

“From the Kerry Farm to the Global Consumer”



KERRY

The Oxford Farming Conference
5 January 2010

Stan McCarthy, CEO Kerry Group

Agenda: *"From the Kerry Farm to the Global Consumer"*



- » Evolution of Kerry - from dairy co-op to successful public company
- » Kerry's dual strategy for growth
- » Development of world leadership in food ingredients and flavours
- » Succeeding in UK and Irish chilled foods markets
- » Serving needs of co-op members/ farmer shareholders
- » Conclusion: co-op to plc model
how to succeed

Kerry Overview



- » Market Capitalisation - **€3.8 billion**
- » Revenue (2008) - **€4.8 billion**
- » Quoted - Dublin (KYGa.I)
- London (KYGa.L)
- » History of the Organisation
 - » **1972** Private Dairy Processing Company - Co. Kerry
 - » **1974** Dairy Co-operative formed
 - » **1986** Kerry Group launched as a public company
- » Sales to 140 countries
- » Over 140 manufacturing facilities in 23 countries

Corporate Mission



- » **Kerry Group will be**
 - » a world leader in food ingredients and flavours serving the food and beverage industry, and
 - » a leading supplier of added value brands and customer branded foods to the Irish and UK markets

- » Through the skills and wholehearted commitment of our employees, we will be leaders in our selected markets - excelling in product quality, technical and marketing creativity and service to our customers

- » We are committed to the highest standards of business and ethical behaviour, to fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all stakeholders on a socially and environmentally sustainable basis

Our Business



Ingredients & Flavours

Consumer Foods

Agribusiness



Americas Region
EMEA Region
Asia-Pacific Region

Ireland
The UK

Ireland

Business Development



- » **1972** Dairy Protein Technology
US market

- » **1972 - 80** Organic Growth
Development of dairy business

- » **1980** Strategy for the '80's
Diversification
Growth through acquisition
 - Ingredients - US, Europe
 - Foods - Ireland, UK

- » **1986** Flotation of Kerry Group plc
Significant acquisitions followed

Acquisitions 1987 - 2009



18 Food Companies

including Mattessons, Wall's, Golden Vale, Noon Products, Breeo Foods

65 Food Ingredients, Flavour, Foodservice Companies

*Kerry Jackson
Beatreme Food Ingredients
Dairyland Products
Malcolm Foods
Research Foods
SPI Foods Inc.
Kerry de Mexico
DCA, DCA Solutech
Ciprial S.A.
SDF Foods
Dalgety Food Ingredients
Star & Arty Ingredientes
Burns Philp Ingredients Div.
Três Corações
Tukania GmbH
Shade Foods (SFI)
York Dragee
Armour Food Ingredients
Alferi Laboratories Inc.
Corol S.A.
Creative Seasonings
Iowa Soy
San Giorgio Flavours*

*Tingles Ltd
Nutrir S.A.
Geneva Flavours
Hickory Flavours
Voyager Foods
Siber
Aromont S.A.
Stearns & Lehman
Ringger Foods
Roskam
IDSA
EBI
Rector Foods
IFI
St Louis Flavors
Metarom
SunPure
Pacific Seasonings
Guernsey Bel
Crystals International
Da Vinci Gourmet
Oregon Chai*

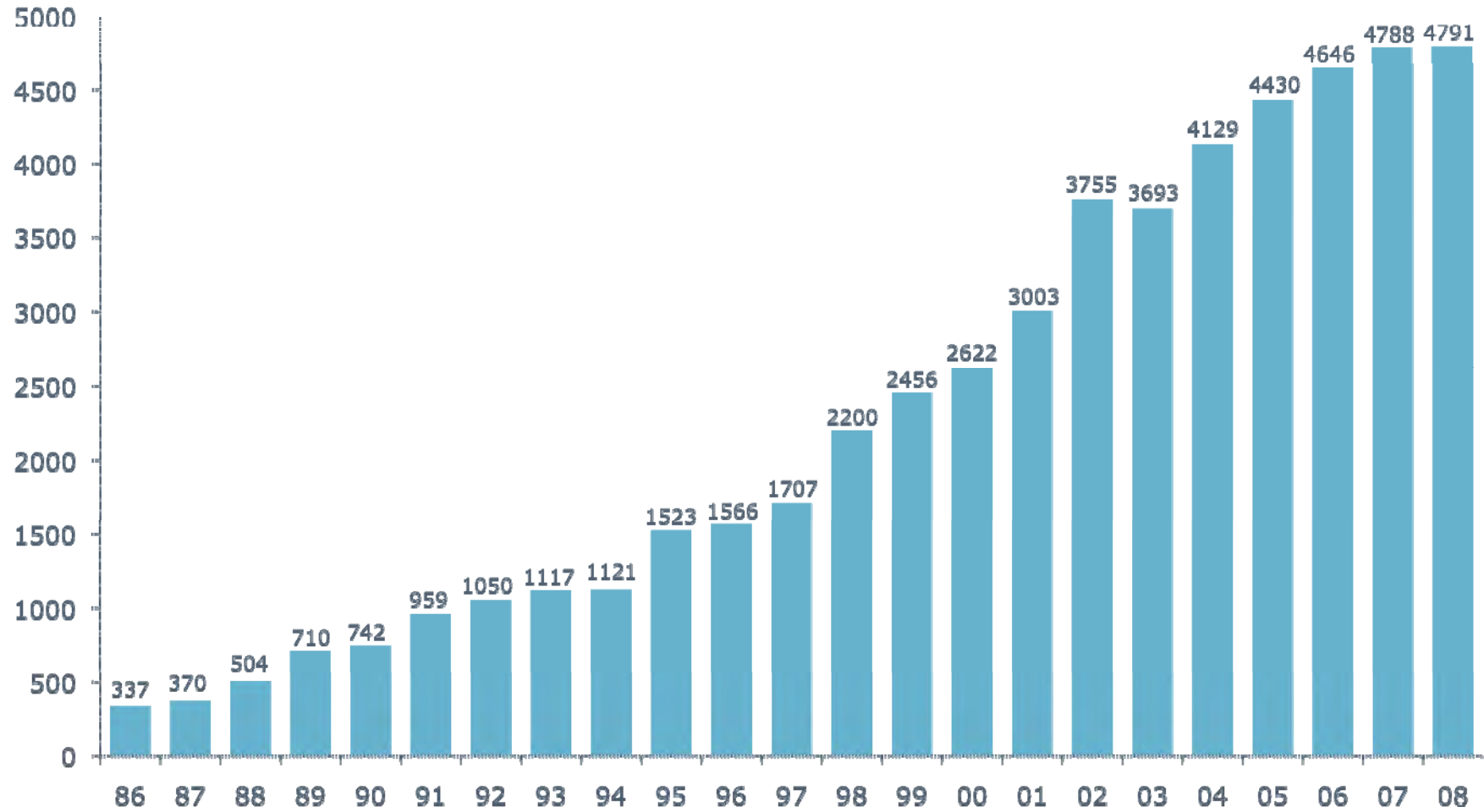
*Extreme Foods
Quest Food Ingredients
Cremo Ingredients
Flavurence
Laboratorios Krauss
Fructamine
Manheimer
Ernsts Food Ingredients
Lanli Food Industry Company
Custom Industries
Nuvex Ingredients
Titusfield Ltd
Sugar & Spice
Shanghai Vega Fragrance & Flavour
Presco Food Seasonings
Can Pan Candy
Fountainhead Manufacturing
QA Products Inc
X-Café LLC
PT Armita
Prima S.A.
Dera Holding NV*

The Major Acquisitions

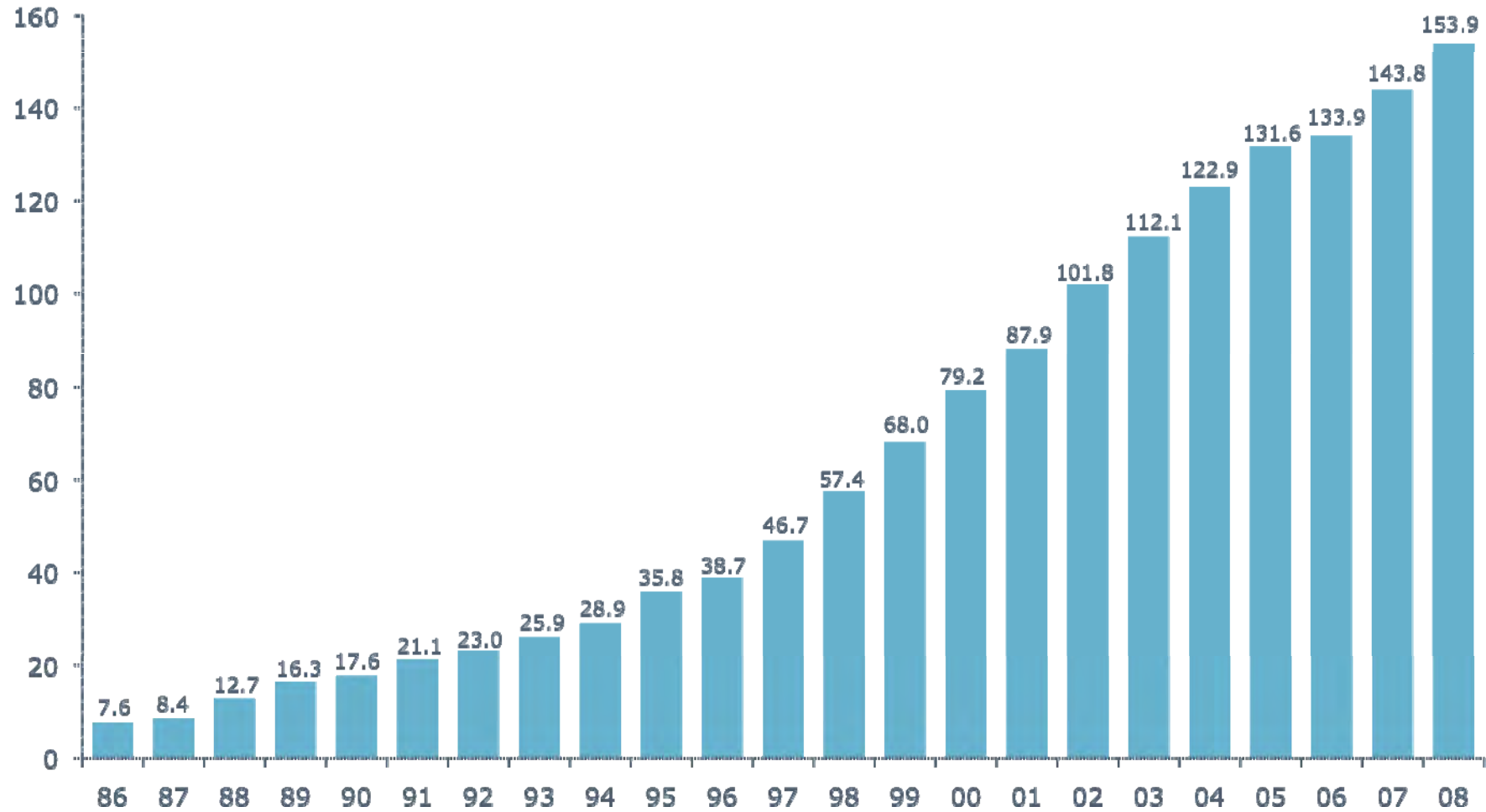


»	1988	Beatreme Food Ingredients	US\$130m
»	1994	DCA	US\$400m
»	1998	Dalgety Food Ingredients	Stg£243m
»	2001	Golden Vale	€391m
»	2004	Quest Food Ingredients	US\$440m
»	2005	Noon	Stg£124m
»	2009	Breeo Foods	€140m

Revenue 1986 - 2008 (€m)



Adjusted EPS* 1986 - 2008 (cent)

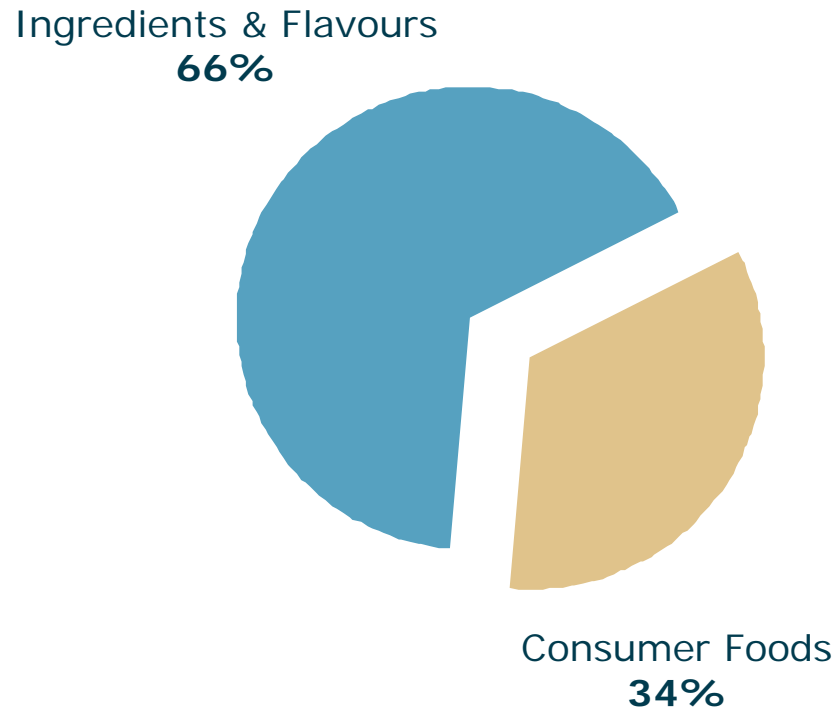


Note: * before intangible amortisation and non-trading items

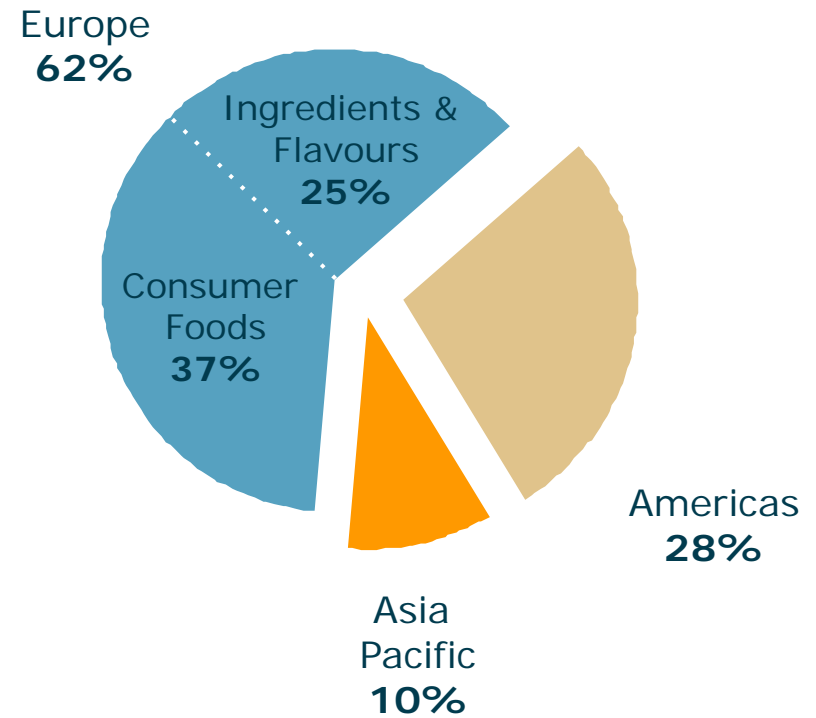
Revenue Distribution 2008



By Business Segment

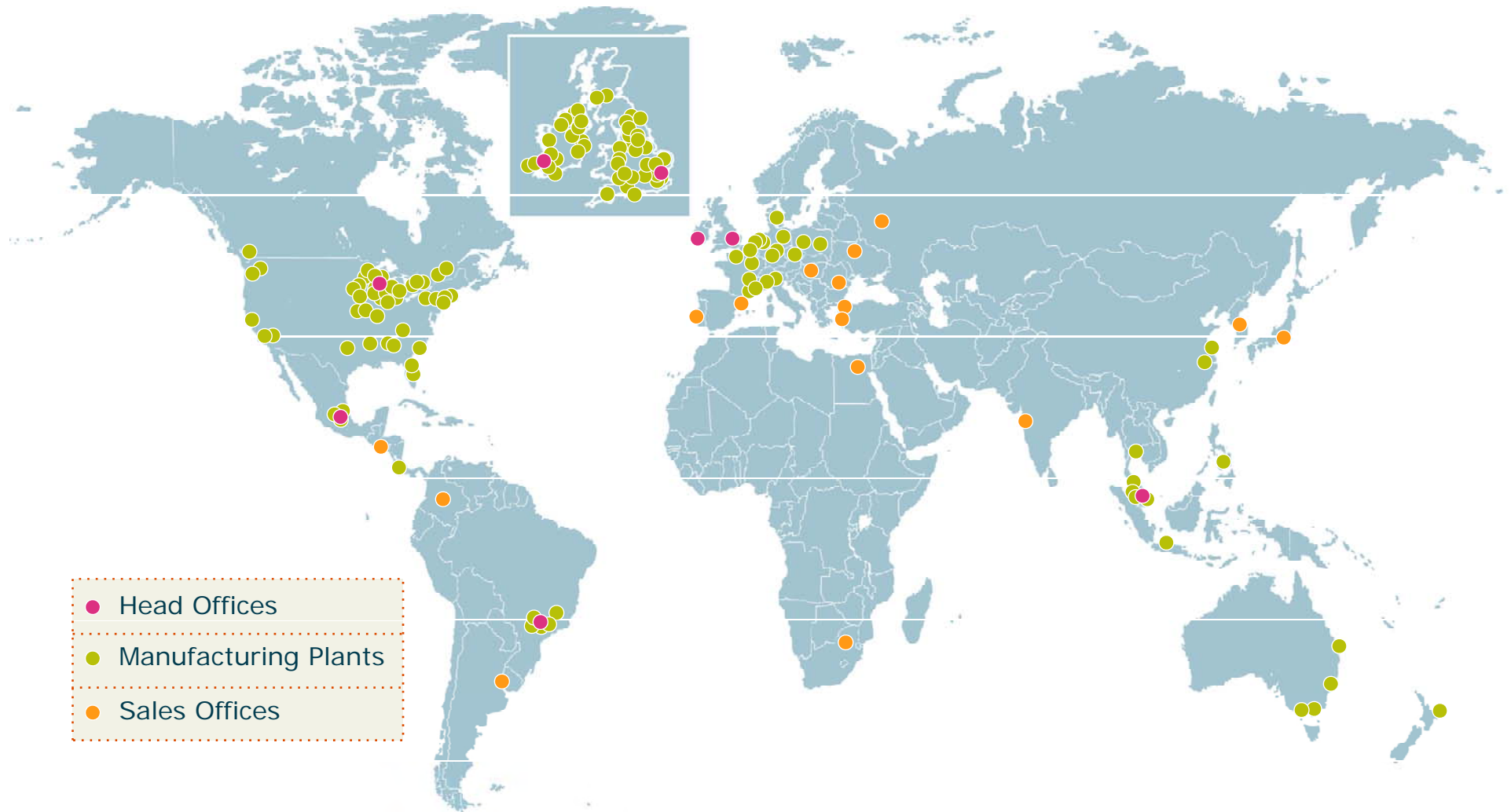


By Destination



Ingredients & Flavours	€3,388m
Consumer Foods	€1,774m

Kerry Worldwide Locations



Kerry's Growth Model



INGREDIENTS & FLAVOURS

- » 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

- » 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

'Kerryconnect' Project:

to establish common global systems and business processes

kerryc**nnect**



KERRY

Ingredients & Flavours

Kerry Ingredients & Flavours – *An Overview*



- » In excess of **15,000 Products**
- » Sales to **140 Countries**
- » **30** Technical Centres - **500** Food Scientists
- » **112** Manufacturing Facilities in
 - » Americas: Brazil, Canada, Costa Rica, Mexico, US
 - » EMEA: Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Netherlands, Poland, UK
 - » Asia-Pacific: Australia, China, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Thailand

Kerry Integrated Customer-Focused Development

Ingredients & Flavours 'Go-to-market' Strategy



Functional Ingredients: Bio-ingredients, Proteins, Emulsifiers and Texturants



BIO-INGREDIENTS

- Enzymes
- Fermented Ingredients
- Beverage Processing Aids
- Active Yeasts & Other Yeasts

REGIONAL TECHNOLOGIES

- Bakery Mixes & Supplies
- Colours & Antioxidants
- Soy Ingredients

EMULSIFIERS & TEXTURANTS

- Carrageenan
- Emulsifiers
- Texture & Stabiliser Systems
- Gum Arabic & Other Gums

PHARMA INGREDIENTS

- Pharma Excipients
- Cell Nutrition

PROTEINS

- Dairy Proteins
- Soy Proteins
- Specialised Functional Proteins

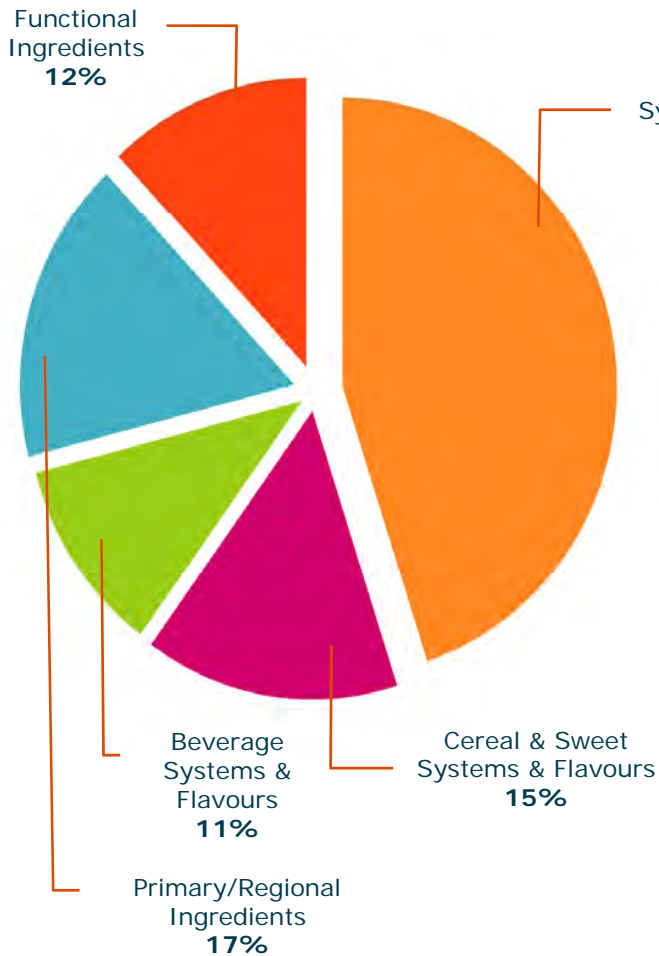
PRIMARY INGREDIENTS

- Primary Dairy Ingredients
- Primary Fruit Ingredients
- Factored Ingredients

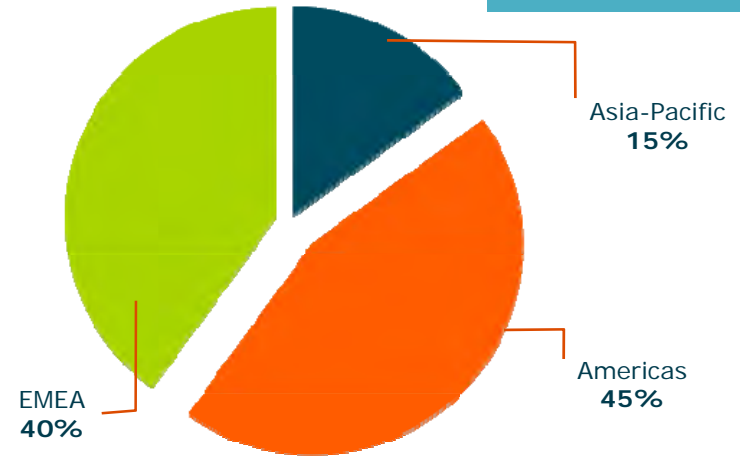
Kerry Ingredients & Flavours – *leveraging technology leadership in global food and beverage markets*



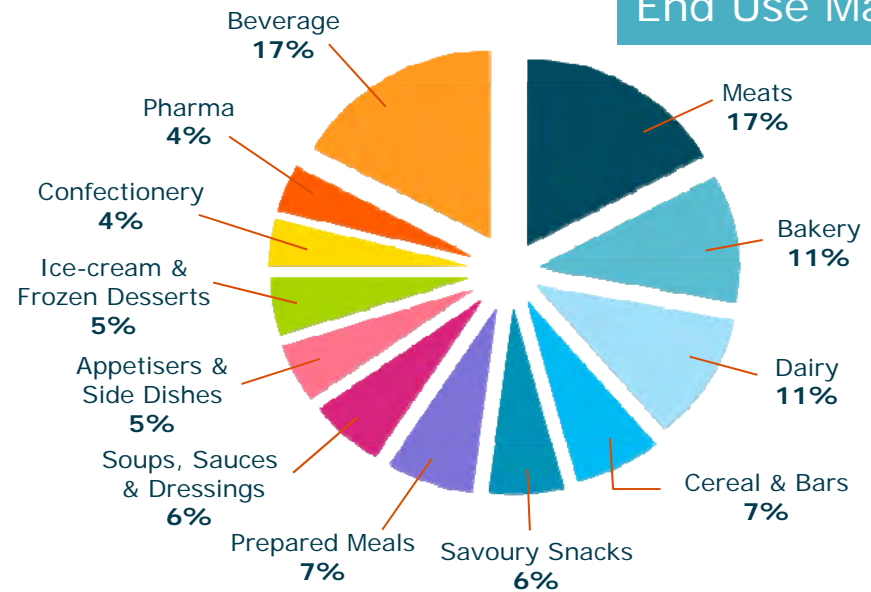
Technology



Region



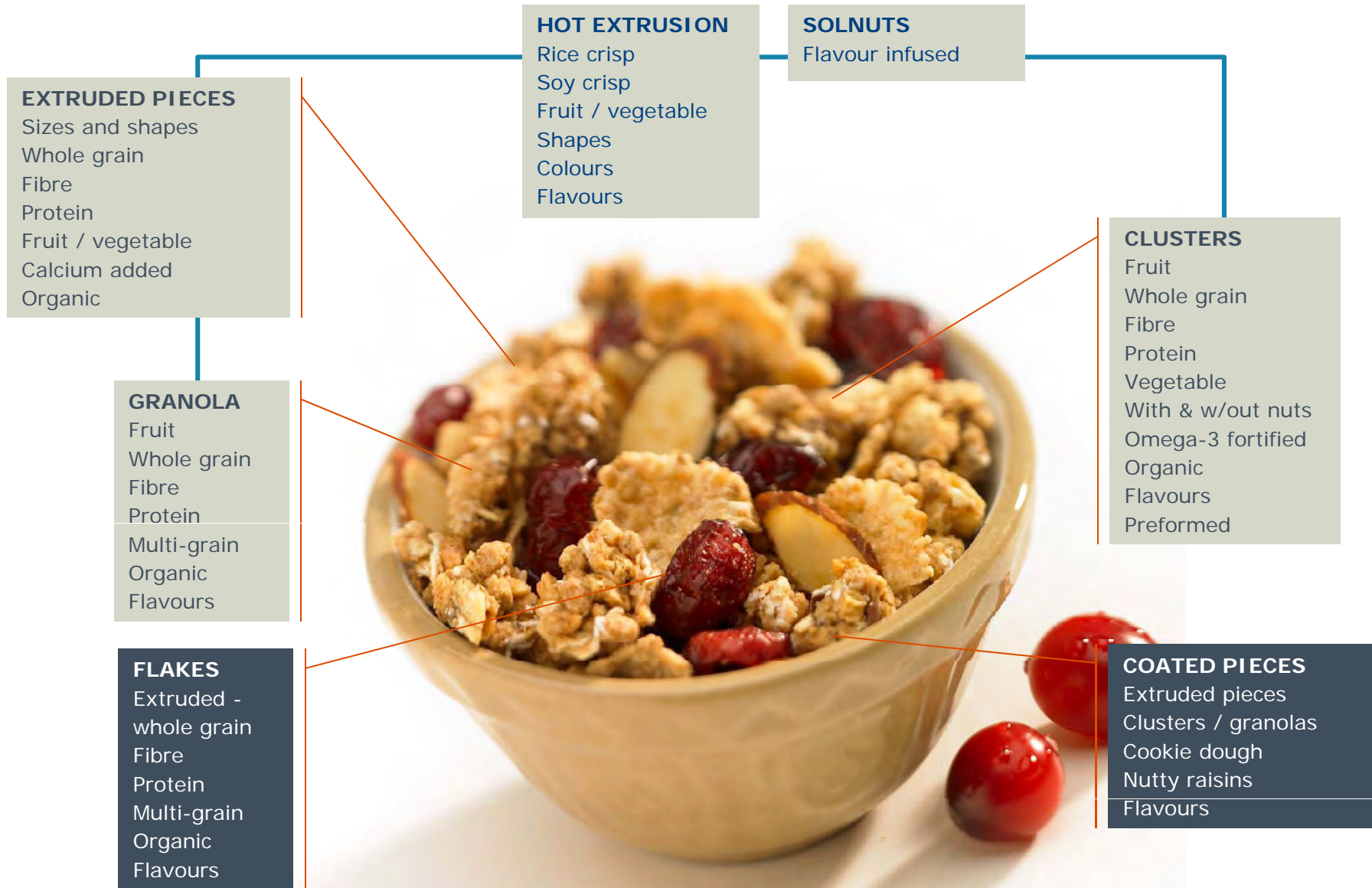
End Use Market



Based on third party revenue

Leveraging Kerry Technologies

Example - R.T.E Cereal Applications



Leveraging Kerry Technologies

Example - Bar Applications



ORGANIC
Organic compatible

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

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

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

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



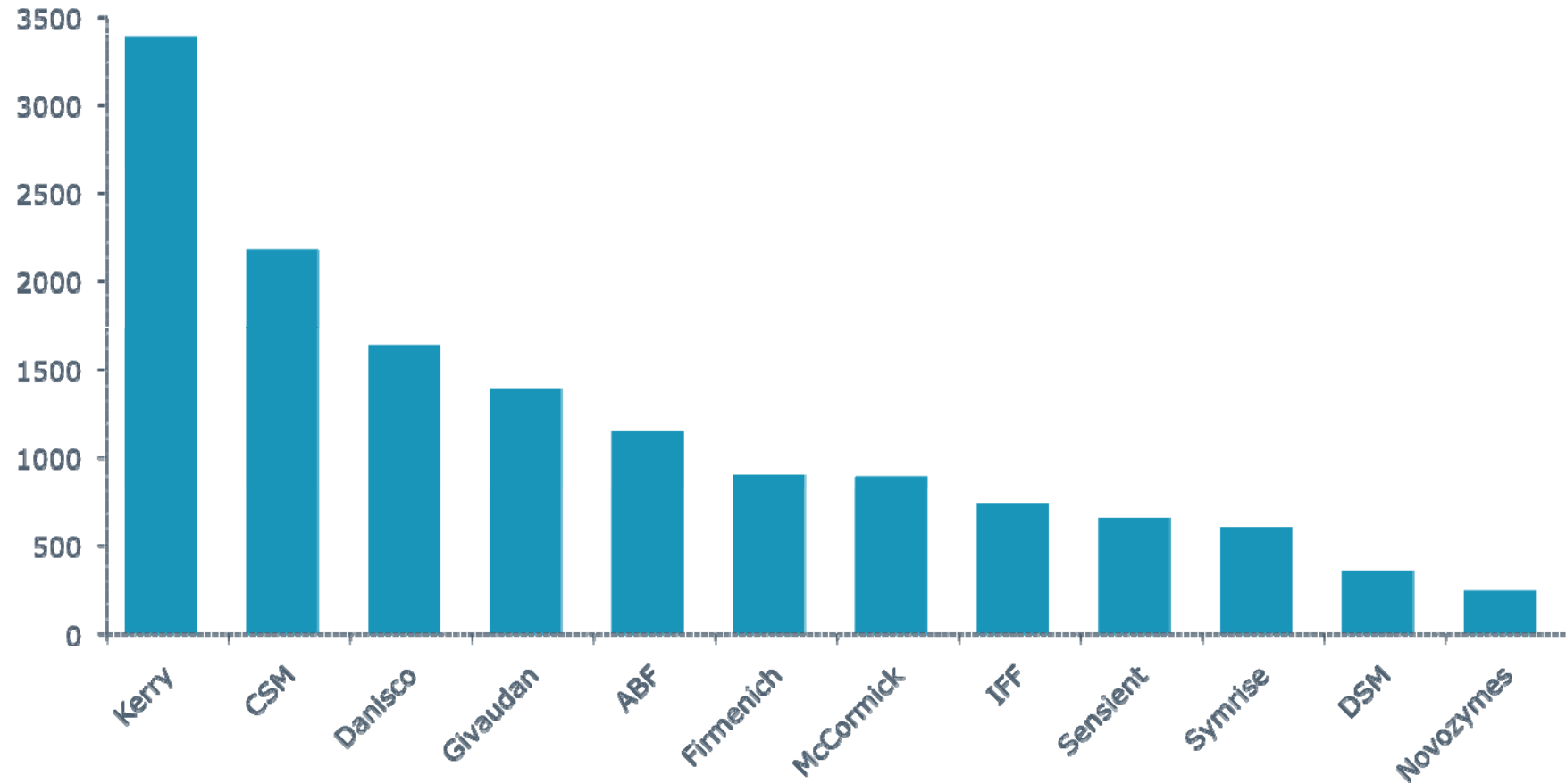
Kerry Ingredients & Flavours: *Our Customers*



Leading Ingredients and Flavours Companies



Revenue €m



Most recently published results



KERRY
FOODS

Kerry Foods

Kerry Foods – *An Overview*



- » Category leader - chilled cabinet
- » Brand leaders - Irish and UK markets
- » Customer brands selected markets
- » Manufacturing facilities throughout Ireland and the UK
- » Dedicated distribution network in Ireland and the UK
- » Supplier to all major supermarket groups, convenience stores and independent retailers



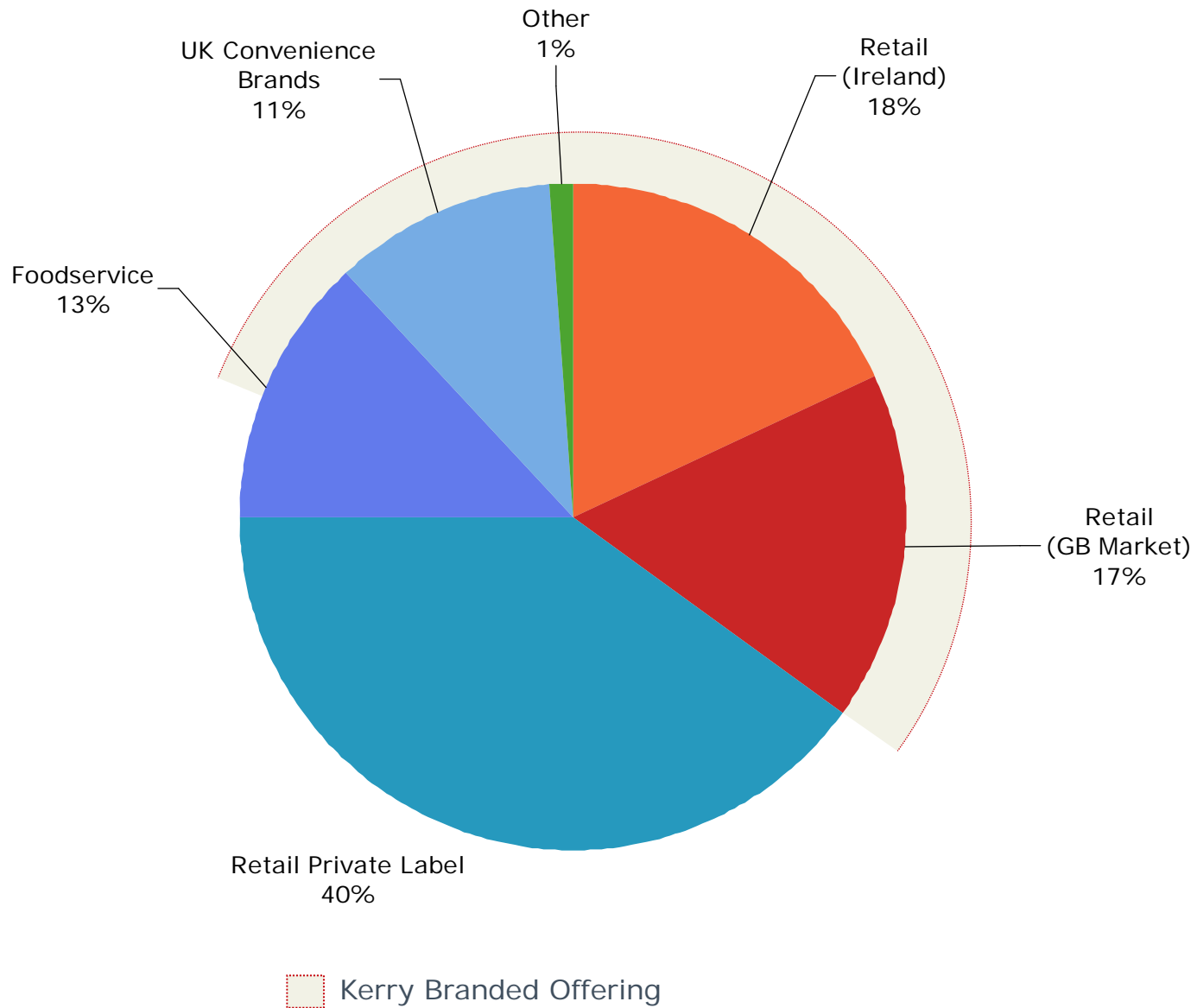
Consumer Foods Growth Model



ADDED VALUE DAIRY	CONVENIENCE	ADDED VALUE MEAT	FOOD TO GO
<p>#1 UK cheese snack portion (Cheestrings)</p> <p>#1 IRL natural cheese (Charleville, Coleraine, Low Low, Mitchelstown)</p> <p>#1 IRL cheese slices (EasiSingles)</p> <p>#1 IRL dairy spread supplier (Dairygold, Low Low)</p> <p>#1 UK pvt label dairy spread supplier</p> <p>#1 UK pvt label cheese slices supplier</p>	<p>#2 UK chilled ready meals supplier</p> <p>#1 UK frozen ready meals supplier</p>	<p>#1 UK sausage (Richmond)</p> <p>#2 UK sausage (Wall's)</p> <p>Biggest sausage/rasher brands in IRL (Denny, Shaws, Galtee)</p> <p>#1 IRL cooked meats brands (Denny, Shaws, Ballyfree, Galtee, Roscrea)</p> <p>#1 meat snacks (Mattessons Fridge Raiders)</p>	<p>#1 UK chilled van sales operation</p> <p>#1 IRL chilled van sales operation</p> <p>#1 IRL sandwich (Freshways)</p> <p>#2 IRL chilled juice (Dawn)</p> <p>#1 IRL flavoured mineral water (Kerry Spring)</p>

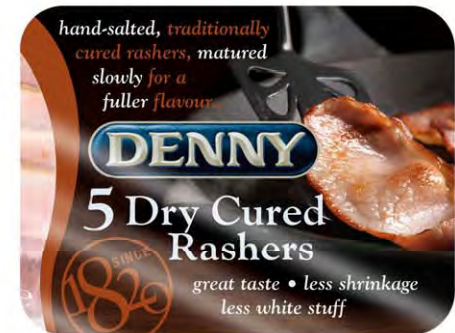
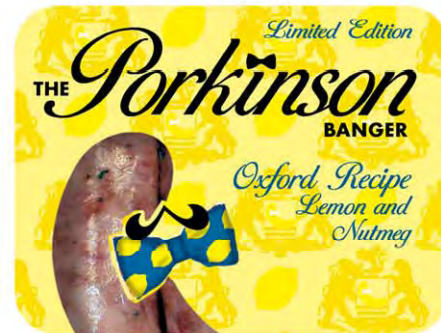


Kerry Foods: Market Channels





Kerry Foods' On-going Innovation Programme

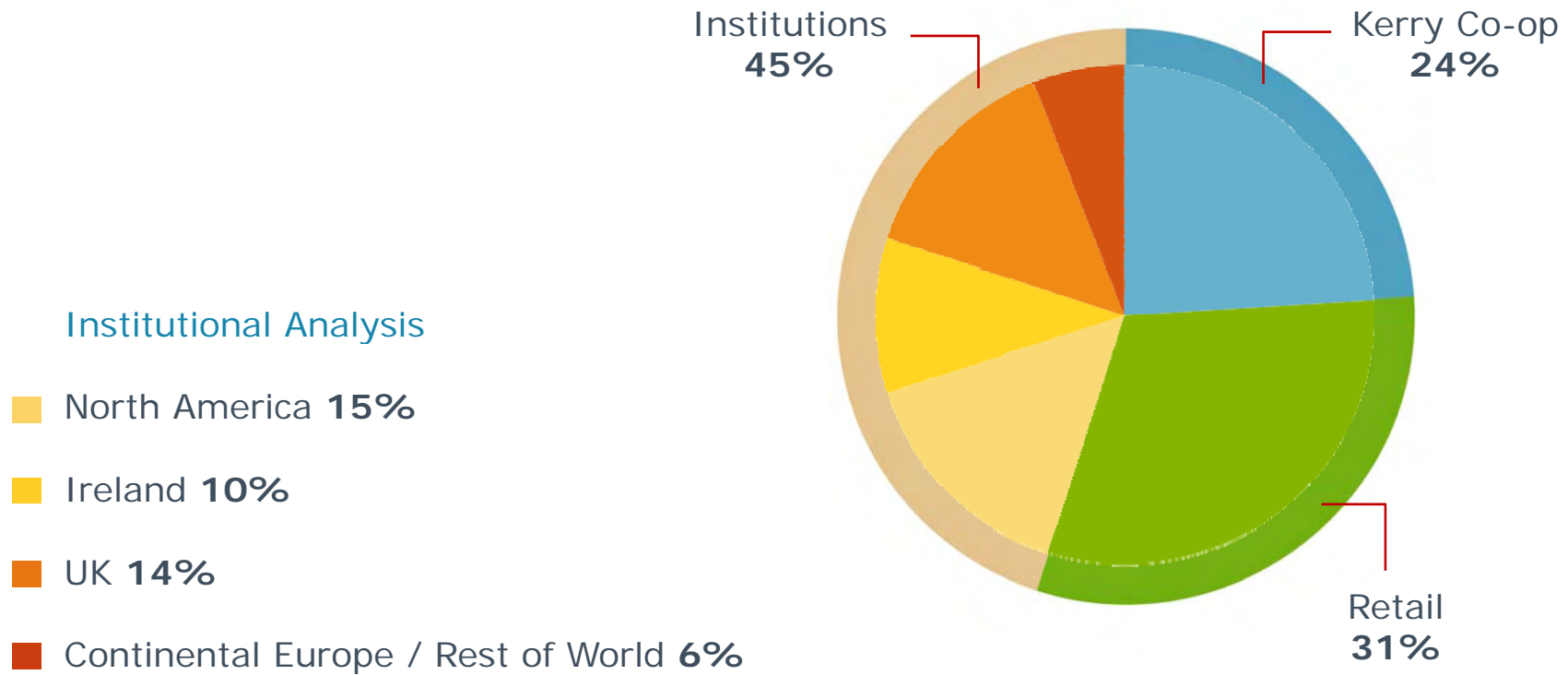


Kerry Agribusiness Support For Dairy Farming



- » Promotes least-cost grass based production
- » 'Focus on Profit' programme drives optimum grass management system and low inputs
- » Milk suppliers as members of Kerry Co-operative Creameries benefit through
 - » Issue of Co-op patronage shares
 - » Co-op dividend income
 - » Exchange of Co-op to plc shares
 - » Kerry Group dividend income

Shareholder Analysis



Shares in issue at 31 December 2008 was 174,761,685

Kerry Co-op: Dividend History



Year	Share Interest	Total Payment
1996	€0.27	€1.7m
1997	€0.31	€2.0m
1998	€0.52	€3.2m
1999	€0.64	€3.8m
2000	€0.70	€5.0m
2001	€0.80	€5.6m
2002	€0.90	€5.9m
2003	€1.00	€6.7m
2004	€1.27	€8.7m
2005	€1.30	€9.2m
2006	€1.30	€8.6m
2007	€1.30	€8.5m
2007*	€2.00	€13.2m
2008	€1.30	€7.1m
Total		€89.2m

Note: * special interim share interest

Plc Shares Spun Out From Co-op Share Exchanges

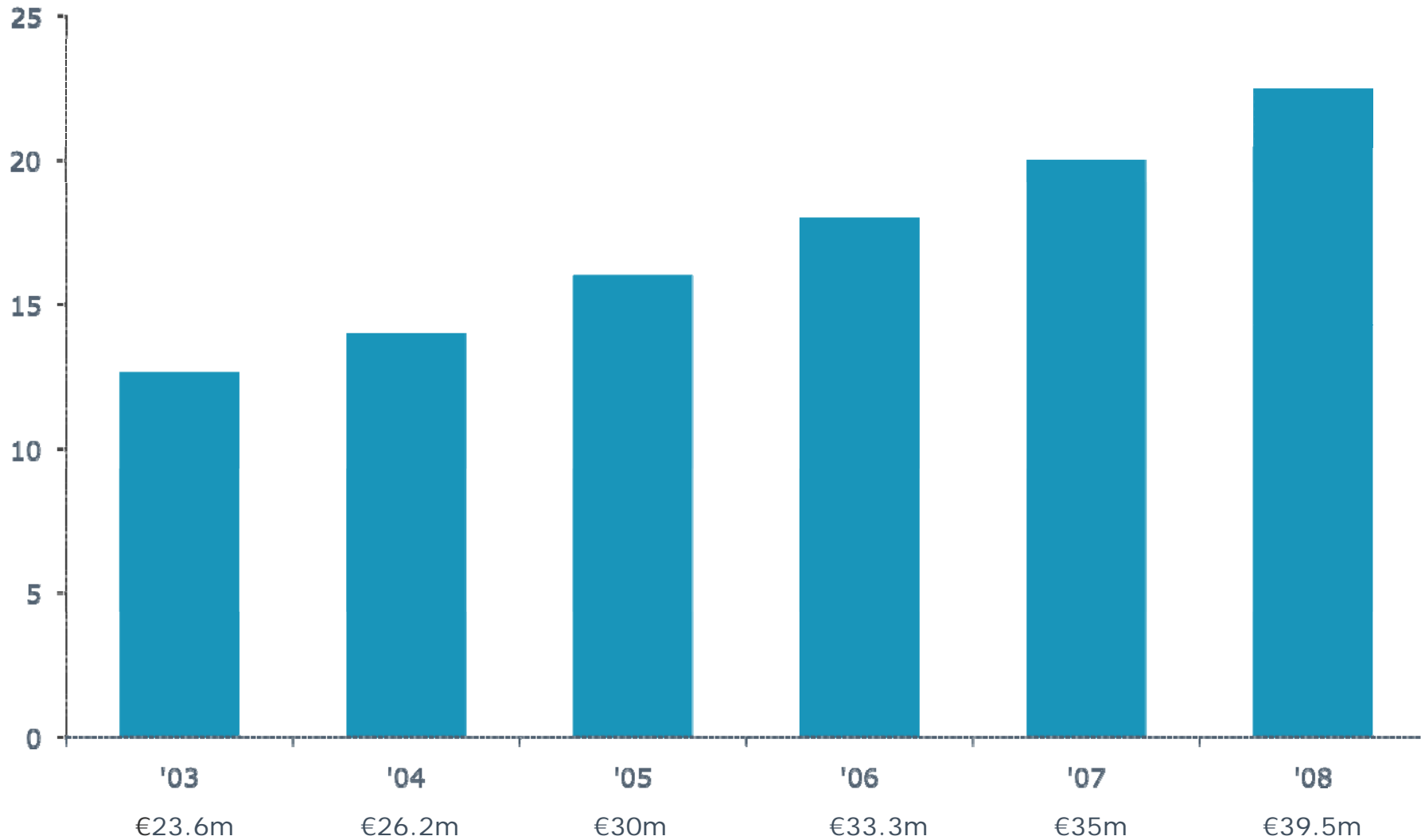


Year	Plc Shares No.	Current Value €
1993	4.5m	€95m
1997	21.4m	€450m
2002	6.4m	€135m
2006	5.8m	€120m
2007	10.4m	€220m
Total	48.5m	€1 billion

Kerry Group plc Dividend History



cent / share



Summary: Conclusion



- » Co-op transition to plc model has worked for Kerry
 - » plc model can serve milk suppliers, Co-op members, plc shareholders and all stakeholders
- » But
 - » must be growth oriented
 - » must be export oriented
 - » must attain market leadership positions
 - » must be prepared to constantly reinvest in business to ensure sustained profitable growth
 - » must generate return for all shareholders and return on investment
- » Summary
 - » In consumer foods must attain brand leadership positions to complement select private label offerings
 - » In ingredients and flavours must invest 3%+ per annum in RD&A to maintain technological leadership

