’s growth and development into a leading global food ingredients corporation. Since then Kerry’s ingredients business has grown significantly and broadened its core technological base with further acquisitions and now has operations in 23 countries worldwide.


In Europe, Kerry initially developed its food ingredients business in the dairy, confectionery and convenience food sector from the Listowel plant in Ireland and the Wadersloh plant in Germany. Later, through the acquisition of Eastleigh Flavours followed by the acquisition of Tingles Ltd. in 1993, Kerry became a leading supplier to the UK and mainland European snack food and food processing industries.

In November 1994 Kerry announced a major expansion of its international food ingredients business through the US$402m acquisition of DCA Food Industries and Margetts Foods (collectively “DCA”) from Allied Domecq plc. The DCA business, with operations in the US, Canada, the UK, Poland and Australia, specialised in the technical development, manufacture and application of food coatings, fruit flavours and bakery ingredients for the food processing and food service industries.

Having successfully established strong positions in European and North American markets, Kerry now focused on expanding its presence in the growth markets of South America and Asia, while continuing to grow its leadership positions in its existing markets.

**Taste & Nutrition EMEA Region**

Kerry had broadened its European customer base through a combination of organic growth and strategic acquisitions in the region, however the major expansion into the European ingredients market came in March 1998 when Kerry announced the Stg£335m acquisition of the food ingredients division of Dalgety (DFI) in Europe (including Lucas Ingredients, the Jaeger and PAC Seasonings Businesses, DFI Hungaria, DFI Nederland and the Coatings Group incorporating Morton Foods). With pan-European manufacturing facilities, located in the UK, France, Germany, Italy, the Netherlands, Hungary, Poland and Ireland, the DFI acquisition (complementing the Group’s leadership position in North American markets) significantly advanced Kerry’s position in food coatings, batters,
flavours, seasonings and bakery applications to European food processing and foodservice markets. The DFI acquisition also expanded Kerry’s customer base in Scandinavian, Middle Eastern and Asian markets. Subsequent to the acquisition, the Group agreed the sale of six Dalgety UK based milling plants.

Consequent to the 1998 acquisition of the Dalgety businesses across Europe, Kerry has also acquired the following European based food ingredients and flavours businesses:

2000
- SFI Europe, the European arm of the Shade Foods acquisition.
- York Dragee, a specialist provider of inclusions, sweet coatings and sweet ingredients.

2001
- Corol S.A., a leading provider of savoury and functional ingredients to the foodservice industry in France.
- Voyager Foods (UK), the sauces and flavoured butters division.

2002
- Aromont (France) producer of authentic culinary ingredients and liquid sauces.
- San Giorgio Flavours (Italy); a provider of food and beverage flavours to the EU and Asian markets.

2004
- EBI Foods Ltd., a UK based provider of food coatings and blended ingredients.
- Cremo Ingredients, a leading supplier of dairy ingredients and flavourings in the savoury, convenience and snack food sectors.
- Quest Food Ingredients business, a leader in innovation and applications of bio-ingredients and pharma-ingredients.
- Fructamine (Italy); a leading producer of naturally extracted flavours with a strong position across European savoury, bakery and soft drinks markets.

2007
- Titusfield Ltd. (UK); a producer of cereal extrusion products, mini-baked inclusions and coatings for cereals, biscuits and confectionery, for the sports, lifestyle and related markets.
2009
• Dera Holding NV, a savoury ingredients business serving meat, convenience foods and snack markets in Europe.

2010
• SpringThyme Oils Limited, a UK based clean label natural infused spice oil and seasonings company.

2011
• SuCrest, expanding the Group’s sweet ingredients and flavours business in the EMEA Region – with production and product development facilities located in Germany and Belarus.
• FlavourCraft, based in Durban, South Africa; a leading developer of savoury flavours and seasonings for soup, sauce, prepared meals, snack and meat applications serving EMEA markets.

2013
• Orley Foods, a South Africa based sweet ingredient solution provider.

2015
• PST Pastacilik Gida, a branded provider of sweet ingredients solutions to the fine bakery, confectionery, ice cream and foodservice sectors in Turkey and the Middle East.

**Taste & Nutrition Americas Region**

Since 2000, the Group has invested considerable resources in the development of leading positions in both North American and South American markets – expanding its culinary, dairy nutrition, lipid, meat, cereal, sweet and beverage ingredients technology systems and flavours. The following acquisitions have expanded Kerry's taste & nutrition technology base in order to better serve customer requirements in the region:

2000
• Shade Foods Inc., a specialist sweet ingredients provider to the US food industry.
• Armour Foods Ingredients (AFI), a leading provider of savoury flavourings, cheese & dairy flavourings and specialty lipids.
• Solnuts, provider of value-added soy-based nutritional ingredients.

2001
• Creative Seasonings & Spices Inc., developer of seasoning blends and flavouring systems for application in the prepared foods, processed meats, snack and dairy sector.
• Alferi Laboratories, provider of meat seasonings to the US foodservice and prepared foods markets.
• SPI Foods, a specialty extruded ingredients business.
• Iowa Soy, a producer of low-fat, low-fibre soy flour, soy grits and textured soy proteins.
• The Geneva Group, a leading flavour provider for savoury and sweet applications in foodservice and processed food manufacturing in the US.
• Hickory Specialties Inc., a world leading producer of liquid smoke flavours.

2002
• Ringger Foods, a supplier of extruded food ingredients for application in cereals, confectionery products and nutrition bars.
• Roskam Cereal & Agglomerates, a provider of sweet ingredients for the ready-to-eat cereal and snack sectors.
• Stearns & Lehman Inc., a leading provider of flavoured syrups, beverage flavours and toppings.
• Turtle Lake, a manufacturing facility purchased by ‘Nutriant’ to support the manufacture of organic soy isolates and soy concentrates.
• Rector Foods, a leader in seasoning blends and marinades for the meat industry, processed food and foodservice sectors.
• The Original International Food Ingredients (IFI), a leading developer of meat seasonings and marinades for the foodservice sector.
• St. Louis Flavors, enhancing the division’s technical base in sweet flavour development for the US food
industry.

• Metarom, the largest private flavour company in Canada, servicing the sweet flavour sector with a focus on the beverage, dairy and confectionery industries.

2003

• Pacific Seasonings, a manufacturer of seasonings and spices for the meat, prepared foods, organic foods and snack food industries in the US.
• Da Vinci Gourmet, a leading supplier of branded flavoured syrups, confectionery sauces and tea concentrates for specialty coffee chains and foodservice outlets.
• Guernsey Bel, a provider of ingredients and inclusions technology for premium ice-cream, breakfast cereal, bakery, nutritional bar, frozen dessert and confectionery industries.
• SunPure, a leading manufacturer of natural citrus flavours and ingredients.
• Crystals International, a leading specialist manufacturer of natural fruit and vegetable flavours for global markets.

2004

• Oregon Chai, the leading US branded supplier of natural Chai Tea Lattes and Chai Tea Latte mixes, concentrates and ready-to-drink products.
• Extreme Foods, a leader in branded ready-to-use ice-blended flavoured beverages for the US foodservice industry.
• Manheimer (US), a leading formulator and supplier of natural flavours for beverage, confectionery, meat and soup industries.
• Flavurence (US), a major flavour supplier specialising in natural fruit flavours, particularly tropical and exotic, serving beverage, dairy, bakery and confectionery markets.
• Laboratorios Krauss (Central/South America), holds a strong market presence through sweet flavours – particularly in the bakery sector.

2006

• Custom Industries, a leading manufacturer of particulates for bakery and ready-to-eat cereal applications and confectionery ingredients for sweet goods.
• Nuvex Ingredients, a specialist in customised high-protein and fibre nutritional line.

2007

• QA Products, supplying sweet ingredients technologies for the bakery and frozen desserts markets in North America.
• Presco Food Seasonings, a supplier of customised premium seasonings and flavour products to the meat and snack industries including the natural and organic sectors.
• Can Pan Candy Inc., a manufacturer of confectionery inclusions and toppings.

2008

• X-Café LLC (US), a producer of premium coffee flavours.

2009

• Prima S.A., a leading supplier of meat and culinary ingredients in Central America.
• Nutritional Food Products (NFP) (US); a manufacturer of ready-to-eat cereal products and ingredients.

2010

• IPM Foods, a specialist provider of shelf stable soups and sauce systems and TetraRecart™ packaging technology.
• Teawave, a branded line of shelf stable smoothies sold into specialty coffee and other foodservice segments.
• Agilex Flavors; a leading developer of sweet, fruit and brown flavours for health and wellness applications in the food industry.
• CF Chefs Inc, a manufacturer of custom iced refrigerated and shelf stable sauces/gravies for processor applications.
• Caffe D’Amore, a leading provider of a complete line of gourmet beverage products for foodservice and specialty retail applications.

2011
• Cargill’s global flavours business – providing flavour ingredients and flavour systems for beverage, dairy, sweet and savoury applications through its global facilities.
• General Cereals S.A. based in Argentina providing extended cereals for the RTE cereals and bar markets.

2012
• Millennium Foods LLC based in Indianapolis (IN) develops and manufactures dairy and culinary ingredients for US customers
• Griffith do Brasil, a specialist manufacturer of meat systems, flavours and texturant systems serving value added growth segments of the Brazilian meat industry
• Big Train, based in the US, a major global foodservice branded speciality beverage provider.

2014
• Wynnstarr Flavors, based in the US, an industry leader in savoury flavours with a strong heritage in chef-style culinary flavours development.
• Junior Alimentos, based in Cotia, Sao Paulo, is a leading provider of culinary and sweet systems, and complete solutions to the foodservice market in Brazil.

2015
• Insight Beverages, a leading U.S. based supplier of custom beverage solutions to foodservice and convenience store channels.
• KFI Savory, the U.S. based savoury flavour business of Kraft Food Ingredients is an industry leader in grilled flavours, including authentic savoury flavours with natural and specialty grill flavours, savoury enhancers and dairy flavours.
• Baltimore Spice, a Costa Rica based spices, seasonings and condiments producer with production facilities in Costa Rica, Guatemala and Panama.
• Island Oasis, a category leading provider of all-natural premium cocktail mixes and customised beverage solutions serving on-premise, restaurant, leisure and hospitality segments of the U.S. market.
• Biotherma Inc’s ‘Wellmune’ business which produces and markets branded natural food, beverage and supplement ingredients clinically proven to strengthen the immune system – improving health and wellness.
• Red Arrow Products is a leading supplier of natural smoke flavours and authentic savoury grill flavours serving meat, culinary and food industry markets worldwide.

Taste & Nutrition Asia-Pacific Region
In 1996, consequent to the 1994 acquisition of DCA, Kerry acquired the remaining 50% equity in the Solutech DCA joint venture. With a manufacturing base near Sydney, the business established an important foothold for Kerry in supplying its range of ingredients to the food industry in Australia and New Zealand.

In forming a platform for the growth of Kerry in South East Asia, the Group in 1997, announced an agreement to acquire SDF Foods, a Malaysian based food ingredients processing business. Benefiting from Malaysia’s rich raw material resources including palm oil and starch, approximately 90% of SDF’s production was exported to growth markets in the food service and food processing sectors in the region.

In June 1998, the Group strategically advanced its position in the Asia Pacific region with the acquisition of the Mauri and Pinnacle ingredients businesses of Australian food group Burns Philp and Co. Ltd. Operating from two manufacturing bases in Australia and New Zealand, the business develops and produces a range of seasonings, flavours, coatings, sauces, marinades and proteins for Asia Pacific markets and also has a strong presence in the distribution of ingredients to bakery, foodservice and wholesale...
markets in Australia.

In 2001, Kerry completed a restructuring programme of its Australian operations with the commissioning of a AU$10m expansion of the Murarrie (Brisbane) processing facility, a AU$10m upgrade of its second major processing plant at Altona (Victoria) and the establishment of a new AU$6.5m regional head office and R&D facility at Homebush Bay, Sydney.

In line with continuing strong market growth in the Asia region, Kerry in March 2001, officially opened new state-of-the-art manufacturing facilities in Johor Bahru, Malaysia serving as an important platform for the Group's expansion in the dynamic and fast growing markets of China, Japan, Singapore and Indonesia. The two stage expansion of the Johor Bahru operation, subsequent to its acquisition by Kerry in 1997, establishes it as the largest and most technically advanced food ingredients processing facility of its kind in the Asian markets.

In late 2002 the Group acquired a seasoning and marinade manufacturing facility located near Bangkok to further its market development in Asian markets. Building on Kerry's highly successful Johor Bahru facilities, in late 2004 the Group also acquired Ernsts Food Ingredients in Penang, Malaysia, bringing additional manufacturing capacity to meet growth objectives in the nutritional, beverage and snack sectors in South East Asian markets.

Since 2005 the following acquisitions were successfully completed:

2005

- Hangzhou Lanli Food Industry Company Ltd., located in Hangzhou, Zhejiang Province, China, establishing Kerry's first manufacturing facility in the fast growing Chinese market.

2007

- Sugar & Spice, manufacturer of frozen doughs and mixes for the in-store bakery market in Australia.
- Shanghai Vega Flavours & Fragrance, to provide flavour development and manufacturing support for Kerry's regional and global customers in the dairy, beverage and confectionery sectors.

- Fountainhead Manufacturing based in Singapore, producer of branded foodservice and own label products for supermarket chains through its core technology in wet sauces.

2008

- PT Armita, a savoury flavourings business located in Jakarta, Indonesia.

2010

- General Mills Bakery & Foodservice Pty Ltd (Australia), a producer of a range of lifestyle bakery products.
- KMC Foods (Malaysia); a developer and manufacturer of Asian cuisine culinary sauces.

2011

- EBI Cremica, a provider of food coating systems to the food processor and foodservice sectors in India.
- Lactose India, based in Mumbai, strengthening the Group's positioning as a supplier of excipients and systems to the pharmaceutical sector.
- IJC Fillings, based in Australia, expanding Kerry's sweet technology capabilities for the ice cream and bakery regional end use markets.

2012

- Angsana Food Industries and Shanghai Angsana Food Co. Ltd., based in Malaysia and China, a customised food coatings and culinary systems business serving food manufacturing and foodservice markets in Asia.
- Food Spectrum, based in Brisbane, Australia, a specialist provider of ingredients and flavours and aseptic solutions for added value dairy, nutritional food and beverage markets in the Asia-Pacific region.
Consumer Foods
Development in European Consumer Foods Markets

In European consumer foods markets the Group has also completed a number of strategic investments and acquisitions since Kerry’s stock market launch in 1986. Through acquisitions such as; Miller/Robirch, UK (1990); Mattessons Wall’s, UK (1994); Green’s/Homepride home baking products, UK (1998); Golden Vale plc and Platter Foods, IRL (2001); Northern Foods Van Sales Service, UK (2002); Deli Products Ltd., IRL (2002); Freshways Ltd., IRL (2002); Hibernia Foods Ready Meals & Chilled Desserts Business, UK (2003); Noon Group, UK (2005); Breeo (2009); George Adams Pastry, UK (2009); Newmarket Co-operative Creameries Limited, Ireland (2010); Headland Foods, UK (2011); Rollover Ltd (UK) (2015); Kerry Foods has become a leading supplier of major retailer own branded products and a major supplier of branded chilled foods to supermarket groups and to the independent CTN and forecourt sector in the UK and Ireland. In recent years, in line with consumer trends the division has also significantly advanced market development through e-commerce and ‘food-to-go’ channels.

In summary, Kerry Foods today has many highly successful brands – in Ireland; Denny, Galtée, LowLow, Dairygold, Cheestrings, Charleville Cheese, Shaws, Coleraine, Golden Cow, EasiSingles, Kerrymaid and Golden Olive – in the UK; Richmond, Wall’s, Mattessons, LowLow, Cheestrings, Pure, Mr. Brain’s and Homepride flour.

Kerry Foods has developed a unique capability to deliver convenience, quality, value and choice to today’s discerning consumers through constant product innovation. The combined strengths of Kerry’s UK and Irish food businesses, responding creatively and competitively to the needs of consumers is a category leader in the chilled foods sector.

The division continued to extend its market footprint internationally – in particular through the Cheestrings brand which is now marketed in eight European countries.
In 2015 Kerry opened a new Global Technology & Innovation Centre in Ireland to serve the Group’s global and regional customers in the EMEA. This new €100 million Global Technology & Innovation Centre investment will serve as a focal point for Kerry’s customer engagement activities providing key customers with access to the Group’s complete breadth and depth of technologies, scientific research, innovation and applications expertise, across food, beverage and pharmaceutical markets. In addition it will serve as the Group’s Global Centre of Excellence for Nutrition and will optimise product differentiation in the marketplace while providing unrivalled speed to market.

The dynamics of all food and beverage markets, lifestyle changes and the internationalisation of food taste with a growing preference for convenience, variety and quality prepared foods or snack products, means that Kerry’s worldwide businesses are well positioned for continued growth and development.

The Group is confident it can continue to grow and develop its taste & nutrition businesses worldwide and also to continue to build its added-value consumer foods offerings in its selected markets – in line with the Group’s Mission Statement.