2008 Interim Management Report

» Review of Business
  Stan McCarthy  CEO

» Financial Review
  Brian Mehigan  CFO

» Outlook and Future Prospects
  Stan McCarthy  CEO

» Q&A
H1 2008 Headlines

» Growth - strong like-for-like topline growth +7.3%
   » Ingredients & Flavours +7.8%
   » Consumer Foods +6.0%

» Margin - maintained at 7.4% despite currency and input cost pressures
   » Ingredients & Flavours held at 8.1%
   » Consumer Foods +10bps to 6.4%

» EPS and dividend
   » Adjusted EPS* up 6.8% to 62.8 cent
   » Interim dividend up 13.1% to 6.9 cent

» Strategy
   » ‘Go-to-market’ strategy initiated
   » Ingredients & Flavours integration commenced

Note: * before intangible asset amortisation and non-trading items
H1 2008 Revenue Growth Analysis

Note: like-for-like represents growth before subsidiary translation and acquisitions / disposals impact
# Revenue Growth

<table>
<thead>
<tr>
<th></th>
<th>H1 2008 Like-for-like</th>
<th>H1 2007 Like-for-like</th>
<th>H1 2006 Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe*</td>
<td>5.0%</td>
<td>3.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Americas*</td>
<td>7.0%</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Asia-Pacific*</td>
<td>20.3%</td>
<td>14.6%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Ingredients &amp; Flavours</td>
<td>7.8%</td>
<td>5.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Consumer Foods</td>
<td>6.0%</td>
<td>4.5%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Group</td>
<td>7.3%</td>
<td>5.6%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Note: * revenue by location of customers
H1 Business Review - Ingredients & Flavours

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1,656m</td>
<td>7.8%</td>
</tr>
<tr>
<td>Trading profit</td>
<td>€134m</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

» Solid organic growth, good cost recovery
» ‘Go-to-market’ strategy initiated in Americas Region
  » Significant business wins through global accounts
  » Strong innovation pipeline
» Global growth drivers » complete sauces » culinary systems » granola and clusters applications » new delivery formats for beverages
» Weaker dairy demand
  » Slowdown of yoghurt industry in Europe
» Excellent growth and development in Asia-Pacific markets
  » Pinnacle lifestyle bakery
  » Nutritional applications in China
  » QSR savoury applications
» Pharma ingredients - double digit growth
H1 Business Review - Consumer Foods

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>Like-for-like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€877m</td>
<td>6.0%</td>
</tr>
<tr>
<td>Trading profit</td>
<td>€56m</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

- Good growth in challenging trading conditions - trading margin +10bps
  - Input costs
    - Sterling/Euro exchange rate
- Held brand shares in all categories
- Encouraging growth in meat snacking sector and cheese category
- Time-lag in cost recovery in chilled ready meals
- Stability in frozen meals category
- Continued brand investment - Ireland and the UK
- Competition Authority decision on proposed Breeo Foods acquisition expected shortly
H1 2008 Financial Highlights

Revenue: €2,363m (+7.3% like-for-like)
Trading profit: €175m (+8.1% like-for-like)
Trading margin: 7.4% (+0bps)
Adjusted EPS*: 62.8 cent (+6.8%)
Basic EPS: 60.1 cent (+4.3%)
Free cash flow: €51m

H1 2007: €75m

Note: * before intangible asset amortisation and non-trading items
Group Revenue Growth Components*

Note: * year on year % change

- Total: +7.3%
- Volume: 1.4%
- Price / Mix: 3.5%
- Transaction Currency: 4.3%
- Translation Currency: -0.5%
- Acquisitions / Disposals: -8.0%
- 2.1%
Revenue Growth Components* 
Ingredients & Flavours

Note: * year on year % change
Revenue Growth Components*
Consumer Foods

- Volume: +2.4%
- Price / Mix: +4.4%
- Transaction Currency: -0.8%
- Translation Currency: -7.0%
- Acquisitions / Disposals: +0.4%
- Total: +6.0%

Note: * year on year % change
<table>
<thead>
<tr>
<th></th>
<th>Like-for-like Growth</th>
<th>Acquisitions / Disposals</th>
<th>Reporting Currency</th>
<th>Reported Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingredients &amp; Flavours</td>
<td>8.9%</td>
<td>2.4%</td>
<td>(8.7%)</td>
<td>2.6%</td>
</tr>
<tr>
<td>Consumer Foods</td>
<td>5.6%</td>
<td>3.6%</td>
<td>(8.8%)</td>
<td>0.4%</td>
</tr>
<tr>
<td>Group</td>
<td>8.1%</td>
<td>3.0%</td>
<td>(9.3%)</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
## Margin by Business

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th></th>
<th>H1 2007</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Profit</td>
<td>%</td>
<td>Revenue</td>
</tr>
<tr>
<td>Ingredients &amp; Flavours</td>
<td>1,656</td>
<td>134</td>
<td>8.1%</td>
<td>1,611</td>
</tr>
<tr>
<td>Consumer Foods</td>
<td>877</td>
<td>56</td>
<td>6.4%</td>
<td>882</td>
</tr>
<tr>
<td>Eliminations / Unallocated</td>
<td>(170)</td>
<td>(15)</td>
<td>-</td>
<td>(161)</td>
</tr>
<tr>
<td>Group</td>
<td>2,363</td>
<td>175</td>
<td>7.4%</td>
<td>2,332</td>
</tr>
</tbody>
</table>
Trading Margin Progression

<table>
<thead>
<tr>
<th>Component</th>
<th>H1 2007</th>
<th>H1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>7.4%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Acquisitions &amp; Disposals</td>
<td>+0.3%</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Translation Currency</td>
<td>+0.1%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Raw Materials</td>
<td>-0.1%</td>
<td>+3.8%</td>
</tr>
</tbody>
</table>
Raw Material Cost Pressures
% of Prior Year Raw Material Spend

2005: 1%
2006: 3%
2007: 5%
2008: 7%
## Interim Free Cash Flow (€m)

<table>
<thead>
<tr>
<th></th>
<th>H1 2008</th>
<th>H1 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit</td>
<td>175</td>
<td>172</td>
</tr>
<tr>
<td>Depreciation</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>(61)</td>
<td>(64)</td>
</tr>
<tr>
<td>Capital expenditure (net)</td>
<td>(61)</td>
<td>(39)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(37)</td>
<td>(35)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(14)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>51</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>
# Financial Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>H1 2008</th>
<th>H1 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt : market capitalisation</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>EBITDA : net interest*</td>
<td>6.3x</td>
<td>6.0x</td>
</tr>
<tr>
<td>Debt : EBITDA*</td>
<td>2.5x</td>
<td>2.8x</td>
</tr>
</tbody>
</table>

Note: * calculated in accordance with banking covenants
## Return on Investment

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 2008</th>
<th>H1 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROAE*</td>
<td>14.5%</td>
<td>14.1%</td>
</tr>
<tr>
<td>ROACE*</td>
<td>11.1%</td>
<td>10.6%</td>
</tr>
<tr>
<td>CFROI</td>
<td>10.3%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Note: * before intangible asset amortisation and non-trading items
## Maturity Profile of Net Debt (€m)

<table>
<thead>
<tr>
<th></th>
<th>30 June 2008</th>
<th>30 June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>(63)</td>
<td>(88)</td>
</tr>
<tr>
<td>Between 1 and 2 years</td>
<td>128</td>
<td>4</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>672</td>
<td>733</td>
</tr>
<tr>
<td>Between 5 and 10 years</td>
<td>497</td>
<td>708</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,234</strong></td>
<td><strong>1,357</strong></td>
</tr>
</tbody>
</table>

**Weighted average maturity in years:** 3.8 4.9
Other Financial Matters

» Non-trading items  €2.1m positive (net of tax) - disposal of non-core activities and non-core assets

» Finance costs  Up €0.8m - impact of 2007 share buyback largely offset by reduced rate and currency

» Taxation  Tax charge on continuing operations 20.8% (H1 2007 : 20.8%)

» Pension  Deficit increased due to negative investment returns
Outlook and Future Prospects
Kerry’s Dual Strategy for Growth

**INGREDIENTS & FLAVOURS:** creating layers of advantage

- Leveraging Kerry’s technology based ingredients, flavours and integrated solutions in global food and beverage growth markets
- Re-alignment of the Group’s ingredients, flavours and bio-science businesses around core technology platforms and end-use market applications
- Unique ‘Kerry Integrated Approach’ to customer specific innovation and product solutions driven by global technology, market application, culinary and sensory teams

**CONSUMER FOODS:** exploiting Kerry Foods’ category leadership, marketing expertise and consumer understanding

- Continued investment in added value meat, dairy, convenience and food-to-go categories
- Capitalising on Kerry Foods’ strong customer listings and route to market
- Supported by:
  - Significant brand and marketing investment
  - Lean manufacturing and shared services
Kerry Integrated Customer-Focused Development
Global Food & Beverage Industry

<table>
<thead>
<tr>
<th>SAVOURY AND DAIRY</th>
<th>CEREAL AND SWEET</th>
<th>BEVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerry Systems &amp; Flavours</td>
<td>End Use Markets</td>
<td>Kerry Systems &amp; Flavours</td>
</tr>
<tr>
<td>Culinary</td>
<td>Prepared Meals</td>
<td>Cereal</td>
</tr>
<tr>
<td>Dairy</td>
<td>Soups, Sauces &amp; Dressings</td>
<td>Sweet</td>
</tr>
<tr>
<td>Lipids</td>
<td>Savoury Snacks</td>
<td></td>
</tr>
<tr>
<td>Meat</td>
<td>Meats</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appetizers &amp; Side Dishes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dairy</td>
<td></td>
</tr>
</tbody>
</table>

FUNCTIONAL INGREDIENTS: Bio-ingredients, Proteins, Emulsifiers and Texturants
Leveraging Kerry Technologies
R.T.E Cereal Applications

EXTRUDED PIECES
Sizes and shapes
Whole grain
Fibre
Protein
Fruit / vegetable
Organic

HOT EXTRUSION
Rice crisp
Soy crisp
Fruit / vegetable
Shapes
Colours
Flavours

SOLNUTS
Flavour infused

CLUSTERS
Fruit
Whole grain
Fibre
Protein
Vegetable
With & w/out nuts
Omega-3 fortified
Organic
Flavours
Preformed

GRANOLA
Fruit
Whole grain
Fibre
Protein
Multi-grain
Organic
Flavours

FLAKES
Extruded - whole grain
Fibre
Protein
Multi-grain
Organic
Flavours

COATED PIECES
Extruded pieces
Clusters / granolas
Cookie dough
Nutty raisins
Flavours
Leveraging Kerry Technologies
Bar Applications

CORE INGREDIENTS
Soy, milk proteins
Dietary fibre (soy)
Functional proteins
Dairy powders
Nutritional lipid powders

LOW A_w FILLINGS
Caramel layers
Caramel matrix
Fruit fillings
Cremes
Protein / fibre enriched
Flavours

INCLUSIONS
Low protein crisps
Soy protein crisps
Vegetable crisps
Real fruit crisps
Milk protein crisps
High fibre crisps
Flakes and twigs
Solnuts
Chocolate drops
TSP
High & low protein flakes
Flavoured nuggets
Cookie bits
Flavours

ORGANIC
Organic compatible

INCLUSIONS
Low protein crisps
Soy protein crisps
Vegetable crisps
Real fruit crisps
Milk protein crisps
High fibre crisps
Flakes and twigs
Solnuts
Chocolate drops
TSP
High & low protein flakes
Flavoured nuggets
Cookie bits
Flavours

COATING INGREDIENTS
Nutritional lipid powders
Milk proteins
Soy proteins
Dairy powders
Flavours

COMPOUND COATINGS
Chocolate
Pastel / fruit
Protein fortified
Fibre fortified
Omega-3 fortified
Probiotics
NSA
Trans free

COMPOUND COATINGS
Chocolate
Pastel / fruit
Protein fortified
Fibre fortified
Omega-3 fortified
Probiotics
NSA
Trans free
Kerry Customer Center: Americas Region

» New Customer Innovation and Commercial Center in Beloit, Wisconsin (250,000ft²)

» Industry leading project providing access to all Kerry technologies
  » Customer application suites
  » Research and development laboratories
  » Culinary theatres
  » Sensory services
  » Pilot plant dedicated to customer product commercialisation

» Investment of US$50m - scheduled for completion in 2009
### Kerry Foods’ Growth Model

**ADDED VALUE DAIRY**
- #1 UK cheese snack portion (Cheestrings)
- #1 IRL natural cheese (Charleville/Coleraine)
- #1 IRL cheese slices (EasiSingles)
- #1 IRL dairy spread supplier
- #1 UK pvt label dairy spread supplier
- #1 UK pvt label cheese slices supplier

**CONVENIENCE**
- #2 UK chilled ready meals supplier
- #1 UK frozen ready meals supplier

**ADDED VALUE MEAT**
- #1 UK sausage (Richmond)
- #2 UK sausage (Wall’s)
- Biggest brand in IRL (Denny)
- #2 IRL cooked meats brand (Ballyfree)
- #1 meat snacks

**FOOD TO GO**
- #1 UK chilled van sales operation
- #1 IRL chilled van sales operation
- #1 IRL sandwich (Freshways)
- #2 IRL chilled juice (Dawn)
- #1 IRL flavoured mineral water (Kerry Spring)
Food and Beverage CPI - UK and ROI Markets

Source: CSO, ONS, 2008
Evolving Business Development Investment Initiatives

» Kerry Ingredients & Flavours ‘go-to-market’ strategy
  » Programme initiated in Americas Region
    Harmonisation of production across ingredients & flavours facilities
    Centralisation of commercial support activities
  » Review of EMEA Ingredients & Flavours consolidation underway
  » Review of Asia-Pacific requirement completed in early 2009
  » Investment to deliver 10% plus Ingredients & Flavours trading margin

» Kerry Foods’ value chain efficiency programme
  » Investment in lean manufacturing
  » Investment in shared services

» Groupwide investment in integrated standard process and systems

Estimated net cost €30m - €40m after tax (over 2 years)
Positive cash impact
Future Prospects

» Expect a good outturn for full year

» Reconfirm expectation to deliver earnings of 151 to 155 cent per share

» Continue to explore complementary acquisition opportunities

» Ingredients & Flavours ‘go-to-market’ strategy will differentiate Kerry from competition

» Consumer foods’ brand and marketing investment to sustain growth in competitive environment
Interim Management Report 2008

Interim Management Report for the half year ended 30 June 2008

26 August 2008