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KERRY GROUP Q1 INTERIM MANAGEMENT STATEMENT 2021

Good business momentum through the first quarter

Kerry, the global taste & nutrition and consumer foods group, reports business performance for the first quarter ended 31 March 2021. This statement is issued in conjunction with the Group's Annual General Meeting which is being held today.

OVERVIEW

- > Business volume growth 1.9%
 - Taste & Nutrition 2.0%
 - Consumer Foods 1.0%
 - > Pricing 0.5%
 - > Group trading margin (50bps)
 - > Full year EPS guidance issued
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Edmond Scanlon, Chief Executive Officer

"We saw significant variability and highly dynamic market conditions right across our end use markets, channels and regions. Against this backdrop, I am very pleased with the business momentum we saw as we moved through the quarter. Our performance reflected sustained strong growth in the retail channel, while the foodservice channel continued to be impacted by increased restrictions in many local markets, before returning to growth in March. APMEA delivered strong growth throughout the period, Europe was impacted across the region, while the Americas had a strong finish to the quarter.

The good business momentum has been supported by an increase in the level of innovation in a number of key markets. This momentum combined with an overall improvement in market conditions, gives us increased confidence in the full year outlook, where we are expecting to achieve strong volume growth and are guiding adjusted earnings per share growth of 11 – 15% in constant currency."

Markets and Performance

Market conditions remain highly variable as differences in recovery paths are emerging across regions. A number of countries are seeing increased mobility, substantial reopening activity and increased consumer confidence, while others continue to adapt to changing local conditions. Against this backdrop, the needs of customers and consumers continue to evolve at pace across our marketplace.

Global markets have seen at-home consumption remain elevated with an evolution in work practices and daily routines. The overall recovery in the foodservice channel slowed in the period before showing good signs of recovery as many countries advanced their vaccine roll-out programmes. Prevailing trends include a demand for health and immunity enhancement, plant protein options, and products addressing a diverse range of sustainability criteria.

In the period the Group had business volume growth of 1.9%, a pricing increase of 0.5%, an adverse transaction currency impact of 0.2%, contribution from business acquisitions of 1.0%, and an adverse translation currency impact of 6.7%, resulting in a reported revenue decrease of 3.5%. Group trading margin decreased by 50bps, reflecting ongoing COVID-related costs and an adverse foreign exchange impact.

Business Reviews

Taste & Nutrition

Good growth in retail channel, with foodservice returning to growth by the end of the quarter

- > Overall volume growth of 2.0% driven by performance in APMEA
- > Retail channel delivered 5.9% growth – led by Beverage, Snacks and Meals EUMs
- > Foodservice channel volumes declined 8.2% – good performance against backdrop of increased restrictions and a return to overall growth in March
- > Pricing of 0.5% reflecting increased input costs
- > Trading margin decrease of 50bps principally driven by net COVID-related costs

Taste & Nutrition continued its overall recovery trajectory, led by performance in APMEA. The Americas began with a slow start but finished strongly, while Europe remained challenged due to the level of restrictions in place across the first quarter. In the period we saw an increased level of local innovation, with a number of launches incorporating Kerry's proactive nutrition portfolio, helping our customers enhance their plant-based product ranges, and significant engagement with customers supporting initiatives right across the sustainable nutrition spectrum.

Business volumes in developing markets increased by 10.7% led by strong performances in China and Brazil, while overall volumes in developed markets decreased due to the impact of restrictions on the foodservice channel.

Americas Region

- > Overall volume growth of 0.4% with a strong finish to the period
- > Retail channel delivered good growth led by Beverage, Snacks and Meals EUMs
- > Foodservice performance impacted earlier in the period before a return to growth in March

Within the North American retail channel, Kerry's Beverage EUM achieved very strong growth with increased demand for proactive nutrition, wins with taste systems and natural extracts, and a number of launches in plant-based beverages. Snacks delivered very good growth through new savoury taste systems and healthier snacking, while growth in the Meals EUM was supported by culinary taste systems and health & wellness meals incorporating Kerry's proactive nutrition portfolio. The foodservice channel was impacted by restrictions earlier in the period before a return to growth in March, supported by increased activity right across quick service restaurants, fast casual and casual dining. The Group also progressed the development of its new manufacturing facility in Rome, Georgia in the period.

In LATAM, Brazil delivered strong growth, driven by performance in Beverage and ice cream within the retail channel, while Mexico returned to growth and CACAR remained challenged.

The global Pharma EUM delivered good growth, with excipients and Kerry's Wellmune immunity enhancing technology performing well.

Europe Region

- > Overall volume reduction of 2.4%, as recovery trajectory was impacted by restrictions
- > Retail channel delivered overall growth led by Meat and Dairy EUMs
- > Foodservice channel performance impacted by increased restrictions

The region delivered overall growth in the retail channel against strong prior year comparatives. This was led by a very strong performance in Kerry's Meat EUM, with significant new launch activity in meat-free categories and good growth in meat systems. Growth in the Dairy EUM in the region was led by innovations within ice cream. In the period, the foodservice channel saw dine-in restaurants in many markets closed or operating at reduced capacity as a result of increased restrictions across the region.

Russia and Eastern Europe delivered a good performance, led by Snacks and Meat EUMs. In the period the Group announced its intention to acquire the Spanish company Biosearch Life. This acquisition is expected to finalise in the second quarter of the year.

APMEA Region

- > Volume growth of 11.7% led by performance in China
- > Retail channel delivered strong growth driven by Beverage, Snacks and Bakery EUMs
- > Foodservice channel achieved overall growth in the quarter

Overall growth in the region was driven by performances in China, the Middle East and Australia, while South East Asia continued to be impacted by ongoing restrictions. In the retail channel, excellent growth was achieved in the Beverage EUM across tea, coffee and refreshing beverage. The Snacks and Bakery EUMs also delivered very strong growth through performance with regional leaders. Growth in the foodservice channel was led by Beverage and Meals EUMs, supported by increased LTO activity and a number of new launches.

The Group made good progress in the development of its new taste facility in Durban, which will be commissioned later this year. The construction of a new taste manufacturing facility in Indonesia was also announced, catering for a wide range of technologies. This facility will include a new RD&A centre and is expected to be operational by the end of 2022.

Consumer Foods

Strong underlying volume growth

- > Volume growth of 1.0% – led by strong growth in meat snacking
- > Pricing of 0.4% reflecting increases in input costs
- > Trading margin +20bps primarily due to enhanced product mix

Growth in the division reflected a strong underlying performance given an estimated 3% customer stocking benefit in the previous quarter. This was driven by strong growth in snacking primarily through the Fridge Raiders range, with Cheestrings delivering a solid performance given school closures, while Oakhouse Foods continued to have excellent growth in the period.

Richmond had a good performance across the meat sausage range, while Kerry's plant-based meat-free ranges continued to achieve excellent growth supported by strong innovation and new launch activity. Spreadable butter performed well, while sliced meats were impacted by reduced deli counter operations. Volumes in frozen meals were initially affected by customer stocking in the previous quarter, before delivering a strong finish to the period. Chilled meals achieved strong growth throughout, supported by health & wellness and plant-based launches.

Financial Review

At the end of March net debt decreased slightly to €1.9 billion. The Group's consolidated balance sheet remains strong which will facilitate the continued organic and acquisitive growth of Group businesses. As announced on 16 February, the Group has proposed a final dividend of 60.6 cent per share for approval at the Annual General Meeting.

Board Changes

The Board has approved the appointment of Mr. Michael Kerr as a non-Executive Director with effect from 3 May 2021. Michael has over 36 years of investment management experience having recently retired after a long and successful career with Capital Group, one of the world's oldest and largest investment management organisations. He will bring to the Board a detailed knowledge of the global equity capital markets, extensive business leadership skills and insights into the North American market.

Ms. Joan Garahy, having served as a Director for nine years, will retire from the Board of Directors effective from the conclusion of the Annual General Meeting to be held later today. Joan will be succeeded by Dr. Hugh Brady as Senior Independent Director and by Mr. Tom Moran as Chair of the Remuneration Committee with effect from 29 April 2021.

Future Prospects

Within Taste & Nutrition, we see strong growth prospects in the retail channel, with continued recovery in foodservice, underpinned by a very good innovation pipeline and strong customer engagement. Our Consumer Foods business has a good growth outlook supported by continued innovation and the strength of our brands.

We will continue to invest for growth and enablement of our business model, while continuing to pursue M&A opportunities aligned to our strategic growth priorities. The strategic review of our dairy-related businesses in Ireland and the UK is ongoing.

The Group expects to deliver strong volume growth and adjusted earnings per share growth in 2021 of 11% to 15% on a constant currency basis.

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.

CONTACT INFORMATION

Media

Catherine Keogh, Chief Corporate Affairs Officer
+353 45 930188 | corpaffairs@kerry.com

Investor Relations

Marguerite Larkin, Chief Financial Officer
+353 66 7182292 | investorrelations@kerry.ie

William Lynch, Head of Investor Relations
+353 66 7182292 | investorrelations@kerry.ie

Website

www.kerrygroup.com