



NEWS RELEASE
05 May 2010

Interim Management Statement: Kerry Annual General Meeting 2010

05 May 2010 – Kerry Group, the global ingredients & flavours and consumer foods group, issues the following Interim Management Statement for the first quarter ended 31 March 2010. This statement is issued in conjunction with the Group's Annual General Meeting which is being held today.

BUSINESS PERFORMANCE

Business performance throughout Kerry's end-use markets continued to improve in the first quarter of 2010, with the exception of the Group's consumer foods' business in Ireland. Reported revenues increased by 5.9%, reflecting like-for-like (LFL) growth of 1% when account is taken of a net 3.4% gain from acquisitions/disposals and a 1.6% reported currency adjustment. Continuing business volumes on a Group-wide basis grew by 5.1% when account is taken of 2% lower pricing/mix, -0.2% trading currency movement and 1.9% rationalisation volume elimination. Continuing business volumes were 5.2% ahead in ingredients & flavours and despite the downturn in the Irish market were ahead by 3.3% across the Group's consumer foods' business.

The positive momentum in business margin growth was maintained in the period, with the Group trading profit margin improved by 50 basis points – reflecting a 70 basis points improvement in ingredients & flavours and a 40 basis points improvement in consumer foods relative to Q1 2009.

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

The Group's ingredients & flavours businesses continued to benefit from Kerry's strong customer alliances and innovation pipeline which contributed strongly to the 5.2% growth in continuing business volumes and 70 basis points improvement in divisional trading profit margin.

The *Americas Region* recorded good progress across all technology platforms and achieved 5% growth in continuing business volumes. Savoury & dairy applications grew strongly, with good progress again recorded through 'clean label' solutions. Cereal & sweet applications recovered well relative to the same period of 2009 with good efficiencies across the restructured operating facilities. Beverage flavours recorded good growth. Fermented ingredients and functional ingredients performed well.

The *EMEA Region* showed a good recovery relative to Q1 2009 with continuing business volumes improved by 4.7%. Savoury & dairy applications benefited from the significant market improvement in the primary dairy sector and through good growth in culinary applications. Cereal & sweet applications grew as budgeted and benefited from the restructuring of the Group's French fruit ingredients

business. Beverage systems and flavours grew satisfactorily. Market growth across all applications was lower than expected in Eastern European markets.

In *Asia-Pacific* markets Kerry continued to achieve excellent results with continuing business volume growth of 13.5% relative to Q1 2009. All regional technology platforms performed well with strong growth in meat, culinary, bakery, nutritional and beverage applications. Functional ingredients grew strongly, with increased output from the Esterol emulsifier facility.

CONSUMER FOODS

The Group’s consumer foods division performed well despite the prevailing market conditions in Ireland. Continuing business volumes grew by 3.3% and the divisional trading profit margin improved by 40 basis points relative to Q1 2009.

In the UK market Kerry Foods’ branded business continued to achieve strong category growth, with Richmond performing very well in the sausage sector and Walls’ pastry continuing to make good progress. Chilled ready meals outperformed market growth rates and good growth was also achieved through ready-to-cook offerings. Exports of frozen ready meals from Ireland to the UK market declined due to competitive issues arising from the sterling/euro exchange rate and the level of promotional activity in the UK market. Cheese and spreads performed well during the period but category profitability will be impacted by higher input costs in 2010.

The deflationary market environment in Ireland continued to negatively impact all branded consumer food categories in the Irish market. Heavily promoted private label and discounter offerings again grew at the expense of leading brands. However Kerry Foods remains confident that its continuing investment programme in repositioning the division’s leading Irish brands will be successful in meeting ‘value-focused’ consumer requirements.

FINANCIAL REVIEW

Cash flow was ahead of the same period in 2009, while borrowings increased slightly relative to the year-end position due to the impact of currency translation rates.

FUTURE PROSPECTS

As previously guided, the Group is confident of delivering earnings growth in 2010 to a range of 182 to 185 cent per share (2009: 166.5 cent).

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