

Interim Management Report 2008



26 August 2008

2008 Interim Management Report



- » Review of Business Stan McCarthy CEO
- » Financial Review Brian Mehigan CFO
- » Outlook and Future Prospects Stan McCarthy CEO
- » Q&A

H1 2008 Headlines

- » Growth - strong like-for-like topline growth +7.3%
 - » Ingredients & Flavours +7.8%
 - » Consumer Foods +6.0%
- » Margin - maintained at 7.4% despite currency and input cost pressures
 - » Ingredients & Flavours held at 8.1%
 - » Consumer Foods +10bps to 6.4%
- » EPS and dividend
 - » Adjusted EPS* up 6.8% to 62.8 cent
 - » Interim dividend up 13.1% to 6.9 cent
- » Strategy
 - » 'Go-to-market' strategy initiated
 - » Ingredients & Flavours integration commenced

H1 2008 Revenue Growth Analysis



CONSUMER FOODS

Like-for-like
Revenue +6.0%

**INGREDIENTS &
FLAVOURS
AMERICAS**

Like-for-like
Revenue +7.0%

**INGREDIENTS &
FLAVOURS
EUROPE**

Like-for-like
Revenue +5.0%

**INGREDIENTS &
FLAVOURS
ASIA-PACIFIC**

Like-for-like
Revenue +20.3%

Note: like-for-like represents growth before subsidiary translation and acquisitions / disposals impact

Revenue Growth



	H1 2008 Like-for-like	H1 2007 Like-for-like	H1 2006 Like-for-like
» Europe*	5.0%	3.6%	4.2%
» Americas*	7.0%	6.0%	5.5%
» Asia-Pacific*	20.3%	14.6%	9.4%
Ingredients & Flavours	7.8%	5.9%	5.0%
Consumer Foods	6.0%	4.5%	0.2%
Group	7.3%	5.6%	3.5%

Note: * revenue by location of customers

H1 Business Review - Ingredients & Flavours

	H1 2008	Like-for-like
Revenue	€1,656m	7.8%
Trading profit	€134m	8.9%

- » Solid organic growth, good cost recovery
- » 'Go-to-market' strategy initiated in Americas Region
 - » Significant business wins through global accounts
 - » Strong innovation pipeline
- » Global growth drivers
 - » complete sauces
 - » culinary systems
 - » granola and clusters applications
 - » new delivery formats for beverages
- » Weaker dairy demand
 - » Slowdown of yoghurt industry in Europe
- » Excellent growth and development in Asia-Pacific markets
 - » Pinnacle lifestyle bakery
 - » Nutritional applications in China
 - » QSR savoury applications
- » Pharma ingredients - double digit growth

H1 Business Review - Consumer Foods

	H1 2008	Like-for-like
Revenue	€877m	6.0%
Trading profit	€56m	5.6%

- » Good growth in challenging trading conditions - trading margin +10bps
 - » Input costs
 - » Sterling/Euro exchange rate
- » Held brand shares in all categories
- » Encouraging growth in meat snacking sector and cheese category
- » Time-lag in cost recovery in chilled ready meals
- » Stability in frozen meals category
- » Continued brand investment - Ireland and the UK
- » Competition Authority decision on proposed Breeo Foods acquisition expected shortly



Financial Review

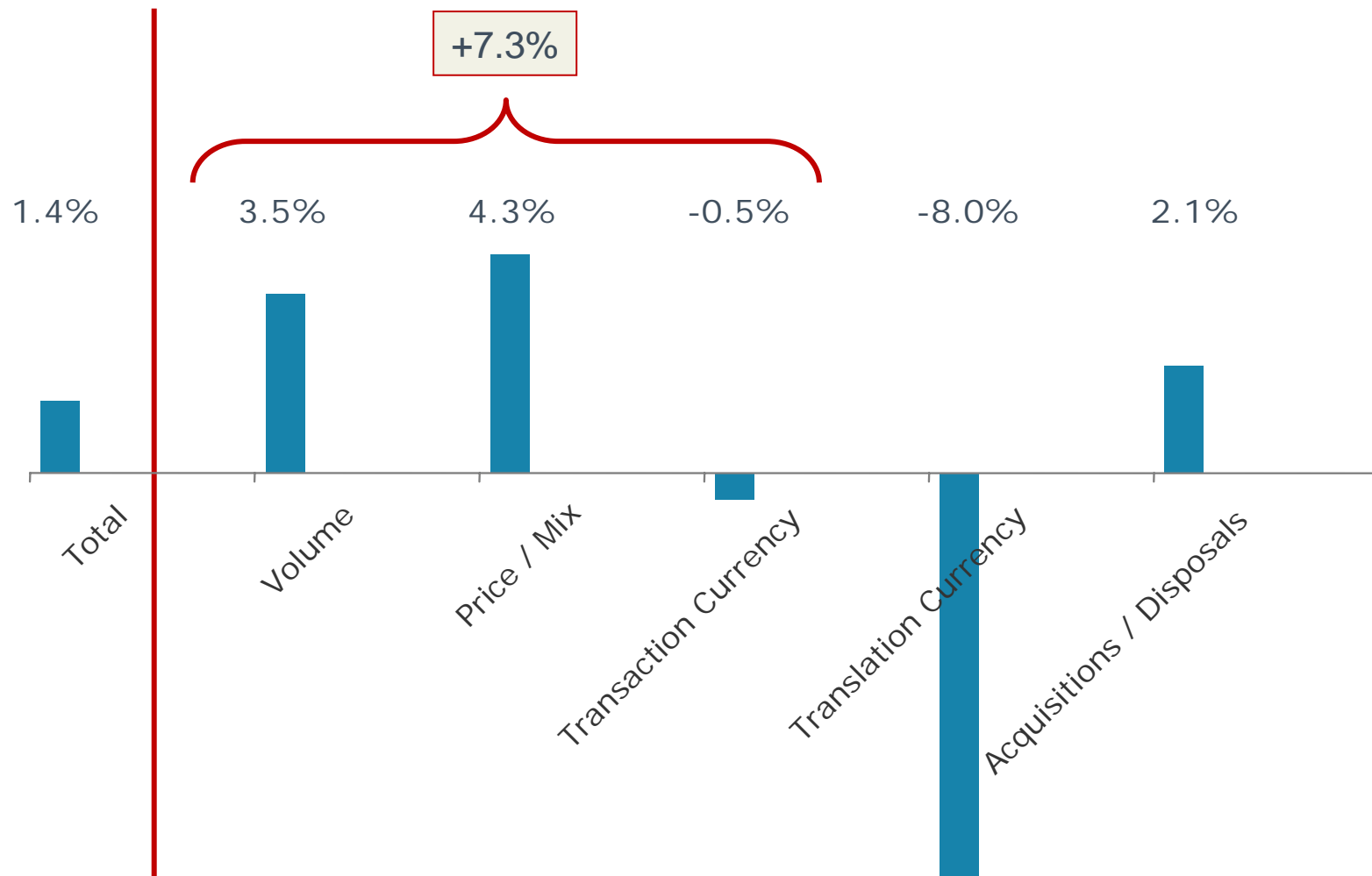


H1 2008 Financial Highlights

Revenue	→	€2,363m	+7.3% like-for-like
Trading profit	→	€175m	+8.1% like-for-like
Trading margin	→	7.4%	+0bps
Adjusted EPS*	→	62.8 cent	+6.8%
Basic EPS	→	60.1 cent	+4.3%
Free cash flow	→	€51m	H1 2007: €75m

Note: * before intangible asset amortisation and non-trading items

Group Revenue Growth Components*



Note: * year on year % change

Revenue Growth Components*

Ingredients & Flavours



Note: * year on year % change

Revenue Growth Components*

Consumer Foods



Note: * year on year % change

H1 2008 Trading Profit: Like-for-like % Growth



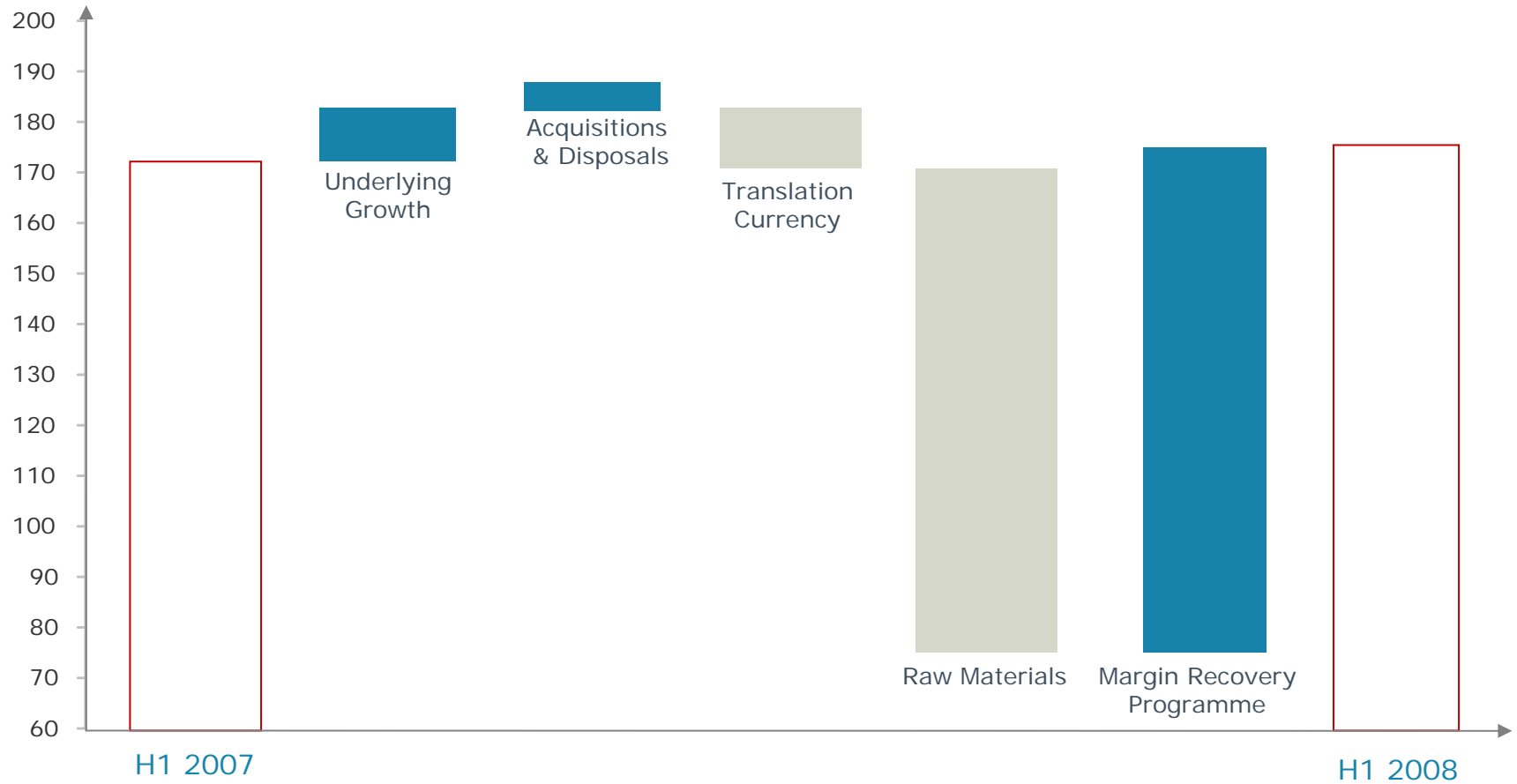
	Like-for-like Growth	Acquisitions / Disposals	Reporting Currency	Reported Growth
Ingredients & Flavours	8.9%	2.4%	(8.7%)	2.6%
Consumer Foods	5.6%	3.6%	(8.8%)	0.4%
Group	8.1%	3.0%	(9.3%)	1.8%

Margin by Business



	H1 2008			H1 2007		
	Revenue	Trading Profit	%	Revenue	Trading Profit	%
	€m	€m	%	€m	€m	%
Ingredients & Flavours	1,656	134	8.1%	1,611	130	8.1%
Consumer Foods	877	56	6.4%	882	56	6.3%
Eliminations / Unallocated	(170)	(15)	-	(161)	(14)	-
Group	2,363	175	7.4%	2,332	172	7.4%

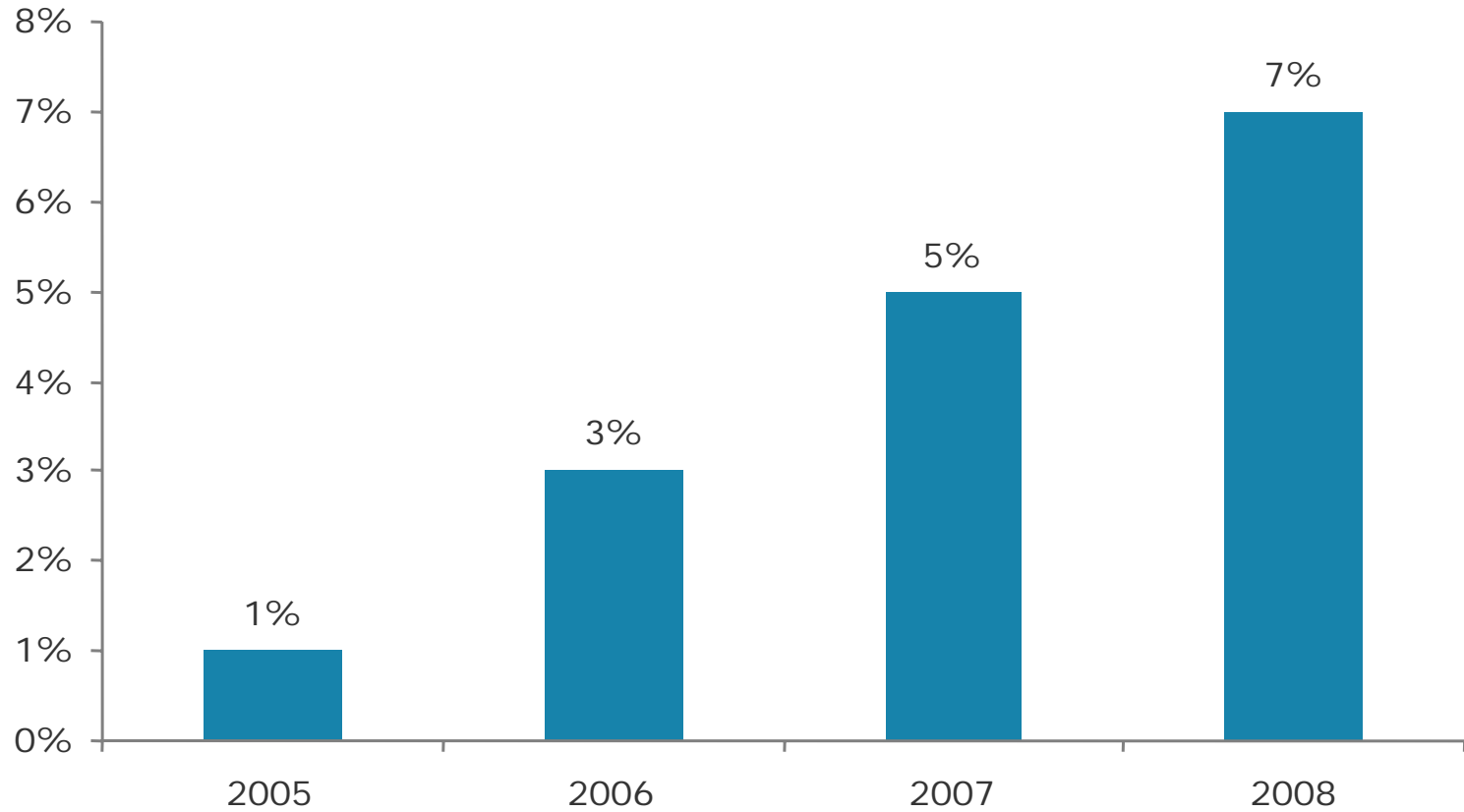
Trading Margin Progression



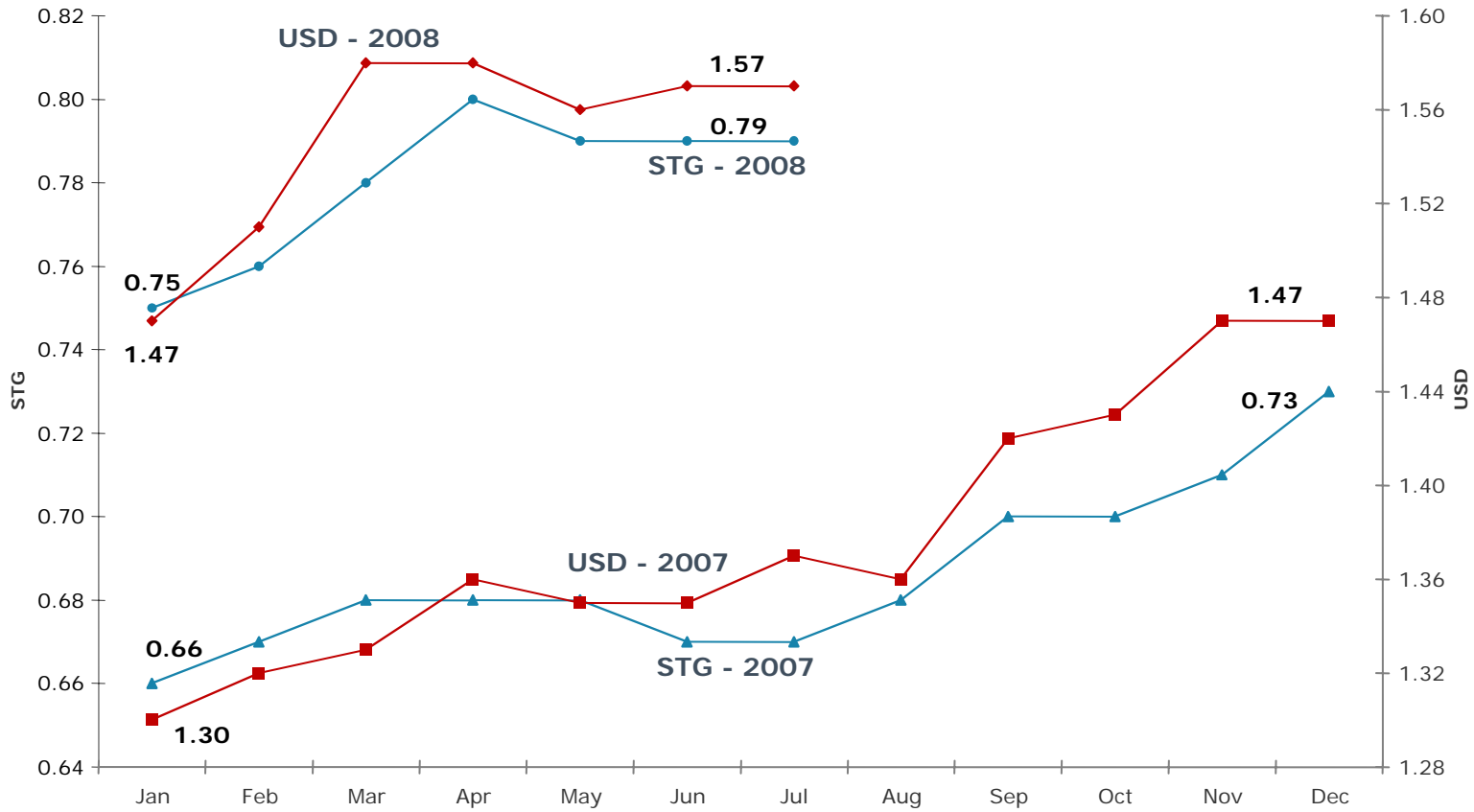
Margin	7.4%	+0.3%	+0.1%	-0.1%	-4.1%	+3.8%	+7.4%
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Raw Material Cost Pressures

% of Prior Year Raw Material Spend



Currency Trend



H1 '08 : H1 '07
STG (16.4%)
USD (15.3%)

	FY 2007 Revenue	FY 2007 Borrowings
STG	37%	16%
USD	24%	39%
Euro and other	39%	45%

Interim Free Cash Flow (€m)

	H1 2008	H1 2007
Trading profit	175	172
Depreciation	49	53
Movement in working capital	(61)	(64)
Capital expenditure (net)	(61)	(39)
Finance costs	(37)	(35)
Taxation	(14)	(12)
Free cash flow	51	75

Financial Ratios



	H1 2008	H1 2007
Debt : market capitalisation	38%	38%
EBITDA : net interest*	6.3x	6.0x
Debt : EBITDA*	2.5x	2.8x

Note: * calculated in accordance with banking covenants

Return on Investment



	H1 2008	H1 2007
ROAE*	14.5%	14.1%
ROACE*	11.1%	10.6%
CFROI	10.3%	11.8%

Note: * before intangible asset amortisation and non-trading items

Maturity Profile of Net Debt (€m)



	30 June 2008	30 June 2007
Within 1 year	(63)	(88)
Between 1 and 2 years	128	4
Between 2 and 5 years	672	733
Between 5 and 10 years	497	708
	1,234	1,357

Weighted average maturity in years: 3.8 4.9

Other Financial Matters



- » Non-trading items €2.1m positive (net of tax) - disposal of non-core activities and non-core assets
- » Finance costs Up €0.8m - impact of 2007 share buyback largely offset by reduced rate and currency
- » Taxation Tax charge on continuing operations 20.8% (H1 2007 : 20.8%)
- » Pension Deficit increased due to negative investment returns



Outlook and Future Prospects



Kerry's Dual Strategy for Growth

INGREDIENTS & FLAVOURS: *creating layers of advantage*

- » 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: *exploiting Kerry Foods' category leadership, marketing expertise and consumer understanding*

- » 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

Kerry Ingredients & Flavours 'Go-to-market' Growth Model



Kerry Integrated Customer-Focused Development Global Food & Beverage Industry



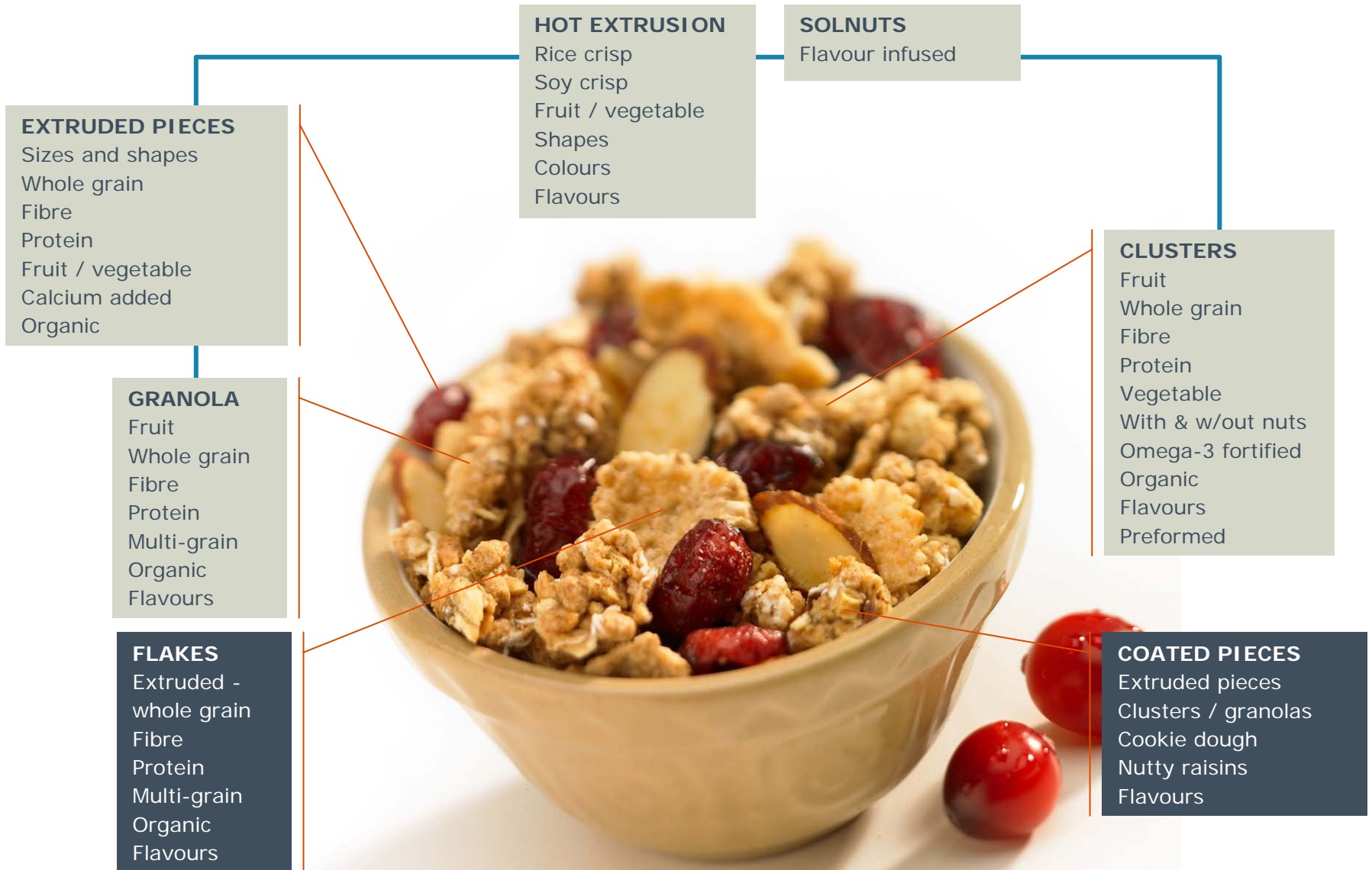
SAVOURY AND DAIRY		CEREAL AND SWEET		BEVERAGE	
Kerry Systems & Flavours	End Use Markets	Kerry Systems & Flavours	End Use Markets	Kerry Systems & Flavours	End Use Markets
Culinary	Prepared Meals	Cereal Sweet	Cereals & Bars Ice cream & Frozen Desserts Bakery Confectionery	Beverage	Soft Drinks Alcoholic Beverages Nutritional Beverages Tea & Coffee
Dairy	Soups, Sauces & Dressings				
Lipids	Savoury Snacks				
Meat	Meats Appetizers & Side Dishes Dairy				

FUNCTIONAL INGREDIENTS: Bio-ingredients, Proteins, Emulsifiers and Texturants



Leveraging Kerry Technologies R.T.E Cereal Applications

KERRY



Leveraging Kerry Technologies Bar Applications

KERRY

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 Customer Center: Americas Region

- » New Customer Innovation and Commercial Center in Beloit, Wisconsin (250,000ft²)
- » Industry leading project providing access to all Kerry technologies
 - » Customer application suites
 - » Research and development laboratories
 - » Culinary theatres
 - » Sensory services
 - » Pilot plant dedicated to customer product commercialisation
- » Investment of US\$50m - scheduled for completion in 2009



Kerry Foods' Growth Model

KERRY

ADDED VALUE DAIRY

- #1 UK cheese snack portion (Cheestrings)
- #1 IRL natural cheese (Charleville/Coleraine)
- #1 IRL cheese slices (EasiSingles)
- #1 IRL dairy spread supplier
- #1 UK pvt label dairy spread supplier
- #1 UK pvt label cheese slices supplier

CONVENIENCE

- #2 UK chilled ready meals supplier
- #1 UK frozen ready meals supplier

ADDED VALUE MEAT

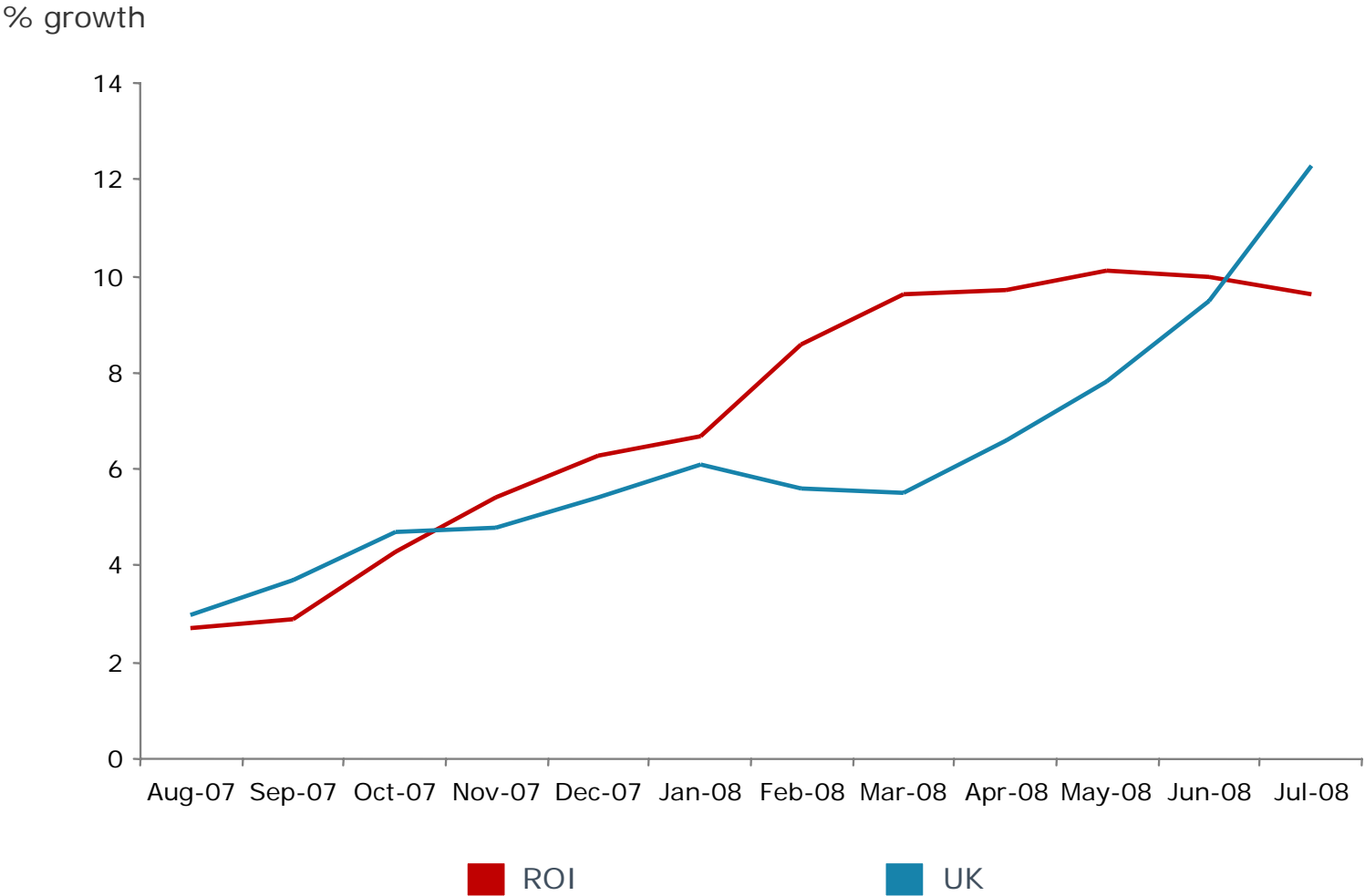
- #1 UK sausage (Richmond)
- #2 UK sausage (Wall's)
- Biggest brand in IRL (Denny)
- #2 IRL cooked meats brand (Ballyfree)
- #1 meat snacks

FOOD TO GO

- #1 UK chilled van sales operation
- #1 IRL chilled van sales operation
- #1 IRL sandwich (Freshways)
- #2 IRL chilled juice (Dawn)
- #1 IRL flavoured mineral water (Kerry Spring)



Food and Beverage CPI - UK and ROI Markets



Source: CSO, ONS, 2008

Evolving Business Development Investment Initiatives



- » Kerry Ingredients & Flavours 'go-to-market' strategy
 - » Programme initiated in Americas Region
 - Harmonisation of production across ingredients & flavours facilities
 - Centralisation of commercial support activities
 - » Review of EMEA Ingredients & Flavours consolidation underway
 - » Review of Asia-Pacific requirement completed in early 2009
 - » Investment to deliver 10% plus Ingredients & Flavours trading margin

- » Kerry Foods' value chain efficiency programme
 - » Investment in lean manufacturing
 - » Investment in shared services

- » Groupwide investment in integrated standard process and systems



Estimated net cost €30m - €40m after tax (over 2 years)
Positive cash impact

Future Prospects



- » Expect a good outturn for full year
- » Reconfirm expectation to deliver earnings of 151 to 155 cent per share
- » Continue to explore complementary acquisition opportunities
- » Ingredients & Flavours 'go-to-market' strategy will differentiate Kerry from competition
- » Consumer foods' brand and marketing investment to sustain growth in competitive environment

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