

KERRY GROUP Q3 INTERIM MANAGEMENT STATEMENT 2021

Continued Strong Growth and Strategic Development

Kerry reports business performance for the nine months ended 30 September 2021

OVERVIEW

- > Business volume growth 8.2% reflecting volume growth of 6.6% in Q3
 - Taste & Nutrition 8.7% (Q3: 6.3%)
 - Consumer Foods 5.6% (Q3: 7.5%)
 - > Pricing 0.7%
 - > Group trading margin +60bps
 - Taste & Nutrition +60bps
 - Consumer Foods +20bps
 - > Earnings guidance for full year reaffirmed
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Edmond Scanlon, Chief Executive Officer

“We are pleased with overall performance through the period, reflecting continued good growth in our retail channel and strong performance in foodservice. The Americas had good overall volume growth, Europe delivered an excellent performance, while growth in APMEA remained strong with varying conditions across the region. A number of our end use markets had strong performances, with Beverage in particular achieving excellent growth.

We have made some significant strategic developments through the year. We further enhanced our position as a market-leading taste & nutrition company, completing the acquisition of Niacet¹ and the sale of our Consumer Foods' Meats and Meals business. At our recent Capital Markets Day, we shared our refreshed strategic priorities, key growth platforms and mid-term targets, all key enablers of achieving our vision - to be our customers' most valued partner, creating a world of sustainable nutrition.

Our outlook for the full year is unchanged and we expect to deliver strong volume and earnings growth.”

Markets and Performance

Overall market conditions have improved through the period, with many developed markets seeing a return to more normalised economic activity. Consumer demand remains strong as retail continues to perform well, while foodservice experiences a continued improvement, as consumers embrace the opportunity for out-of-home social engagement and food consumption. Our markets remain highly dynamic, as customers seek to address heightened consumer demands while balancing labour and supply chain challenges, leading to increased innovation opportunities within our industry.

Group reported revenue increased by 6.3% in the period, reflecting a volume increase of 8.2%, increased pricing of 0.7%, an adverse translation currency impact of 3.6% and net contribution from acquisitions and disposals of 1.0%.

Group trading profit margin increased by 60bps, reflecting a 60bps improvement in Taste & Nutrition and a 20bps improvement in Consumer Foods, driven principally by operating leverage.

¹Acquired 100% of the issued share capital of Hare Topco, Inc. trading as Niacet Corp (“Niacet”)

Business Reviews

Taste & Nutrition

Continued good growth in the retail channel and strong overall growth in foodservice

- > Volume growth of 8.7%
- > Foodservice volume growth of 21.0% led by performance in Europe
- > Retail volume growth of 4.9% led by Beverage and Food EUMs (most notably Meat and Bakery)
- > Pricing of 0.7% reflecting increases in input costs

Taste & Nutrition continued its strong growth through the period, led by continued momentum in the foodservice channel with increased demand from quick service restaurants in particular, while also recognising the lower prior year comparatives. The retail channel continued to deliver good growth supported by launches incorporating Kerry's authentic taste solutions, proactive nutrition portfolio and Radicle™ plant-based range. There was an increased level of local innovation through the period and significant engagement supporting customers to deliver on their sustainability initiatives. Business volumes in emerging markets increased by 15.8% with strong growth across all regions. The acquisition of Niacet¹ was completed on 14th September and integration is underway.

Americas Region

- > Overall volume growth of 6.6% with a solid performance in Q3
- > Retail channel growth led by Beverage, Snacks and Bakery
- > Foodservice channel continued to deliver good growth

North America delivered good overall growth against a backdrop of supply chain and labour challenges impacting industry performance through the period. Within the North American retail channel, the Beverage EUM achieved excellent growth with increased demand for proactive nutrition, new innovations with taste systems and natural extracts, and a number of launches in plant-based beverages. Within the Food EUM, Snacks had good growth supported by new launches in healthier snacking. Overall performance within Meat was solid, with strong business development in plant-based alternatives. Performance in Meals was impacted by product repositioning in the category, while Bakery delivered good growth through taste systems and cleaner label solutions.

The foodservice channel continued to deliver good growth, with significant activity across quick service restaurants, fast casual and casual dining, as customers continue their efforts to improve their offerings, while reducing complexity in their back of house operations. Manufacturing has commenced at our new Rome, Georgia facility, which will see a significant increase in the level of operational activity in the coming months.

In LATAM, Brazil achieved strong growth driven by performance in Beverage and ice-cream. Growth in Mexico was led by strong growth in Snack applications, while overall performance in CACAR was solid.

Volumes within the global Pharma EUM were impacted by delays caused by supply chain issues in the period. The previously announced acquisition of Natreon² is scheduled to complete before year end.

Europe Region

- > Overall volume growth of 10.6% with an exceptionally strong performance in Q3
- > Retail channel delivered strong growth led by Meat, Dairy and Bakery
- > Foodservice achieved excellent growth with a significant increase in out-of-home consumption

The region delivered strong growth with excellent performances across a number of end use markets. Growth in the retail channel was driven by performance within the Food EUM. Meat achieved excellent growth through a number of plant-based meat alternative innovations, launches with natural preservation and increased demand for healthier coating systems. Dairy achieved strong growth through taste solutions in premium and dairy-free ice cream ranges, while Bakery & Confectionary delivered a very strong performance with a number of clean label and indulgent innovations.

The foodservice channel achieved excellent growth reflecting lower prior year comparatives, increased consumption and extensions to menu ranges as the year progressed. Russia and Eastern Europe delivered excellent growth across both retail and foodservice channels, led by Meat and Snacks.

²Kerry have agreed to acquire 100% of the issued share capital of Natreon, Inc

APMEA Region

- > Overall volume growth of 12.5% with continued strong performance in Q3
- > Retail channel delivered strong growth led by Beverage, Meat and Snacks
- > Foodservice channel delivered a good overall performance despite challenging conditions in some local markets

The region delivered a strong overall performance in the period, led by very good growth in China and the Middle East. In the retail channel, excellent growth was achieved within the Beverage EUM with solutions incorporating Kerry's botanicals, natural extracts and TasteSense™ sugar reduction technology in new innovations across tea, coffee and refreshing beverage. Within the Food EUM, Meat had strong growth through local authentic taste innovations, while Snacks performed well as a result of increased demand from regional leaders for taste solutions.

The foodservice channel delivered strong overall growth led by performance in Beverage, Meat and Meals, while performance was impacted in places by local COVID-related restrictions, most notably in South East Asia. The Group made good progress in the development of its new Taste facility in Durban in the period.

Consumer Foods

Strong volume growth through the period

- > Volume growth of 5.6% – led by meal solutions, dairy snacking and meat-free
- > Pricing of 0.3% reflecting increases in input costs and market pricing

Growth in the division reflected a strong performance while recognising the lower prior year comparatives. Meat delivered good overall growth in the period, driven by the continued strong performance of Richmond's meat-free range and the performance of Fridge Raiders. Chilled meals achieved very strong growth supported by health & wellness ranges. The sale of the Meat and Meals business was completed on 27th September.

Dairy performed well, led by strong growth in the Strings & Things snacking range, with the spreadable butter ranges delivering a good overall performance.

Financial Review

At the end of September, net debt was €2.1 billion. The Group's consolidated balance sheet remains strong which will facilitate the continued organic and acquisitive growth of the Group.

Future Prospects

We see strong growth prospects across both the retail and foodservice channels, underpinned by a very good innovation pipeline and customer engagement. We will continue to invest for growth and the enablement of our business model, while pursuing M&A opportunities aligned to our strategic growth priorities. The Group continues to expect to deliver strong volume and earnings growth. Our full year outlook is unchanged and reflects the expected effect from the strategic portfolio developments as shown below.

FY 2021 Guidance	Range
Constant Currency Adjusted EPS guidance – <i>before estimated impact of transactions</i>	+12% to 15%
Estimated contribution from Niacet ¹ acquisition	c. +1%
Estimated dilution from Consumer Foods Meat & Meals disposal	c. -3%
Constant Currency Adjusted EPS guidance – <i>post estimated impact of transactions</i>	+10% to 13%

Note: The effect of translation currency at prevailing rates is expected to be a 2-3% headwind on earnings in FY 2021

Disclaimer: Forward Looking Statements

This Announcement contains forward looking statements which reflect management expectations based on currently available data. However actual results may differ materially from those expressed or implied by these forward looking statements. These forward looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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