NEWS RELEASE
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Preliminary Statement of Results for the year ended 31 December 2014

Kerry, the global ingredients & flavours and consumer foods group, reports preliminary results for the year ended 31 December 2014.

Highlights

- Adjusted EPS* up 8.1% to 278.9 cent
- Group revenue of €5.8 billion reflecting 2.4% continuing volume growth
  - Ingredients & Flavours €4.3 billion, +3.4% continuing volumes
  - Consumer Foods €1.5 billion, -0.7% continuing volumes
- Trading profit increased by €25m to €636m (+ 5.3% LFL)
- Group trading margin up 60 basis points to 11.1%
  - Ingredients & Flavours + 80 basis points to 13.7%
  - Consumer Foods + 30 basis points to 8.3%
- Final dividend per share of 31.5 cent (Total 2014 dividend up 12.5% to 45 cent)
- Free cash flow of €303m (2013 : €412m)
- Industry-leading RD&A investment

**before brand related intangible asset amortisation and non-trading items (net of related tax)*

Commenting on the results Kerry Group Chief Executive Stan McCarthy said; *"We recorded another year of good growth, business margin expansion and an 8.1% increase in adjusted earnings per share in 2014. The consumer environment across developed and developing markets is changing rapidly but Kerry is well positioned to capitalise on global growth opportunities. We expect to achieve another year of good growth in 2015".*

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CHAIRMAN'S STATEMENT

for the year ended 31 December 2014

Kerry Group achieved another year of good underlying growth ahead of our markets and sustained business margin expansion in 2014. Despite a challenging macro-economic landscape and the impact of geopolitical issues – particularly in developing markets, the Group continued to successfully develop across its three strategic pillars – Taste, Nutrition and Developing Markets. Changing consumer demographics and shopping behaviour are driving a paradigm shift in food and beverage consumption trends, impacting industry, retail and foodservice developments. In particular increased urbanisation, millennial growth and life-stage requirements continue to increase demands for innovation to meet convenience, snacking, functionality and health / wellness trends. Demand for clean-label, enhanced nutrition, natural, 'free-from' – in particular gluten-free offerings, and wider flavour profiles continued to provide solid growth opportunities for Kerry's leading taste, nutritional and functional ingredients & actives technology platforms. Partnerships with the Group's global and regional customers were further advanced – benefiting from the Group's 1 Kerry capabilities and expertise provided by Kerry Global Technology & Innovation Centre and Regional Development & Application Centre developments.

While showing early signs of recovery, increased fragmentation and polarisation in the Irish and UK consumer foods markets contributed to increased competitiveness. Kerry Foods performed satisfactorily against this background whilst continuing to progress its business repositioning strategies.

RESULTS

In 2014 Group businesses grew ahead of our markets delivering 2.4% continuing business volume growth. In a relatively benign input cost environment, pricing decreased by 0.5%. Group sales revenue at €5.8 billion on a reported basis was 1.4% lower, reflecting the adverse translation impact of currency movements, acquisitions net of disposals and business rationalisation volume loss.

Despite weaker overall market conditions and lower industry inventory levels, Kerry's ingredients & flavours businesses achieved good volume growth and a strong trading performance. Continuing business volumes increased by 3.4% and net pricing declined by 0.5%.

Kerry Foods continued to successfully progress its business repositioning, with continuing business volumes reduced by 0.7% and net pricing 0.6% lower.

The Group's trading performance maintained a strong positive momentum benefiting from Groupwide business operational improvements due to the 1 Kerry Business Transformation Programme and portfolio repositioning in Kerry Foods. Group trading profit increased by 4.1% to €636m reflecting 5.3% like-for-like [LFL] growth. The Group trading profit margin increased by 60 basis points to 11.1%. This reflects an 80 basis points improvement in trading margin in ingredients & flavours to 13.7% and a 30 basis points improvement in Kerry Foods' margin to 8.3%.

Adjusted profit before tax, brand related intangible asset amortisation and non-trading items increased by 7.1% to €570m. Adjusted profit after tax before brand related intangible asset amortisation and non-trading items increased by 8.2% to €490m. Basic earnings per share increased to 273 cent from 48 cent, as the prior year number was impacted by non-trading items. Adjusted earnings per share increased by 8.1% to 278.9 cent (2013 : 257.9 cent). The Board recommends a final dividend of 31.5 cent per share, an increase of 12.5% on the 2013 final dividend. Together with the interim dividend of 13.5 cent per share, this brings the total dividend for the year to 45 cent, an increase of 12.5% on 2013.

Expenditure on research and development increased to €197m (2013 : €186m). Establishment of the Kerry Global Technology & Innovation Centre in Ireland is well advanced and on schedule to be fully operational by mid-year 2015. This development will also include the Group's Global Centre of Excellence for Nutrition.

Net capital expenditure in 2014 amounted to €257m (2013 : €177m). The Group achieved a free cash flow of €303m (2013 : €412m).

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

	2014	Growth
Revenue	€4,337m	3.4%*
Trading profit	€593m	+6.1%
Trading margin	13.7%	+80bps

**continuing volume growth*

Kerry provides the largest, most innovative portfolio of Taste & Nutrition Systems and Functional Ingredients & Actives for the global food, beverage and pharmaceutical industries.

Challenging macro-economic trends and changing consumer shopping behaviours meant that developed markets overall were relatively weak but provided good scope for innovation in health / wellness and niche growth sectors. While industry growth was weaker in some developing markets due to political or currency related issues, nevertheless Kerry continued to achieve solid growth and development – in particular in Asia. Group technologies grew favourably through successful partnership and alignment with customer / consumer needs for natural, authentic ingredients & flavours delivering enhanced nutritional values, functionality, convenience, quality and product safety.

Sales revenue on a reported basis at €4,337m reflects continuing business volume growth of 3.4% and 0.5% lower net pricing.

Trading profit grew by 6.1% to €593m reflecting an 80 basis points increase in divisional trading margin to 13.7%. In 2014 ingredients & flavours accounted for 74% of Group revenue and 83% of Group trading profit.

Americas Region

Economic growth in North America was positive in 2014 but lower than expected. Increased raw material and food price inflation limited growth opportunities for food and beverage manufacturers. In addition traditional grocery formats experienced lower sales as consumers increasingly utilised different channels and more convenient shopping formats. Packaged food and beverage demand in Mexico was also impacted by tax changes, including a new tax on high-calorie food and beverages. Consumer confidence in Brazil declined due to mounting concerns about high inflation and sluggish economic growth.

Despite the overall weaker industry environment, Kerry performed well in the Americas in 2014 – in particular through clean-label, all-natural and health / wellness solutions. Revenue in the American region at €1,901m reflects 3.3% continuing volume growth and 0.4% lower pricing.

Beverage systems & flavours delivered good growth in particular through aseptic offerings in nutritional segments. Tea and coffee applications maintained good growth momentum in foodservice chain accounts and through Kerry's branded products. Development in the soft drinks sector was subdued but good innovation opportunities were realised in the alcohol spirits categories and through brewing application solutions. *Da Vinci Gourmet* and *Big Train* branded beverage portfolios achieved solid growth particularly in Latin America.

Savoury, Dairy & Culinary systems & flavours performed well in particular in the meat industry and through foodservice applications. Performance in the North American meat sector was highly favourable through Kerry's seasonings and coatings technologies, and excellent progress was achieved through clean-label solutions. Growth in North American culinary segments was assisted by Wynnstarr Flavors acquired prior to year-end 2013. Culinary technologies also grew in Central America and the Andean region of Latin America. The savoury snack sector continued to provide good growth opportunities and Kerry's market reach was further extended in Latin America.

In November the Group acquired *Junior Alimentos,* a leading provider of culinary and sweet systems, and complete solutions to the foodservice market in Brazil. Based in Cotia, Sao Paulo, Junior provides a complete portfolio of sauces, seasonings, dairy products, sweet ingredients and beverage systems to leading QSR chains and casual dining, restaurants and hospitality outlets in Brazil.

Cereal & Sweet technologies performed well despite industry conditions. Fermented ingredients' technologies consolidated Kerry's position as a preferred supplier of clean-label solutions to leading bakery companies in North and South America. Innovative snack offerings provided growth opportunities in the cereal and confectionery sectors. The Group's cereal manufacturing business in Argentina was disposed of in Q3.

Pharma ingredients recorded strong growth, in particular through cell nutrition and excipient applications. Cell nutrition growth was driven by increased global demand for therapeutic drug and vaccine solutions. Excipients grew across all regions with solid growth in Asian markets. Pharmaceutical applications also provided favourable opportunities for Kerry's flavour systems.

EMEA Region

The slow pace of economic recovery in Europe and continued frugal spending patterns at consumer level intensified competitiveness, particularly in developed markets. Youth unemployment levels remain a concern in many markets impacting consumer confidence. Geopolitical tensions and currency related pressures impacted growth in EMEA developing markets. While the Middle Eastern and South African markets showed some improvement in the second half of 2014, Russia and Eastern European markets progressively weakened due to the economic impact of the political situation in the region.

Overall EMEA market conditions remained challenging with limited growth opportunities. However Kerry continued to record good development progress and greater business efficiencies. Realignment of business structures and customer service capabilities ahead of the transition to the new Kerry Global Technology & Innovation Centre in Ireland was significantly advanced. Revenues in the EMEA region reported at €1,549m reflect a 0.5% reduction in continuing volumes and 0.8% lower pricing.

Beverage systems & flavours maintained solid progress through leading beverage accounts and in the foodservice channel. In line with customer demand for low calorie and zero calorie variants, Kerry flavour systems and citrus capabilities recorded good growth. In Western Europe and Sub-Saharan Africa successful development was achieved through Kerry taste solutions and enzyme technology – in particular in the brewing and wine sectors. In the branded foodservice segment the *Da Vinci* and *Big Train* brands continued to successfully extend penetration across new geographies in the speciality coffee and related beverage sectors – achieving significant growth in the Middle East.

Savoury, Dairy & Culinary systems maintained good growth in EMEA developing markets but market conditions in Western European markets remain challenging. Kerry recorded good growth in the savoury snacks sector throughout the region. Dairy and culinary systems also performed well in the foodservice channel with good growth through Kerrymaid branded offerings. Performance in the meat category was mixed in 2014. Coatings technologies continued to achieve good growth in developed markets. Seasonings and functional systems progressed market development in developing markets. However, the strong growth recorded in Russia in 2014 slowed in Q4 due to the prevailing market situation.

Since year-end the Group has acquired the trade and certain assets of Dairygold Co-operative's French food ingredients business.

Cereal & Sweet systems & flavours were impacted by sectoral competitiveness issues. However strong growth was achieved in the bakery and cereal bar categories – leveraging Kerry's all-natural functional solutions and low-water activity fillings. New inclusions and coatings lines achieved good growth in the ice cream and frozen desserts markets. Kerry also outperformed market conditions in the confectionery sector. South African markets, while extremely competitive in H1 2014, stabilised in Q4.

Functional Ingredients & Actives maintained a strong performance particularly in nutritional applications. Proteins benefited from strong demand for protein enriched foods globally. Expansion of the Utrecht (Netherlands) facility provided increased capacity to meet customer requirements for nutritional and functional hydrolysates. Enzymes delivered good growth in bakery and beverage markets. Nutritional ingredients and systems grew across all life-stage end-use-markets, particularly in the infant sector. Ongoing investment at the Charleville site in Ireland included commissioning of new nutritional production and packing facilities in Q1 2014.

Primary Dairy market price returns progressively weakened in H2 2014 due to increased output in key exporting countries and a build-up of inventories.

In May, the Group opened a new Regional Development & Application Centre in Durban, South Africa to serve Sub-Saharan African markets and, in October, a new Centre was opened in Moscow to serve the Russian and CIS markets.

Asia-Pacific Region

Asia-Pacific developing markets provided excellent growth opportunities in 2014 where Kerry outperformed food and beverage market growth rates – benefiting from the increased Group resources deployed to market development in the region. Regional developed markets, in particular Australia and New Zealand, were impacted by intense competition due to retail pressures and industry profitability issues. The expanding foodservice channel continued to provide solid development opportunities for Kerry solutions throughout all regional markets. Localisation of taste and speed of innovation are key drivers of growth and development throughout all Asia-Pacific food and beverage markets – enabling Kerry to exploit its broad technology and applications capabilities. Reported Group revenues in the region grew to €807m, reflecting 11.8% growth in continuing volumes and 0.3% lower pricing.

Beverage systems & flavours maintained good growth in dairy, tea, coffee and nutritional beverage segments. Rollout of Kerry's *Da Vinci, Café D'Amore* and *Big Train* branded offerings was further extended across regional markets.

Savoury & Dairy technologies benefited from increased consumption trends in Asian markets but performance in Australia, New Zealand and Japan was impacted by industry competitive issues. Kerry's 'Dairy Complete' offerings recorded solid growth in confectionery, bakery and beverage markets – particularly in bakery and snack applications in China and Indonesia. Dairy technologies also continued to grow in India and the Philippines. Culinary systems performed well in foodservice applications throughout Asian developing markets. Phase 1 of a major upgrading and expansion programme at the Group's Nantong, China production facility was significantly progressed.

Sweet technologies continued to grow through Kerry Pinnacle in the Australian lifestyle bakery sector and through further market development in Asia.

Functional Ingredients & Actives maintained good growth in Asian nutritional, pharmaceutical and beverage markets. Benefiting from Kerry's expanded production facilities in Ireland and sustainable dairy raw materials, excellent market development was recorded in premium infant nutrition markets, particularly in China and Vietnam.

Establishment of the Group's Technology & Innovation Centre in Singapore was completed prior to year-end. A new Regional Development & Application Centre was opened in Bangalore, India and a Regional Application Centre was established in Manila, the Philippines.

CONSUMER FOODS

	2014	Growth
Revenue	€1,509m	(0.7%)*
Trading profit	€125m	(2.6%)
Trading margin	8.3%	+30bps

**continuing volume growth*

Kerry Foods is a leading manufacturer and marketer of added-value branded and customer branded chilled foods, principally to the UK and Irish consumer foods markets.

Against a background of difficult market conditions in the Irish and UK consumer foods' markets; due to increased fragmentation, polarisation and intense competitiveness in the retail grocery sector coupled with continued restrained consumer spending; Kerry Foods performed satisfactorily in 2014 – while continuing to successfully progress its business repositioning strategies for today's changing marketplace.

Consumer confidence improved in 2014 but growth rates across consumer foods categories remain weak to negative in most sectors. However with softening inflation and marginal deflation by year-end in the UK, trading conditions showed some improvement in Q4. Discounter chains continued to gain traction at the expense of other multiple retailers. Online grocery shopping continued to grow where Kerry's increased channel investment led to strong growth of its branded offerings – outperforming retail channel growth rates. Promotional activity continued in 2014 but focused more on pricing than volume related programmes.

The ongoing repositioning programme in Kerry Foods, to improve the quality of its portfolio in line with Group metrics and to capitalise on snacking, health and convenience trends, was further progressed which impacted reported sales revenue in 2014. This included restructuring of the Direct-To-Store services to the independent and convenience retail sectors in the UK and Ireland and following agreement with Pork Farms, Kerry Foods' chilled savoury pastry manufacturing assets in Poole, Dorset and Spalding, Lincolnshire were acquired by the Pork Farms Group in August. Since year-end a management buy-out of the division's Direct-To-Store business in the UK was completed.

Reported revenues decreased by 5.8% to €1,509m. Continuing business volumes were 0.7% lower and pricing reduced by 0.6%. Trading profit decreased by 2.6% to €125m. Business efficiency improvements and repositioning to-date contributed to the division's 30 basis points improvement in trading margin to 8.3%.

UK Brands maintained strong brand development. Kerry Foods offerings traded ahead of market growth rates in the sausage sector. Richmond again grew brand penetration where seasonal pack formats assisted sales growth at key events. Wall's microwaveable sausages were successfully re-launched as 'Wall's Ready Baked' – with range extension to three flavours. Mattessons Fridge Raiders improved its brand positioning in the meat snacking sector - recording double digit growth in the convenience channel and solid Q4 overall category performance. Mattessons Double Dippers further consolidated its positioning in the female snack category. In the cheese snacking sector, Cheestrings, while continuing to be the most frequently purchased cheese snack in the category, was impacted in 2014 by deep competitor promotional activity. LowLow continues to be the fastest growing 'health' cheese brand. 'LowLow Snack Packs', introduced in late 2013, added incremental growth to the cheese category and successfully gained new listings and new channel distribution.

Since year-end, the Group acquired *Rollover Ltd* in the UK, further extending Kerry Foods' 'hot-to-go' offering and broadening channel distribution in the 'out-of-home' sector – in particular in the leisure and foodservice segments.

UK Customer Brands performance, particularly in chilled ready meals, recovered encouragingly in H2 in comparison to the first half of 2014. Retailer chilled meal offerings were successfully repositioned which led to a strong Q4 performance in the category. Kerry Foods outperformed market growth rates in the ready-to-cook sector. The frozen meals market remains highly competitive due to a continued high level of retailer promotional activity. However Kerry Foods performed satisfactorily in the frozen category due to new channel and business development and strong year-on-year growth of the Bisto and Sharwoods brands. In the private label spreads sector Kerry traded well ahead of the overall market.

Brands Ireland continued to invest in quality offerings across its core brands, including Denny Deli Style 100% Natural Ham and Shaws and Denny poultry premium crafted meats. The re-launched Denny Gold Medal sausage brand also grew brand market share in a continuing competitive market where discounter offerings continue to increase category growth. Dairygold again grew brand share in dairy spreads – benefiting from the successful "Butter it with Dairygold" campaign featuring new usage occasions and seasonal programmes. Charleville also gained brand growth in the cheese category. Cheestrings continued to grow satisfactorily in France and Germany, and experienced significant growth in its new markets in Austria and Poland. The 'Yollies' children's yoghurt snack achieved encouraging growth following its launch in Ireland in Q3 and introduction to the UK market later in the year.

FINANCIAL REVIEW

Reconciliation of adjusted earnings to profit after taxation*	% Change	2014 €m	2013 €m
Revenue	(1.4%)	**5,756.6**	5,836.7
Trading profit	4.1%	**636.4**	611.4
Trading margin		***11.1%***	*10.5%*
Computer software amortisation		**(13.6)**	(11.5)
Finance costs (net)		**(52.9)**	(67.6)
Adjusted earnings before taxation*	7.1%	**569.9**	532.3
Income taxes (excluding non-trading items)		**(79.6)**	(79.1)
Adjusted earnings after taxation*	8.2%	**490.3**	453.2
Brand related intangible asset amortisation		**(14.4)**	(16.6)
Non-trading items (net of related tax)		**4.0**	(352.2)
Profit after taxation		**479.9**	84.4
		EPS Cent	EPS Cent
Adjusted EPS*	8.1%	**278.9**	257.9
Brand related intangible asset amortisation		**(8.2)**	(9.4)
Non-trading items (net of related tax)		**2.3**	(200.5)
Basic EPS		**273.0**	48.0

Before brand related intangible asset amortisation and non-trading items (net of related tax).

Analysis of Results

On a reported basis Group revenue decreased by 1.4% to €5.76 billion (2013 : €5.84 billion). Like-for-like (LFL) revenue grew 0.4% after allowing for the negative impact of business disposals net of acquisitions of 1.3% and the negative reporting currency impact of 0.5%. Continuing volumes grew by 2.4%, product pricing decreased by 0.5% and there was a negative transaction related currency impact of 0.1%. Rationalisation volumes amounted to 1.4% due to restructuring of production across the Group's manufacturing sites in the previous year.

In Ingredients & Flavours, reported revenue increased by 0.2% to €4.3 billion (2013 : €4.3 billion). LFL revenue grew 1.6% after allowing for business acquisitions net of disposals of 0.3% and the negative reporting currency impact of 1.7%. Continuing volumes grew by 3.4%, product pricing decreased by 0.5% and there was a negative transaction related currency impact of 0.1%. Rationalisation volumes amounted to 1.2% due to restructuring of production across the Group's manufacturing sites in the previous year.

Reported revenue growth by destination was 1.0% in the Americas, (3.3%) in EMEA and 5.4% in Asia Pacific, while LFL revenue growth (after negative pricing impact) in each region was 1.8% in the Americas, (2.8%) in EMEA and 10.5% in Asia Pacific. Sales to developing markets represent 25% of ingredients & flavours revenue.

In Consumer Foods, reported revenue decreased by 5.8% to €1.5 billion (2013 : €1.6 billion). LFL revenue decreased 3.0% after allowing for the negative impact of business disposals net of acquisitions of 5.3% and the positive reporting currency impact of 2.5%. Continuing volumes decreased by 0.7%, product pricing decreased by 0.6% and there was a positive transaction related currency impact of 0.1%. Rationalisation volumes amounted to 1.8% due to restructuring of production across the Group's manufacturing sites in the previous year.

Trading Profit

On a reported basis, Group trading profit increased by 4.1% to €636.4m (2013 : €611.4m). This equates to LFL growth of 5.3% allowing for the negative impact of reporting currency of 0.6% and business disposals net of acquisitions of 0.6%. This LFL growth increases to 6.2% when the incremental year on year expenditure on the Kerryconnect programme of €5.6m is taken into account.

Trading Profit Margin

Group trading profit margin increased 60 basis points (bps) to 11.1%. Ongoing added value business development which is improving product mix, coupled with the benefits accruing through the 1 Kerry Business Transformation Programme and the positive impact from exiting non-core business activities contributed to the improvement in the Group trading profit margin.

Finance Costs (net)

Finance costs (net) for the year decreased by €14.7m to €52.9m (2013 : €67.6m) primarily due to a combination of cash generated from operations, lower interest rates and foreign exchange movements. The Group's average interest rate for the year was 3.6%, a decrease of 40 bps from the prior year (2013 : 4.0%).

Disposal of Business and Non-Current Assets

During the year, the Group disposed of the Consumer Foods pastry business in the UK and a small Ingredients & Flavours subsidiary in Argentina. A loss of €0.6m was recorded on these disposals. A net tax credit of €3.9m arose due to the tax deduction on disposal. These businesses were classified as held for sale in 2013. The Group also disposed of property, plant and equipment for a gain of €0.7m. The Group is actively progressing the divestiture of the remaining assets held for sale at year-end.

Taxation

The tax charge for the year, before non-trading items, was €79.6m (2013 : €79.1m) representing an effective tax rate of 14.3% (2013 : 15.3%). The decrease in the effective tax rate was primarily driven from the geographical split of profits, R&D investment – mainly in Ireland and changes in country tax rates.

Exchange Rates

Group results are impacted by fluctuations in exchange rates versus the euro. The average and closing rates used to translate reported results are detailed below:

	Average Rates		Closing Rates	
	2014	**2013**	**2014**	**2013**
Australian Dollar	**1.46**	1.36	**1.48**	1.54
Brazilian Real	**3.14**	2.84	**3.22**	3.23
British Pound	**0.81**	0.84	**0.78**	0.83
Canadian Dollar	**1.47**	1.37	**1.41**	1.47
Chinese Renminbi	**8.16**	8.13	**7.46**	8.42
Malaysian Ringgit	**4.33**	4.13	**4.25**	4.53
Mexican Peso	**17.54**	16.81	**17.87**	18.03
Russian Ruble	**50.95**	42.30	**68.34**	44.97
South African Rand	**14.28**	12.77	**14.04**	14.57
US Dollar	**1.33**	1.32	**1.21**	1.38

Free cash flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to the shareholder. In 2014 the Group achieved a free cash flow of €302.9m (2013 : €412.1m).

Free Cash Flow	2014 €'m	2013 €'m
Trading profit	**636.4**	611.4
Depreciation (net)	**103.5**	108.9
Movement in average working capital	**(59.2)**	(9.4)
Capital expenditure (excluding R&D centres)	**(201.0)**	(156.0)
Business operating cash flow	**479.7**	554.9
Capital expenditure on R&D Centres	**(56.4)**	(20.7)
Pension contributions paid less pension expense	**(48.0)**	(35.6)
Finance costs paid (net)	**(41.8)**	(50.3)
Income taxes paid	**(30.6)**	(36.2)
Free cash flow	**302.9**	412.1

Balance Sheet

A summary balance sheet as at 31 December is presented below:

Balance Sheet	2014 €'m	2013 €'m
Intangible assets	**2,629.0**	2,392.7
Property, plant & equipment	**1,283.4**	1,090.5
Other non-current assets	**228.6**	77.3
Current assets	**1,826.8**	1,649.1
Total assets	**5,967.8**	5,209.6
Current liabilities	**1,633.7**	1,366.6
Non-current liabilities	**2,098.5**	1,875.5
Total liabilities	**3,732.2**	3,242.1
Net assets	**2,235.6**	1,967.5
Shareholders' equity	**2,235.6**	1,967.5

Intangible Assets & Acquisitions

Intangible assets increased by €236.3m to €2,629.0m (2013 : €2,392.7m). Intangible assets of €124.2m were recorded in the year relating to acquisitions completed by the Group, with an additional increase of €103.9m due to year-end exchange rates used to translate intangible assets other than those denominated in euro. There was no impairment charge in the year (2013 : €61.0m).

Retirement Benefits

At the balance sheet date, the net deficit for defined benefit schemes (after deferred tax) was €393.3m (2013 : €207.3m). The deficit increased during the year, primarily due to a decrease in the discount rates in the UK, Eurozone and the US. The net deficit expressed as a percentage of market capitalisation at 31 December was 3.9% (2013 : 2.3%). The charge to the income statement during the year, for both defined benefit and defined contribution schemes was €50.4m (2013 : €52.4m).

Net Debt

Net debt at the end of the year was €1,195.3m (2013 : €1,083.1m).

At 31 December the key financial ratios were as follows:

	Covenant	2014 TIMES	2013 TIMES
Net debt: EBITDA*	Maximum 3.5	**1.6**	1.5
EBITDA: Net interest*	Minimum 4.75	**17.2**	13.3

* Calculated in accordance with lenders facility agreements which take account of adjustments as outlined in Financial Definitions.

Share Price and Market Capitalisation

The Company's shares traded in the range €49.60 to €60.09 during the year. The share price at 31 December was €57.07 (2013 : €50.50) giving a market capitalisation of €10.0 billion (2013 : €8.9 billion). Total Shareholder Return for 2014 was 13.8%.

DIVIDEND

The Board recommends a final dividend of 31.5 cent per share (an increase of 12.5% on the 2013 final dividend) payable on 15 May 2015 to shareholders registered on the record date 10 April 2015. When combined with the interim dividend of 13.5 cent per share, this brings the total dividend for the year to 45 cent, an increase of 12.5% on 2013.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The Group's Annual Report will be published in early April and the Annual General Meeting will be held in Tralee on 30 April 2015.

POST BALANCE SHEET EVENTS

Since the year end, the Group has;

- advanced repositioning of its Consumer Foods business by disposing of the division's Direct-to-Store business in the UK in January 2015. This follows the disposal of the division's Pastry business in the UK in Q3 2014. (combined annual revenue €271m),
- completed the acquisition of Rollover Ltd in the UK in January 2015 (annual revenue €18m), completed the acquisition of the trade and certain assets of Dairygold Co-operative's French food ingredients business in February 2015 (annual revenue €7m),
- commenced negotiations, which are now at an advanced stage, in relation to the sale of the Pinnacle lifestyle bakery business in Australia (annual revenue €160m).

The above will result in a net reduction in annualised revenues of approximately €406m (average EBITDA margin 9.5%).

FUTURE PROSPECTS

In the rapidly changing consumer and geopolitical environment across developed and developing markets, Kerry is well placed to maximise our global growth opportunities through strong innovation in partnership with our customers – exploiting the Group's market-leading taste & nutrition systems and functional ingredients & actives. Kerry Foods has made good progress to-date in repositioning its business portfolio and 'go-to-market' structures for today's consumer markets and channel requirements.

Our significant front office investment in recent years positions the Group well for future growth. Capital resources will be invested in continued organic development of the Group's growth platforms and in complementary acquisition investments. The current acquisition pipeline is strong, which building on the Group's 1 Kerry model can be readily structurally integrated.

Taking account of current exchange rates, business disposals and increased Kerryconnect / pension costs, the Group expects to achieve 5% to 8% growth in adjusted earnings per share to a range of 293 to 301 cent per share in 2015 (reflecting adjusted earnings per share growth of 9% to 12% on a continuing business basis).

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

Kerry Group plc

Consolidated Income Statement
for the year ended 31 December 2014

	Notes	**Before Non-Trading Items 2014 €'m**	**Non-Trading Items 2014 €'m**	**Total 2014 €'m**	Before Non-Trading Items 2013 €'m	Non-Trading Items 2013 €'m	Total 2013 €'m
Continuing operations							
Revenue	2	**5,756.6**	**-**	**5,756.6**	5,836.7	-	5,836.7
Trading profit	2	**636.4**	**-**	**636.4**	611.4	-	611.4
Intangible asset amortisation		**(28.0)**	**-**	**(28.0)**	(28.1)	-	(28.1)
Acquisition integration and restructuring costs		**-**	**-**	**-**	-	(225.0)	(225.0)
Impairment of assets held for sale		**-**	**-**	**-**	-	(113.1)	(113.1)
Profit/(loss) on disposal of businesses and assets		**-**	**0.1**	**0.1**	-	(55.7)	(55.7)
Operating profit		**608.4**	**0.1**	**608.5**	583.3	(393.8)	189.5
Finance income		**1.1**	**-**	**1.1**	1.2	-	1.2
Finance costs		**(54.0)**	**-**	**(54.0)**	(68.8)	-	(68.8)
Profit before taxation		**555.5**	**0.1**	**555.6**	515.7	(393.8)	121.9
Income taxes		**(79.6)**	**3.9**	**(75.7)**	(79.1)	41.6	(37.5)
Profit after taxation and attributable to owners of the parent		**475.9**	**4.0**	**479.9**	436.6	(352.2)	84.4

	Notes	**2014 Cent**	2013 Cent
Earnings per A ordinary share		**Cent**	Cent
- basic	3	**273.0**	48.0
- diluted	3	**272.7**	48.0

Kerry Group plc

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2014

	2014 €'m	2013 €'m
Profit after taxation and attributable to owners of the parent	**479.9**	84.4
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Fair value movements on cash flow hedges	**(8.3)**	(0.3)
Cash flow hedges - reclassified to profit or loss from equity	**3.0**	(6.5)
Deferred tax effect of fair value movements on cash flow hedges	**4.2**	(1.3)
Exchange difference on translation and disposal of foreign operations	**68.3**	(82.4)
Deferred tax effect of exchange difference on translation of foreign operations	**0.7**	0.7
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement on retirement benefits obligation	**(246.1)**	30.9
Deferred tax effect of re-measurement on retirement benefits obligation	**30.5**	(12.3)
Net expense recognised directly in other comprehensive income	**(147.7)**	(71.2)
Total comprehensive income	**332.2**	13.2

Kerry Group plc

Consolidated Balance Sheet
as at 31 December 2014

	31 December 2014 €'m	31 December 2013 €'m
Non-current assets		
Property, plant and equipment	**1,283.4**	1,090.5
Intangible assets	**2,629.0**	2,392.7
Financial asset investments	**27.9**	21.4
Investment in associate	**40.2**	-
Non-current financial instruments	**104.7**	39.4
Deferred tax assets	**55.8**	16.5
	4,141.0	3,560.5
Current assets		
Inventories	**702.0**	656.0
Trade and other receivables	**801.1**	696.1
Cash at bank and in hand	**283.7**	245.8
Other current financial instruments	**9.4**	10.2
Assets classified as held for sale	**30.6**	41.0
	1,826.8	1,649.1
Total assets	**5,967.8**	5,209.6
Current liabilities		
Trade and other payables	**1,194.1**	1,168.3
Borrowings and overdrafts	**303.1**	43.5
Other current financial instruments	**21.8**	9.3
Tax liabilities	**62.4**	40.3
Provisions	**49.8**	102.9
Deferred income	**2.5**	2.3
	1,633.7	1,366.6
Non-current liabilities		
Borrowings	**1,270.6**	1,282.1
Other non-current financial instruments	**8.4**	41.6
Retirement benefits obligation	**472.8**	252.1
Other non-current liabilities	**76.8**	53.0
Deferred tax liabilities	**191.1**	168.4
Provisions	**55.7**	59.8
Deferred income	**23.1**	18.5
	2,098.5	1,875.5
Total liabilities	**3,732.2**	3,242.1
Net assets	**2,235.6**	1,967.5
Issued capital and reserves attributable to owners of the parent		
Share capital	**22.0**	22.0
Share premium	**398.7**	398.7
Other reserves	**(100.6)**	(172.5)
Retained earnings	**1,915.5**	1,719.3
Shareholders' equity	**2,235.6**	1,967.5

Kerry Group plc

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
At 1 January 2013		21.9	398.7	(88.1)	1,681.9	2,014.4
Total comprehensive (expense)/income		-	-	(89.2)	102.4	13.2
Dividends paid	4	-	-	-	(65.0)	(65.0)
Share-based payment expense		-	-	4.8	-	4.8
Shares issued during year		0.1	-	-	-	0.1
At 31 December 2013		22.0	398.7	(172.5)	1,719.3	1,967.5
Total comprehensive income		**-**	**-**	**63.0**	**269.2**	**332.2**
Dividends paid	4	**-**	**-**	**-**	**(73.0)**	**(73.0)**
Share-based payment expense		**-**	**-**	**8.9**	**-**	**8.9**
At 31 December 2014		**22.0**	**398.7**	**(100.6)**	**1,915.5**	**2,235.6**

Other Reserves comprise the following:

	Capital Redemption Reserve €'m	Capital Conversion Reserve Fund €'m	Share-Based Payment Reserve €'m	Translation Reserve €'m	Hedging Reserve €'m	Total €'m
At 1 January 2013	1.7	0.3	7.8	(89.5)	(8.4)	(88.1)
Total comprehensive expense	-	-	-	(82.4)	(6.8)	(89.2)
Share-based payment expense	-	-	4.8	-	-	4.8
At 31 December 2013	1.7	0.3	12.6	(171.9)	(15.2)	(172.5)
Total comprehensive income/(expense)	**-**	**-**	**-**	**68.3**	**(5.3)**	**63.0**
Share-based payment expense	**-**	**-**	**8.9**	**-**	**-**	**8.9**
At 31 December 2014	**1.7**	**0.3**	**21.5**	**(103.6)**	**(20.5)**	**(100.6)**

Kerry Group plc

Consolidated Statement of Cash Flows
for the year ended 31 December 2014

	Notes	**2014 €'m**	2013 €'m
Operating activities			
Trading profit		**636.4**	611.4
Adjustments for:			
Depreciation (net)		**103.5**	108.9
Change in working capital		**(79.3)**	(34.0)
Pension contributions paid less pension expense		**(48.0)**	(35.6)
Payments on acquisition integration and restructuring costs		**(74.5)**	(104.8)
Exchange translation adjustment		**3.3**	(0.2)
Cash generated from operations		**541.4**	545.7
Income taxes paid		**(30.6)**	(36.2)
Finance income received		**1.1**	1.2
Finance costs paid		**(42.9)**	(51.5)
Net cash from operating activities		**469.0**	459.2
Investing activities			
Purchase of assets		**(274.1)**	(190.2)
Proceeds from the sale of assets		**15.9**	12.8
Capital grants received		**0.8**	0.7
Purchase of businesses (net of cash acquired)	5	**(133.5)**	(111.5)
Disposal of businesses (net of related tax)		**(13.4)**	9.8
Payments relating to previous acquisitions		**(9.6)**	(5.1)
Net cash used in investing activities		**(413.9)**	(283.5)
Financing activities			
Dividends paid	4	**(73.0)**	(65.0)
Issue of share capital		**-**	0.1
Net movement on borrowings		**42.4**	(71.9)
Net cash movement due to financing activities		**(30.6)**	(136.8)
Net increase in cash and cash equivalents		**24.5**	38.9
Cash and cash equivalents at beginning of year		245.8	215.4
Exchange translation adjustment on cash and cash equivalents		**7.8**	(8.5)
Cash and cash equivalents at end of year		**278.1**	245.8

Reconciliation of Net Cash Flow to Movement in Net Debt		
Net increase in cash and cash equivalents	**24.5**	38.9
Cash (inflow)/outflow from debt financing	**(42.4)**	71.9
Changes in net debt resulting from cash flows	**(17.9)**	110.8
Fair value movement on interest rate swaps (net of adjustment to borrowings)	**(5.5)**	(3.9)
Exchange translation adjustment on net debt	**(88.8)**	20.8
Movement in net debt in the year	**(112.2)**	127.7
Net debt at beginning of year	(1,083.1)	(1,210.8)
Net debt at end of year	**(1,195.3)**	(1,083.1)

Notes to the Financial Statements
for the year ended 31 December 2014

1. Accounting policies

The financial information set out in this document does not constitute full statutory financial statements for the years ended 31 December 2014 or 2013 but is derived from same. The consolidated financial statements of Kerry Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Acts, 1963 to 2013 applicable to companies reporting under IFRS. The Group's financial statements have also been prepared in accordance with IFRSs adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments), share-based payments, retirement benefits obligation and financial asset investments which are held at fair value. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The investment in associate is accounted for using the equity method.

The Group's accounting policies, which will be included in the 2014 Annual Report & Accounts to be published in April 2015, are consistent with those described in the 2013 Annual Report & Accounts. Some comparative information has been re-presented to align with the current year presentation.

New standards and interpretations
Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued and the Group's assessment of the impact of these new standards and interpretations is set out below.

Standards and Interpretations effective for Kerry Group in 2014 but not material to the results and financial position of the Group:

		Effective Date
- IFRS 10	Consolidated Financial Statements	1 January 2014
- IFRS 11	Joint Arrangements	1 January 2014
- IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
- IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 January 2014
- IAS 28 (amendment)	Investments in Associates and Joint Ventures	1 January 2014
- IAS 32 (amendment)	Financial Instruments: Presentation	1 January 2014
- IAS 36 (amendment)	Impairment of Assets	1 January 2014
- IAS 39 (amendment)	Financial Instruments: Recognition and Measurement	1 January 2014
- IFRIC 21	Levies	1 January 2014

Standards and Interpretations which are not yet effective for Kerry Group and are not expected to have a material effect on the results or the financial position of the Group:

		Effective Date
- IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 July 2014
- IFRS 2 (amendment)	Share-based payment	1 July 2014
- IFRS 3 (amendments)	Business Combinations	1 July 2014
- IFRS 5 (amendment)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- IFRS 7 (amendment)	Financial Instruments: Disclosures	1 January 2016
- IFRS 8 (amendment)	Operating Segments	1 July 2014
- IFRS 10 (amendments)	Consolidated Financial Statements	1 January 2016
- IFRS 11 (amendment)	Joint Arrangements	1 January 2016
- IFRS 12 (amendment)	Disclosure of Interests in Other Entities	1 January 2016
- IFRS 13 (amendments)	Fair Value Measurement	1 July 2014
- IFRS 14	Regulatory Deferral Accounts	1 January 2016
- IAS 1 (amendment)	Presentation of Financial Statements	1 January 2016
- IAS 16 (amendment)	Property, Plant and Equipment	1 July 2014
- IAS 16 (amendments)	Property, Plant and Equipment	1 January 2016
- IAS 19 (amendment)	Employee Benefits	1 July 2014
- IAS 19 (amendment)	Employee Benefits	1 January 2016
- IAS 24 (amendment)	Related Party Disclosures	1 July 2014
- IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 January 2016
- IAS 28 (amendments)	Investments in Associates	1 January 2016
- IAS 34 (amendment)	Interim Financial Reporting	1 January 2016
- IAS 38 (amendment)	Intangible Assets	1 July 2014
- IAS 38 (amendment)	Intangible Assets	1 January 2016
- IAS 40 (amendment)	Investment Property	1 July 2014
- IAS 41 (amendment)	Agriculture	1 January 2016

The following revised standards are not yet effective and the impact on Kerry Group are currently under review: ***Effective Date***

- IFRS 9 — Financial Instruments — 1 January 2018

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

- IFRS 15 — Revenue from Contracts with Customers — 1 January 2017

IFRS 15 was issued to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

2. Analysis of results

The Group has two operating segments: Ingredients & Flavours and Consumer Foods. The Ingredients & Flavours operating segment manufactures and distributes application specific ingredients and flavours spanning a number of technology platforms, while the Consumer Foods segment manufactures and supplies added value brands and customer branded foods primarily to the Irish and UK markets.

	Ingredients & Flavours 2014 €'m	Consumer Foods 2014 €'m	Group Eliminations and Unallocated 2014 €'m	Total 2014 €'m	Ingredients & Flavours 2013 €'m	Consumer Foods 2013 €'m	Group Eliminations and Unallocated 2013 €'m	Total 2013 €'m
External revenue	**4,257.1**	**1,499.5**	**-**	**5,756.6**	4,248.6	1,588.1	-	5,836.7
Inter-segment revenue	**79.8**	**9.8**	**(89.6)**	**-**	78.7	13.3	(92.0)	-
Revenue	**4,336.9**	**1,509.3**	**(89.6)**	**5,756.6**	4,327.3	1,601.4	(92.0)	5,836.7
Trading profit	**592.5**	**125.4**	**(81.5)**	**636.4**	558.5	128.8	(75.9)	611.4
Intangible asset amortisation				**(28.0)**				(28.1)
Non-trading items				**0.1**				(393.8)
Operating profit				**608.5**				189.5
Finance income				**1.1**				1.2
Finance costs				**(54.0)**				(68.8)
Profit before taxation				**555.6**				121.9
Income taxes				**(75.7)**				(37.5)
Profit after taxation and attributable to owners of the parent				**479.9**				84.4
Segment assets and liabilities								
Segment assets	**3,814.8**	**925.1**	**1,227.9**	**5,967.8**	3,310.4	891.3	1,007.9	5,209.6
Segment liabilities	**(909.0)**	**(507.7)**	**(2,315.5)**	**(3,732.2)**	(907.5)	(434.3)	(1,900.3)	(3,242.1)
Net assets	**2,905.8**	**417.4**	**(1,087.6)**	**2,235.6**	2,402.9	457.0	(892.4)	1,967.5
Other segmental information								
Property, plant and equipment additions	**209.8**	**15.5**	**4.5**	**229.8**	141.8	12.2	1.5	155.5
Depreciation (net)	**83.7**	**16.4**	**3.4**	**103.5**	82.1	23.5	3.3	108.9
Intangible asset additions	**1.4**	**-**	**34.2**	**35.6**	0.2	0.5	23.9	24.6
Intangible asset amortisation	**9.5**	**5.7**	**12.8**	**28.0**	11.0	7.2	9.9	28.1
Non-trading items								
Acquisition integration and restructuring costs	**-**	**-**	**-**	**-**	199.4	25.6	-	225.0
Impairment of assets held for sale	**-**	**-**	**-**	**-**	10.8	102.3	-	113.1
(Profit)/loss on disposal of businesses and assets	**(0.6)**	**0.5**	**-**	**(0.1)**	10.9	44.8	-	55.7

Information about geographical areas

	EMEA 2014 €'m	Americas 2014 €'m	Asia Pacific 2014 €'m	Total 2014 €'m	EMEA 2013 €'m	Americas 2013 €'m	Asia Pacific 2013 €'m	Total 2013 €'m
Revenue by location of external customers	**3,048.7**	**1,901.2**	**806.7**	**5,756.6**	3,189.5	1,882.1	765.1	5,836.7
Segment assets by location	**3,601.4**	**1,770.3**	**596.1**	**5,967.8**	3,275.8	1,450.4	483.4	5,209.6
Property, plant and equipment additions	**138.8**	**53.1**	**37.9**	**229.8**	86.5	46.6	22.4	155.5
Intangible asset additions	**34.3**	**1.3**	**-**	**35.6**	24.4	0.2	-	24.6

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from external customers in the Republic of Ireland were **€505.4m** (2013: €576.5m). The non-current assets located in the Republic of Ireland are **€905.5m** (2013: €808.4m).

Revenues from external customers include **€1,686.2m** (2013: €1,694.2m) in the UK and **€1,491.4m** (2013: €1,462.1m) in the US. The non-current assets in the UK are **€715.1m** (2013: €669.9m) and in the US are **€991.8m** (2013: €827.8m).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the Financial Statements
for the year ended 31 December 2014

3. Earnings per A ordinary share

	EPS cent	**2014 €'m**	EPS cent	2013 €'m
Basic earnings per share				
Profit after taxation and attributable to owners of the parent	**273.0**	**479.9**	48.0	84.4
Brand related intangible asset amortisation	**8.2**	**14.4**	9.4	16.6
Non-trading items (net of related tax)	**(2.3)**	**(4.0)**	200.5	352.2
Adjusted earnings	**278.9**	**490.3**	257.9	453.2
Diluted earnings per share				
Profit after taxation and attributable to owners of the parent	**272.7**	**479.9**	48.0	84.4
Adjusted earnings	**278.6**	**490.3**	257.6	453.2

In addition to the basic and diluted earnings per share, an adjusted earnings per share is also provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings.

Number of Shares	**2014 m's**	2013 m's
Basic weighted average number of shares	**175.8**	175.7
Impact of share options outstanding	**0.2**	0.2
Diluted weighted average number of shares	**176.0**	175.9
Actual number of shares in issue as at 31 December	**175.8**	175.7

4. Dividends

	2014 €'m	2013 €'m
Amounts recognised as distributions to equity shareholders in the year		
Final 2013 dividend of **28.00 cent** per A ordinary share paid 9 May 2014 (Final 2012 dividend of 25.00 cent per A ordinary share paid 10 May 2013)	**49.2**	43.9
Interim 2014 dividend of **13.50 cent** per A ordinary share paid 14 November 2014 (Interim 2013 dividend of 12.00 cent per A ordinary share paid 15 November 2013)	**23.8**	21.1
	73.0	65.0

Since the year end the Board has proposed a final 2014 dividend of 31.50 cent per A ordinary share. The payment date for the final dividend will be 15 May 2015 to shareholders registered on the record date as at 10 April 2015. These consolidated financial statements do not reflect this dividend.

5. Business combinations

During 2014, the Group completed two bolt on acquisitions, both of which are 100% owned by the Group.

	Acquiree's Carrying Amount Before Combination 2014 €'m	Fair Value Adjustments 2014 €'m	Total 2014 €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Non-current assets			
Property, plant and equipment	**16.9**	**-**	**16.9**
Brand related intangibles	**-**	**29.0**	**29.0**
Computer software	**0.4**	**(0.4)**	**-**
Current assets			
Cash at bank and in hand	**2.5**	**-**	**2.5**
Inventories	**2.6**	**-**	**2.6**
Trade and other receivables	**7.1**	**(0.4)**	**6.7**
Current liabilities			
Trade and other payables	**(7.9)**	**(0.3)**	**(8.2)**
Non-current liabilities			
Other non-current liabilities	**(3.2)**	**(5.5)**	**(8.7)**
Total identifiable assets	**18.4**	**22.4**	**40.8**
Goodwill			**95.2**
Total consideration			**136.0**
Satisfied by:			
Cash			**136.0**
			136.0

Net cash outflow on acquisition:

	Total 2014 €'m
Cash	**136.0**
Less: cash and cash equivalents acquired	**(2.5)**
	133.5

The acquisition method of accounting has been used to consolidate the businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, the above values are determined provisionally. For the acquisitions completed in 2013, there have been no material revisions of the provisional fair value adjustments since the initial values were established.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. **€62.1m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€0.3m** were charged in the Group's Consolidated Income Statement during the year.

The fair value of the financial assets includes trade and other receivables with a fair value of **€6.7m** and a gross contractual value of **€7.1m**.

In November 2014, the Group acquired Junior Alimentos Indústria e Comércio S.A., a leading provider of culinary and sweet systems and complete solutions to the foodservice market in Brazil. Additionally, a small ingredients business in the US was acquired in December 2014.

Due to the fact that these acquisitions were completed near the end of 2014, the revenue and results included in the Group's reported figures are not material.

6. Events after the balance sheet date

Since the year end, the Group has:
- completed the acquisition of Rollover Limited in the Consumer Foods division in the UK;
- completed the disposal of the Consumer Foods division's Direct-To-Store business in the UK;
- completed the acquisition of the trade and certain assets of Dairygold Co-Operative's French food ingredients business;
- commenced negotiations, which are now at an advanced stage, in relation to the sale of the Pinnacle lifestyle bakery business in Australia; and
- proposed a final dividend of 31.50 cent per A ordinary share (note 4).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2014.

7. General information

The 2014 and 2013 Group's financial statements have been audited and received unqualified audit reports. The 2014 consolidated financial statements were approved by the Board of Directors on 23 February 2015.

Kerry Group plc

SUPPLEMENTARY INFORMATION

FINANCIAL DEFINITIONS

1. Revenue

Continuing volume growth

This represents the sales volume growth year-on-year from ongoing business, excluding volumes from acquisitions net of disposals and rationalisation volumes. A full reconciliation to reported revenue growth is detailed in the revenue reconciliation below.

Rationalisation volumes

This represents volumes exited by the Group due to significant restructuring of production across the Group's manufacturing sites. A full reconciliation to reported revenue growth is detailed in the revenue reconciliation below.

Revenue Reconciliation

	Continuing volume growth	*Price Decreases*	*Transaction currency*	*Rationalisation volumes*	*Like-for -like growth*	*Translation currency*	*Acquisitions / Disposals*	*Reported revenue growth*
Ingredients & Flavours	*3.4%*	*(0.5%)*	*(0.1%)*	*(1.2%)*	*1.6%*	*(1.7%)*	*0.3%*	*0.2%*
Consumer Foods	*(0.7%)*	*(0.6%)*	*0.1%*	*(1.8%)*	*(3.0%)*	*2.5%*	*(5.3%)*	*(5.8%)*
Group	*2.4%*	*(0.5%)*	*(0.1%)*	*(1.4%)*	*0.4%*	*(0.5%)*	*(1.3%)*	*(1.4%)*

2. EBITDA

EBITDA represents earnings before finance income and costs, income taxes, depreciation (net), intangible asset amortisation and non-trading items.

3. Trading Profit

Trading Profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading Profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

4. Non-Trading Items

Non-trading items refers to gains or losses on the disposal of businesses, disposal of assets (non-current assets and assets classified as held for sale), costs in preparation of disposal of assets, material acquisition transaction costs and material acquisition integration and restructuring costs. It is determined by management that each of these items relate to events or circumstances that are non-recurring in nature.

5. Operating profit

Operating profit is profit before income taxes, finance income and finance costs.

6. Other external charges

Other external charges primarily refers to selling, general and administrative expenses.

7. Other operating charges

Other operating charges primarily refers to manufacturing and warehousing costs.

8. Adjusted Earnings Per Share

In addition to the basic and diluted earnings per share, an adjusted earnings per share is also provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings.

	2014 EPS cent	*2013 EPS cent*
Basic earnings per share	***273.0***	*48.0*
Brand related intangible asset amortisation	***8.2***	*9.4*
Non-trading items (net of related tax)	***(2.3)***	*200.5*
Adjusted earnings per share	***278.9***	*257.9*

A full reconciliation of this calculation is provided within note 3 above.

9. Free Cash Flow

Free Cash Flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to shareholders. Movement in average working capital is used when calculating free cash flow as management believes this provides a more accurate measure of the increase or decrease in working capital needed to support the business over the course of the year rather than at two distinct points in time. Movement in average working capital measures more accurately fluctuations caused by seasonality and other timing factors. Below is a reconciliation of free cash flow to the nearest IFRS measure which is 'Net cash from operating activities'.

	2014 €'m	*2013 €'m*
Net cash from operating activities	***469.0***	*459.2*
Difference between movement in average working capital and movement in year end working capital	***20.1***	*24.6*
Expenditure on acquisition integration and restructuring costs	***74.5***	*104.8*
Purchase of assets	***(274.1)***	*(190.2)*
Proceeds from the sale of property, plant and equipment	***15.9***	*12.8*
Capital grants received	***0.8***	*0.7*
Exchange translation adjustment	***(3.3)***	*0.2*
Free cash flow	***302.9***	*412.1*

10. Net debt:EBITDA ratio

The net debt:EBITDA ratio disclosed is calculated using an adjusted EBITDA and an adjusted net debt value to adjust for the impact of non-trading items and acquisitions net of disposals undertaken in the year. This ratio is calculated in accordance with lender's facility agreements and these agreements specifically adjust for these items from the calculation.

SUPPLEMENTARY INFORMATION *(continued)*

FINANCIAL DEFINITIONS *(continued)*

11. Return on Average Equity (ROAE)
This measure is defined as profit after tax before non-trading items (net of tax) and brand related intangible asset amortisation expressed as a percentage of average equity. Average equity is calculated by taking the average of the opening and closing shareholders' funds over a 12 month period plus an additional €528m relating to goodwill written off to reserves pre conversion to IFRS.

12. Return on Average Capital Employed (ROACE)
This measure is defined as profit after tax before non-trading items (net of tax), brand related intangible asset amortisation and finance income and costs / Average Capital Employed. Average capital employed is calculated by taking the average of the opening and closing shareholder's funds and net debt over a 12 month period plus an additional €528m relating to goodwill written off to reserves pre conversion to IFRS.

13. Cash Flow Return on Investment (CFROI)
CFROI is calculated as free cash flow before finance costs (net) expressed as a percentage of average capital employed. Average capital employed for the CFROI calculation is the same as that used for ROACE.

14. Total Shareholder Return (TSR)
TSR is defined as the total return of a share to an investor (capital gain plus dividends).