Kerry, the global taste & nutrition and consumer foods group, issues the following Interim Management Statement for the first quarter ended 31 March 2020. This statement is issued in conjunction with the Group’s Annual General Meeting which is being held today.

FIRST QUARTER HIGHLIGHTS

- Group reported revenue +3.4%
- Business volume growth +0.2% (+3.7% excluding one-off items¹)
- Pricing +0.5%
- Group trading margin maintained (+30 bps excluding one-off items)
- Earnings guidance withdrawn due to uncertainty around duration and impact of COVID-19

¹ comprising net estimated COVID-19 impact and contract exit in Consumer Foods

Edmond Scanlon – Chief Executive Officer Statement

“The COVID-19 pandemic is a truly unprecedented event, impacting the daily lives of people across the world. At Kerry, we recognise we have an important role to play throughout this crisis, and we have taken early and decisive action; protecting our 26,000 employees across our global footprint, working with our customers to ensure that products make their way to consumers around the world, while supporting our local communities. Our global supply chain remains robust, thanks to the tremendous efforts of our operations teams right across our entire manufacturing footprint of 150 plants.

We made a strong start to the year, with good underlying performance and particularly strong growth in the Americas. Since March, the restrictions on movement have significantly impacted customer demand beyond China and across the foodservice channel. Based on the current restrictions, we expect the impact on second quarter performance to be much more significant than the first quarter. We continue to support our customers through this period and are working on a number of actions to mitigate the COVID-19 impact, including helping them move their offerings across channels and categories, planning for post-restriction product launches, while implementing internal cost actions.

I am immensely proud of our peoples’ response to this challenge, with our actions throughout being strongly aligned to our purpose and values. These actions enhance Kerry’s role as our customers’ most valued partner, as we help them navigate the short-term disruption, while embracing the new opportunities created as a result of evolving consumer demands across the globe.”

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Markets & Performance

Consumer demands for nutrition and wellness, trusted ingredients and sustainability have continued to increase at pace over recent months. Consumers' purchasing and consumption behaviours have been significantly disrupted, leading to new challenges and opportunities across the marketplace. These consumer-driven changes are impacting the end-to-end supply chain, as retailers and customers seek to quickly adapt to address these evolving needs. Kerry's industry-leading taste and nutrition technology portfolio, co-creation model and solutions capability continue to enable customers to react at speed through this period of volatility.

Group reported revenue increased by 3.4% in the period, reflecting business volume growth of 0.2%, a pricing increase of 0.5% primarily due to higher raw material prices in the Consumer Foods division, a transaction currency impact of 0.1%, contribution from business acquisitions of 1.3% and a favourable translation currency impact of 1.3%. Group trading margin was maintained, with Taste & Nutrition’s trading margin in line with last year and Consumer Foods trading margin expanding by 10bps.

Business Reviews

Taste & Nutrition

- Volume growth of 1.2% (4% growth excluding estimated COVID-19 impact)
- Good volume growth in Food (particularly Snacks and Dairy), Beverage and Pharma EUMs
- Pricing +0.1% reflecting broadly neutral raw material costs in the period
- Trading profit margin maintained – as growth of 30bps driven by enhanced product mix and operating leverage was offset by COVID-related costs

Taste & Nutrition had a good underlying performance in the period, led by strong growth in the Americas, a solid performance in Europe, and with APMEA delivering strong growth excluding the impact of COVID-19. Kerry’s nutrition and wellness technology portfolio had a strong performance and very good business development, further advancing its position as the industry’s leading nutrition and wellness partner across beverage and food markets.

Business volumes in the foodservice channel declined 0.7%, and in developing markets there was a decline of 0.8% in the period, as the impact from restrictions on movement in China extended into a number of other countries in APMEA and Europe in the latter part of March. In the period the Group completed the acquisition of TecniSpice Guatemala – a leading savoury taste business based in LATAM. In March, the Group announced the strategic development of its Georgia, US facility, creating a world-leading manufacturing facility to meet increasing demand for integrated solutions across a variety of protein applications.

Americas Region

- 3.2% volume growth
- Strong growth in North America, driven by Beverage and Snacks
- LATAM performed well – with strong growth in Mexico

In North America, Kerry’s Beverage EUM achieved strong broad-based growth across a number of categories, from nutritional beverage, tea & coffee to plant-based offerings. Kerry’s positioning as the nutrition and wellness partner of choice is leading to strong business development opportunities across the beverage landscape. Snacks delivered very strong growth through healthier snacking and new combinations of world flavours. Within Meals, the recently acquired Ariake U.S.A. business performed well.

In LATAM, Mexico achieved strong growth led by Snacks, while Brazil and Central America delivered a solid performance. The Group also expanded its presence in the region with the acquisition of TecniSpice Guatemala in the period. The global Pharma EUM delivered very strong growth, led by Kerry’s Wellmune immunity enhancing technology.
Europe Region

- 1.0% volume growth
- Good growth in Meat, Meals and Snacks
- Russia and Eastern Europe delivered very good growth

The region delivered a good underlying performance in the period, prior to restrictions on movement in March impacting the foodservice channel across a number of countries. Meat achieved very good growth and business development, in particular with clean-label solutions and plant-based innovations with a number of global and regional leaders. Meals performed well, as clean-label solutions for sauce and marinade applications delivered good growth. Snacks had a good performance in the period, through a number of launches incorporating Kerry’s authentic taste profiles. Russia and Eastern Europe performed very well, as we continued to develop our presence and offering across the regions.

APMEA Region

- 3.5% volume decline – as restrictions on movement impacted beyond China in March
- Strong underlying performance in Meat, Dairy & Bakery
- Continued strategic expansion and business development

Business volume growth in the period was significantly impacted by restrictions in China, with the foodservice channel in a number of other markets also being affected in March. We estimate volume growth in the quarter would have been at a high single digit level, reflecting a strong underlying performance prior to the impact of COVID-19.

Meat delivered very strong growth through customer partnerships with a number of new innovations to meet key consumer needs for authentic cooking taste profiles, value and food safety. Dairy performed well with good growth in clean-label taste solutions. Bakery delivered strong growth with authentic taste solutions to customers broadening their ranges across both sweet and savoury applications, particularly in South East Asia. The Group continued to make good progress in expanding its capacity and deploying technology capabilities in the region, and we moved into our new Technology & Innovation centre in Shanghai.

Consumer Foods

- Volume decline of 4.8% (2.8% volume growth excluding contract exit)
- Estimated positive impact in the quarter from COVID-19 of circa 1.5%
- Pricing of 2.1% reflective of increases in input costs and market pricing
- Trading profit margin +10bps with efficiencies being largely offset by pricing

The division delivered a solid underlying performance in the period excluding the impact of the previously reported ready meals contract exit. There was a positive impact in March of circa 1.5% from consumer stockpiling in some categories when lockdown measures were introduced.

The Richmond chilled sausage range delivered a solid performance and the recently launched meat-free ranges under the Naked Glory and Richmond brands performed very well in the period. Kerry’s spreadable butter range including Dairygold benefitted from the uplift in consumer demand in March. Performance in chilled ready meals was impacted by softer category demand, while the frozen range delivered good growth. The Food-to-go range delivered a strong performance, with good growth in Cheestrings and Fridge Raiders, while Oakhouse experienced a surge in demand across the range of home delivery meals.

Financial Review

The Group has a very strong balance sheet with net debt at the end of March of €1.9 billion with an average maturity period of 5.7 years, and committed undrawn facilities of €1.1 billion. As announced on 18 February, the Group has proposed a final dividend of 55.1 cent per share for approval at the Annual General Meeting.
COVID-19 Impact and Actions

Across the globe, Kerry teams have taken on challenges to ensure the safety of all our employees and continued support for customers to ensure the global food supply chain remains intact for consumers. Throughout this tumultuous time, we continue to follow all World Health Organisation and local authority guidelines, and our actions have been focussed on our three main priorities:

- **Safeguarding the health and wellbeing of our employees:** home-working, zoning, segregation and use of protective equipment across our global footprint of 150 manufacturing plants
- **Ensuring continuity of supply for our customers:** setting production records in a number of categories experiencing high consumer demand, supporting customers with insights and adapting their offerings to address changing consumer demands and providing them PPE and sanitiser, with Kerry’s specialised nutritional ingredients being used to produce a component of COVID-19 testing kits
- **Supporting our local communities:** Producing hand sanitiser across a number of our facilities, donating food, PPE and sanitiser to front-line staff, and through the MyCommunity Initiative, pledging 26,000 volunteer days and a €1 million fund to support local community initiatives

During March, the restrictions on mobility significantly impacted demand in the foodservice channel, while the retail channel experienced increased demand in places. We are working on a number of actions to minimise the cost impacts of reduced volumes, including the suspension of all non-essential and discretionary expenditure and targeted short-term cost management initiatives in impacted business areas.

Future Prospects

Since we provided our FY 2020 guidance in February, the COVID-19 pandemic has escalated significantly and impacted businesses throughout the world. Due to the resulting global uncertainty in relation to the timeframe and business impact from the pandemic, we are withdrawing our full year guidance.

The Group is focussed on managing through the short term challenges to emerge as an even stronger customer partner. Our Taste & Nutrition business continues to have strong growth prospects, while navigating the short term challenges with agility. The foodservice channel will continue to be impacted while restrictions in movement are in place. We are focussed on opportunities in more resilient areas of the foodservice channel and planning with customers on menu developments for later in the year. The retail channel continues to deliver good growth, as Kerry’s co-creation model and leading solutions offering are enabling customers to react at speed through this period of volatility. We have a good innovation pipeline to drive growth once we emerge from this current unprecedented situation. Our Consumer Foods business continues to see changes in consumer purchasing behaviour during the period of restrictions, which is driving significant volatility across categories. We will continue to invest for growth and pursue M&A opportunities aligned to our strategic growth priorities.

Kerry’s unique business model, broad taste and nutrition portfolio and industry leading integrated solutions capabilities are more critical now than ever before, as we support our customers to navigate the short-term disruption and embrace the challenges and opportunities in addressing the evolving consumer demands across the globe. Our Purpose to **Inspire Food & Nourish Life** continues to guide us on this journey, and we remain focussed on fulfilling our role as our customers’ most valued partner.

*This announcement contains inside information.*

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 Group undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.