Capital Markets Day
October 2017
Afternoon Session
Financial Overview

Brian Mehigan
Chief Financial Officer
Consistent Delivery in a Volatile and Changing Environment

- Delivering growth AND margin expansion
- Developing business portfolio
- Leading in managing change
- Working through currency volatility
- Managing raw material volatility
- Increasing consumer fragmentation

### Sources
Kerry estimates, ECB FX rates, FAO annual food price index
Progress vs Current Strategic Plan

**GROWTH**

<table>
<thead>
<tr>
<th>KPI</th>
<th>Target (p.a.)*</th>
<th>4 Year Performance 2013 - 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EPS growth</td>
<td>10%+</td>
<td>+8.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+9.8% constant currency</td>
</tr>
<tr>
<td>Volume growth</td>
<td>3% to 5%**</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Margin expansion</td>
<td>+50 bps***</td>
<td>+70 bps</td>
</tr>
</tbody>
</table>

**RETURN**

<table>
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<th>KPI</th>
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<tr>
<td>ROACE</td>
<td>12%+</td>
<td>13.8%</td>
</tr>
<tr>
<td>ROAE</td>
<td>15%+</td>
<td>17.7%</td>
</tr>
<tr>
<td>CFROI</td>
<td>12%+</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Realising Group Targets

* Assumes neutral currency and raw materials  
** Assumes market growth of 2% - 3% p.a.  
*** Includes 100 bps benefit arising from the Kerryconnect project

Adjusted EPS, ROACE & ROAE are calculated before brand related intangible asset amortisation and non-trading items (net of related tax)
Consistent Delivery: Growth AND Return

10 year average ROACE* 12.8%

11.1%

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS*</th>
<th>ROACE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>142.4</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>151.8</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>163.9</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>192.1</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>213.4</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>234.0</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>257.9</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>278.9</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>301.9</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>323.4</td>
<td></td>
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* Before brand related intangible asset amortisation and non-trading items (net of related tax)
Medium Term Targets

2018 - 2022
Drivers of Value Creation

Growth
- Authentic taste
- Nutrition, Wellness & Functionality
- Foodservice
- Developing markets

Margin
- Operating leverage
- Portfolio evolution
- KerryExcel

Return
- Consistent returns
- Strong cash conversion
- Disciplined capital allocation

Maximise Total Shareholder Return

EPS Growth

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Strategic Targets (2018 – 2022)

On average across the 5 years

### GROWTH

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<td>Consumer Foods 2% to 3% p.a.</td>
<td>Consumer Foods 20 bps p.a.</td>
</tr>
<tr>
<td>Group 3% to 5% p.a.**</td>
<td>Group 30 bps p.a.</td>
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** Assumes 2% above market growth

Adjusted EPS Growth* 10%+ p.a.

### RETURN

- **ROACE 12%+**
- Cash Conversion > 80%
- Relative TSR – Outperforming Peers

---

* Assumes constant currency  |  | TSR = Total Shareholder Return  |  | 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)
Drivers of Value Creation

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EPS Growth
Maximise Total Shareholder Return

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### Strategic Targets (2018 – 2022)

*On average across the 5 years*

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#### RETURN

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Taste & Nutrition - Strategic Priorities for Growth

Authentic Taste

Nutrition, Wellness & Functionality

Developing Markets

Foodservice

Foundational Technologies

Integrated Technology Value Creation

Channels & Customers

Kerry Foresight & Insight
Consumer, Customer, Sensory & Analytical, Market and Regulation
Kerry Business Model – Delivering Above Market Growth Rates

**End Use Market**

**VOLUME GROWTH TARGETS***

- **Meat**: 4-6%
- **Dairy**: 4-6%
- **Bakery & Confectionery**: 4-6%
- **Snacks**: 5-7%
- **Cereal & Sweet & Other**: 0-2%
- **Beverages**: 5-7%
- **Meals**: 4-6%
- **Pharma**: 5-7%

*CAGR (%) 2018-2022

* On average across the 5 years
Consumer Foods: Strategic Priorities for Growth

On average volume growth across the 5 years

Current Winning Positions

- Dairy
- Meals
- Meat

No.1 positions

Grow and outperform in our Core 1-2%

Future Winning Positions

- New occasions
- New channels
- New customers

Expand our footprint into Adjacencies +10%

Deep Consumer Insight

Leading Edge Innovation

Engaged Customer Networks

Market Responsive Teams
Drivers of Value Creation

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EPS Growth
Maximise Total Shareholder Return

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Strategic Targets (2018 – 2022)

On average across the 5 years

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RETURN

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Margin Drivers

**Operating Leverage**
- Leverage 1 Kerry platform
- Leverage routes to market
- Leverage customer centres
- Leverage footprint

**Portfolio Evolution**
- New foundation technologies
- New markets
- New channels / geographies
- Manage churn with agility

**KerryExcel Savings**
- Manufacturing excellence
- Supply chain excellence
- Commercial excellence
- Service excellence

**KerryExcel Investment**
- Fragmentation response
- Localisation of footprint
- Increased R&D
- Kerryconnect/Business Services

+ 150bps over 5 years
Kerryconnect Programme – Built for Scale

**2013 - 2017**
- T&N EMEA
- T&N Asia-Pacific
- Foods (phase 1)
- Corporate

**SCOPE EXPANSION**
- 2015 – 2017 acquisitions
- New cloud platform
- Foods (phase 2)

**2018 - 2022**
- Cloud migration
- T&N Latin America
- T&N North America
- Foods (phase 2)

* ICT cost expressed as a % of revenue

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Drivers of Value Creation

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Maximise Total Shareholder Return

EPS Growth

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Cash Conversion Target > 80%

On average across the 5 years

Disciplined Capital Expenditure

Top Quartile Working Capital Efficiency

2012 - 2016
FCF Actual
€2.0bn+

2018 - 2022
FCF Target
€3.0bn+

Cash conversion* target 2018 – 2022

> 80%

* Expressed as a percentage of adjusted earnings after tax
Capital Allocation Decision Framework

Available Capital

Reinvestment

Capital Expenditure

M&A

Returning cash to shareholders

Dividends

Share Buybacks

Capital Expenditure

Investing for Growth
3%-5% of revenue

Working Capital

Grow in line with revenue

M&A

Continuing to lead industry consolidation

Dividends

Double digit growth in dividends

Disciplined Capital Allocation driving shareholder return
Disciplined M&A

Right Strategy

Authentic Taste
Nutrition, Wellness & Functionality
Expand Routes to Market
Developing Markets

Foundational Technologies
Integrated Technology Value Creation
Channel & Customers

Kerry Foresight & Insight
Consumer, Customer, Sensory & Analytical, Market and Regulation

Right Impact
Growth
Margin
Return
Other Matters
Other Matters

- Assumed constant currency
- Confident in raw materials pass through model
- Confident current tax rate can be maintained
- Structure changes to regions
- Brexit mitigation
Brexit – Sterling Mitigation Plans Well Progressed

- Restructure unprofitable business
- Execute KerryExcel cost optimisation programme
- Reduce transaction currency exposure

Other Brexit challenges and opportunities progressing
Structure Change – Taste & Nutrition

Existing Taste & Nutrition Structure

- Americas
- EMEA
- APAC

New Taste & Nutrition Structure

- Americas
- Europe
  - Africa
  - Middle East
- APMEA
  + Africa
  + Middle East

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Strategic Targets (2018 – 2022)

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Leading to Better

Kerry Business Model

Growth Opportunities

People
Capital Markets Day
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