

Preliminary Statement of Results 2002

25 February 2003



Kerry - 2002 Preliminary Results Presentation

- Introduction and Overview Hugh Friel
- Financial Review Brian Mehigan
- Business Review Hugh Friel
- Prospects and Future Development Hugh Friel
- Q&A

Kerry Positioning

- Kerry Ingredients
 - The world leader in Application Specific Ingredients (ASI)
 - Customer listing second to none
 - Product and technology range – broad and deep
 - Geographic reach significant and increasing
- Kerry Foods
 - The leading supplier of chilled foods in the Irish & UK markets
 - Significant brand equity
 - Leadership in chosen positions
 - Private label offerings focused in high growth categories
- Mastertaste
 - Building a world class flavour business

2002 – Sustained Profitable Growth

- ✓ 15.8% growth in adjusted EPS*
- ✓ Solid growth in turnover and margin across the businesses on a like for like basis
- ✓ Programme for the integration of acquired businesses delivered and acquisition momentum maintained
- ✓ Strong market development in ingredient sectors including sweet ingredients, seasonings, culinary and nutrition
- ✓ Good platform for growth in international flavour markets - Mastertaste
- ✓ Strategic position enhanced in chilled foods

*Note: * before goodwill and exceptional items*



2002 Performance Highlights

- Like for like sales growth of **6%**
- Operating profit* increased by **17%** to **€305m**
- Adjusted earnings per share* increased by **15.8%** to **101.8 cent**
- Free cash flow generated **€232m**
- Acquisition expenditure **€273m**

*Note: * before goodwill and exceptional items*

Ingredients / Flavours Acquisitions Since 2000 (€658m)

	Sweet	Nutrition & Protein	Flavourings & Seasonings	Culinary	Mastertaste Flavours
2000	Shade Foods	Solnuts			
2001	SPI	Iowa Soy SPI Siber Nutrir	Alferi Creative Demicombe	Voyager Aromont Corol	San Giorgio Geneva Hickory
2002	Ringger Roskam	Ringger IDSA Turtle Lake	Stearns & Lehman Thailand Rector IFI		St. Louis Flavours Metarom Sun Pure '03

Kerry Foods Acquisitions Since 2000 - (€351m)

	Convenience Snacking	Savoury Products	Cheese & Spreads	Ready Meals	Foodservice	Direct Sales
Golden Vale	✓		✓	✓	✓	
Platters	✓					
Deli Products	✓				✓	
Northern Foods (Van Distribution)	✓	✓				✓
Freshways	✓				✓	

2002 Financial Review

- Financial Highlights
- Growth Indicators
- Quality Indicators
- Financial Health Indicators
- New Accounting Standards

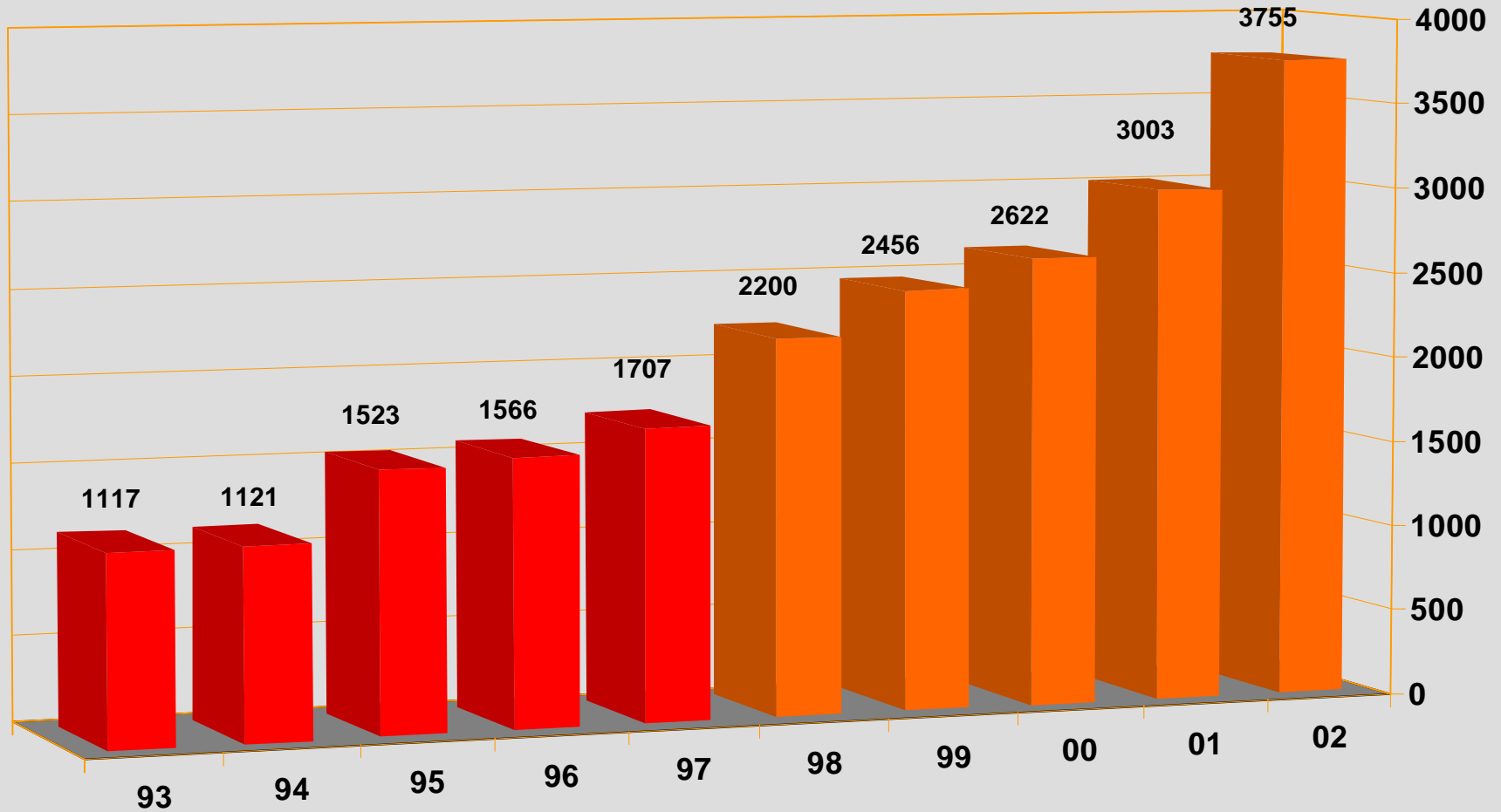
Financial Highlights

2001		2002	
€3,003m	Turnover	€3,755m	+25%
€331m	EBITDA*	€390m	+18%
€260m	Operating profit**	€305m	+17%
€154m	Adjusted profit after tax**	€189m	+22%
€101m	Free cash flow	€232m	+€131m
€2m	Exceptional items (net)	(€43m)	
87.9 cent	Adjusted EPS**	101.8 cent	+15.8%
75.8 cent	FRS3 EPS	56.1 cent	(26%)

Note: * before exceptional items ** before goodwill and exceptional items



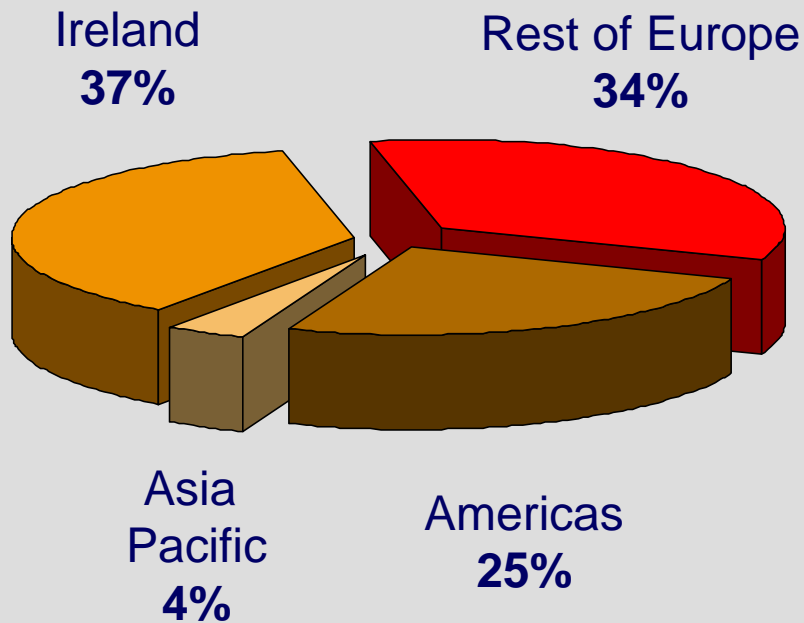
Turnover 1993 - 2002 (€m)



Turnover Growth

2002

Geographical Market Turnover



2002

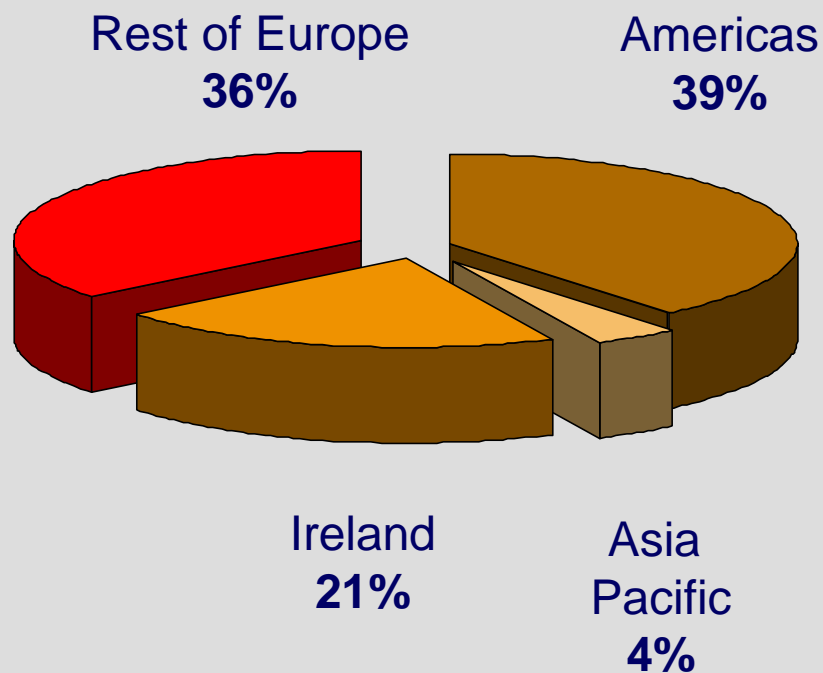
	€m	Growth %
Ireland	1,374	56
Rest of Europe	1,293	9
Americas	945	18
Asia Pacific	143	7
	<hr/> 3,755	<hr/> 25

Turnover Growth Explained

	Growth	Acquisition / Disposal	Currency	Like-for-Like Growth
Ireland	56%	52%	-	4%
Rest of Europe	9%	5%	(2%)	6%
Americas	18%	18%	(7%)	7%
Asia Pacific	7%	3%	(1%)	5%
Group	25%	22%	(3%)	6%

Operating Profit* Growth

2002

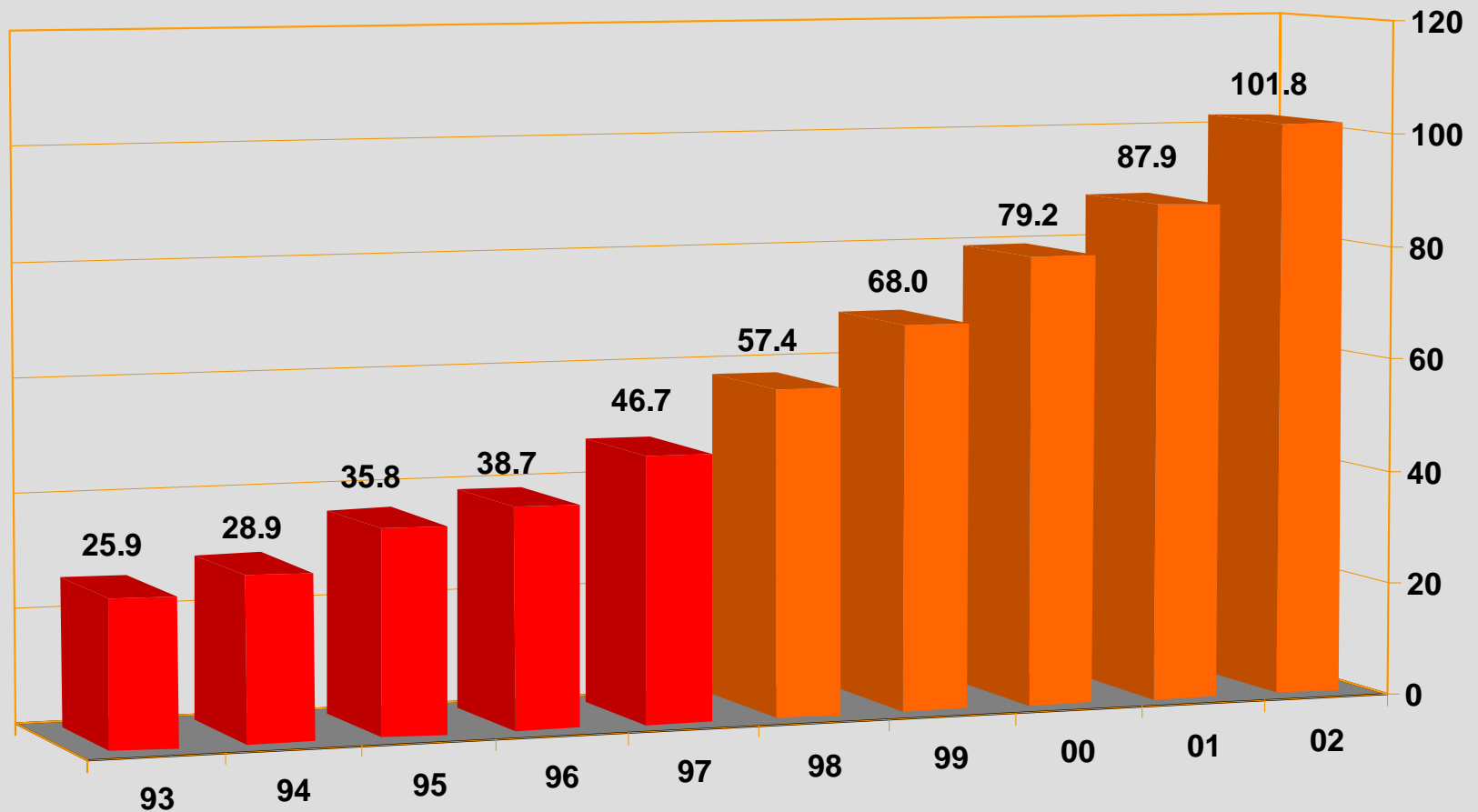


2002

	€m	Growth %
Ireland	63	39
Rest of Europe	109	11
Americas	120	14
Asia Pacific	13	10
	<hr/> 305	<hr/> 17

Note: * before goodwill and exceptional items

Adjusted EPS* (cent) Growth



Note: * before goodwill and exceptional items – restated for FRS 19 – deferred tax



EPS Reconciliation

2001 cent		2002 cent	Growth %
94.6	Adjusted EPS before FRS19*	109.2	15.4%
6.7	Deferred tax – FRS19 adjustment	7.4	
87.9	Adjusted EPS*	101.8	15.8%
13.2	Goodwill amortisation	22.3	
(1.1)	Exceptional items (net of tax)	23.4	
75.8	FRS3 EPS	56.1	

Note: * before goodwill and exceptional items

Quality Indicators 2002

2001		2002	
8.7%	Operating profit margin*	8.1%	-60bps
+20bps	Like for like operating margin* growth	+30bps	
188.4 cent	EBITDA per share	210.6 cent	+12%
€101m	Free cash flow	€232m	
14.8%	Return on average equity**	15.2%	

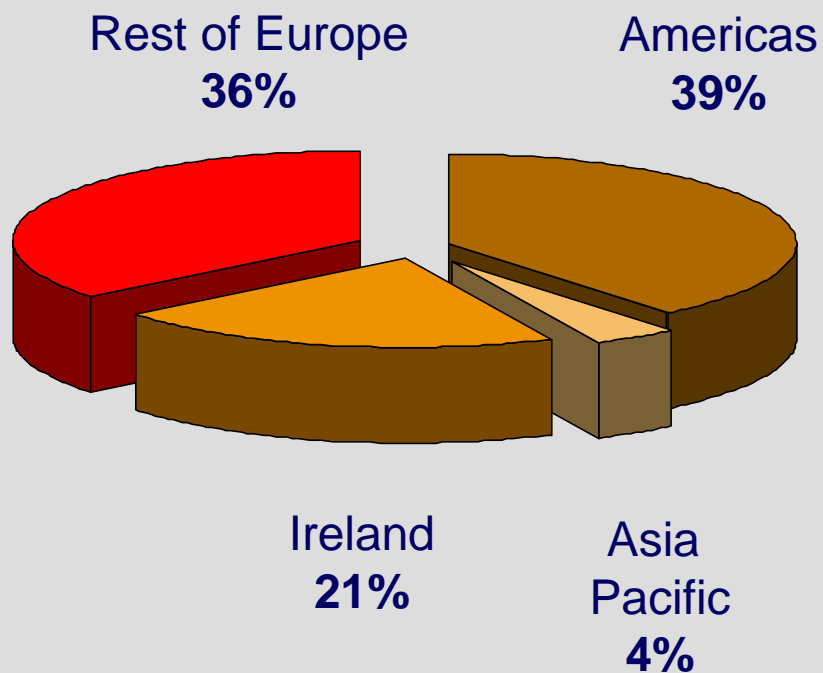
Note: * before goodwill and exceptional items

** adjusted for FRS 19



Operating Profit Margin*

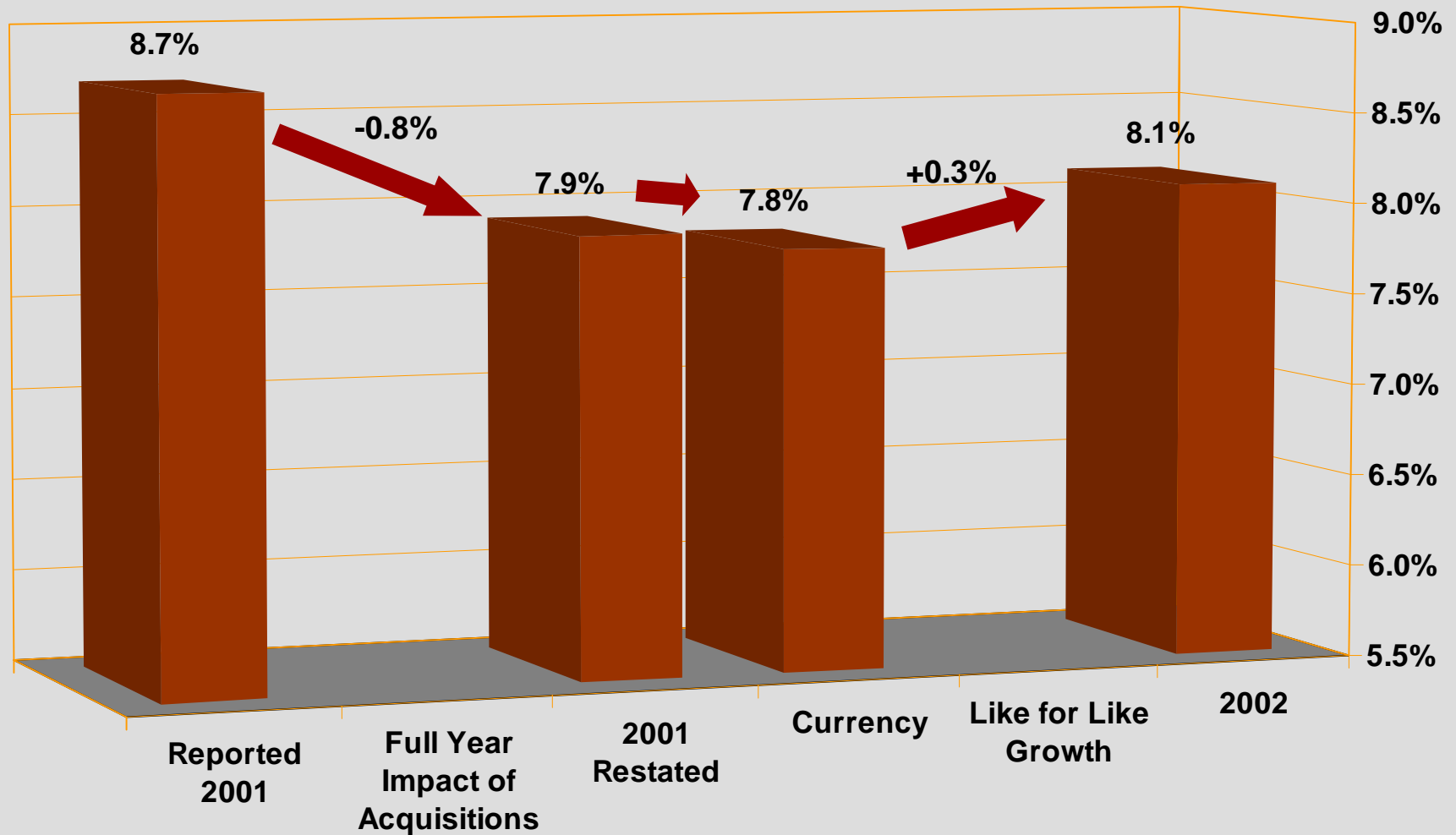
2002



	2002 Margin €m	2002 Margin %	2001 Margin %
Ireland	63	4.6	5.1
Rest of Europe	109	8.5	8.3
Americas	120	12.8	13.1
Asia Pacific	13	8.9	8.6
	305	8.1	8.7

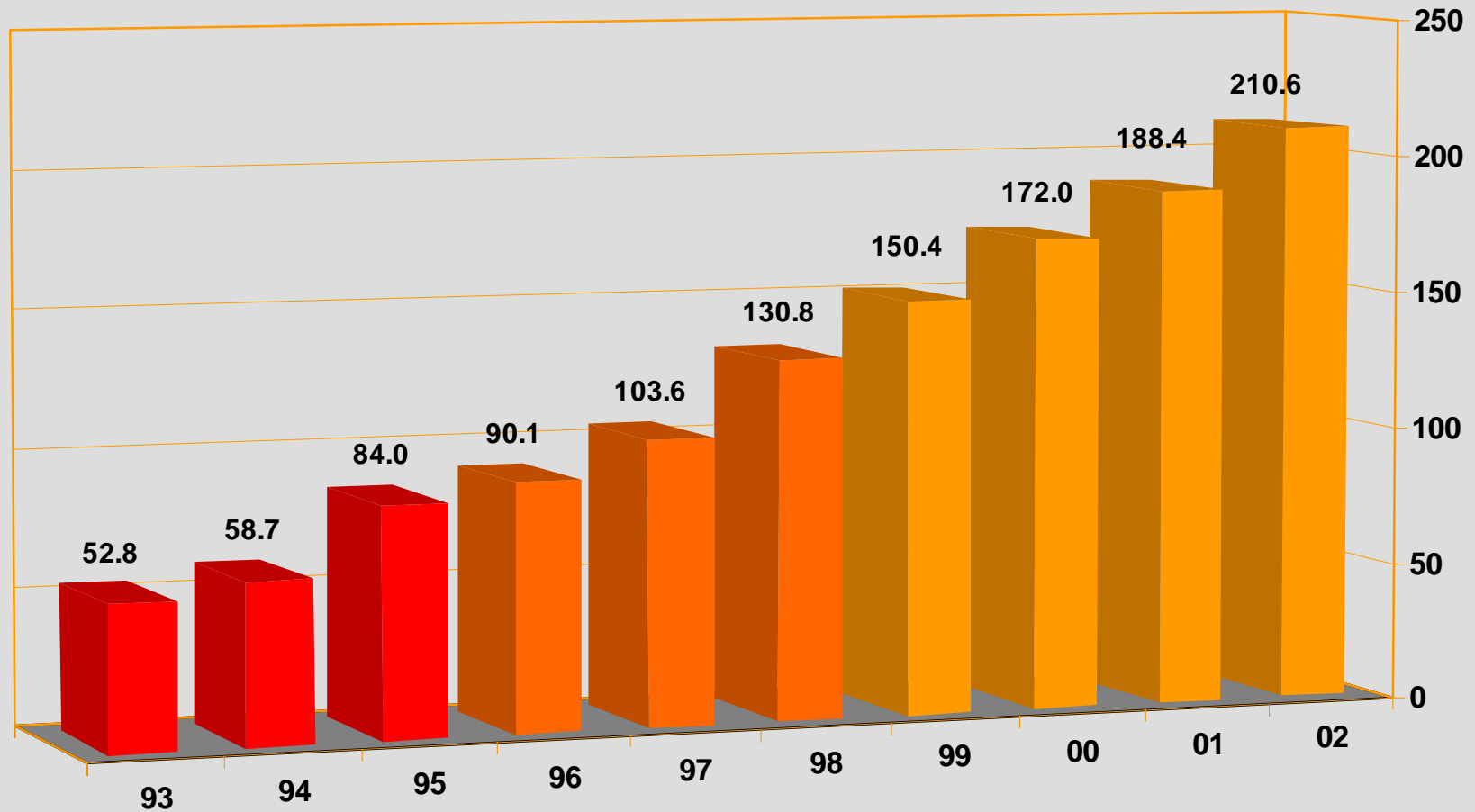
Note: * before goodwill and exceptional items

Operating Profit Margin* Explained



Note: * before goodwill and exceptional items

Cash (EBITDA*) Per Share (cent)



Note: * before exceptional items

Five Year Free Cash Flow (€m)

	1998	1999	2000	2001	2002
EBITDA*	226	259	296	331	390
Movement in working capital	42	3	13	(34)	46
Capital expenditure (net)	(65)	(79)	(96)	(89)	(92)
Interest	(45)	(40)	(48)	(46)	(50)
Taxation	(27)	(28)	(42)	(44)	(43)
Dividends	(10)	(12)	(14)	(17)	(19)
Free Cash Flow	121	103	109	101	232

Note: * before exceptional items

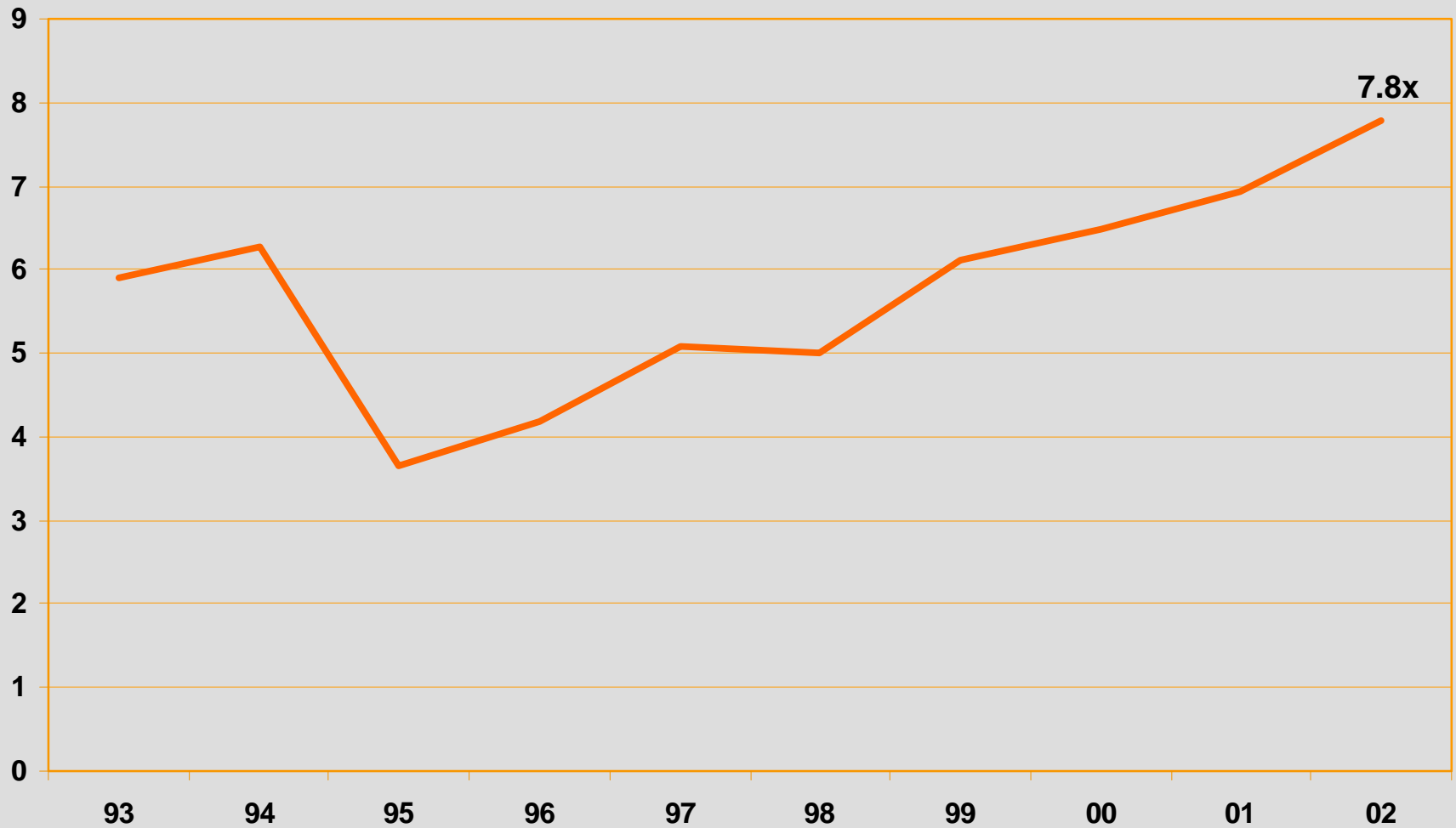
Financial Health Indicators 2002

2001		2002
70%	Debt : Equity Ratio	63%
6.9x	EBITDA* : Net Interest	7.8x
2.5x	Debt : EBITDA*	2.1x

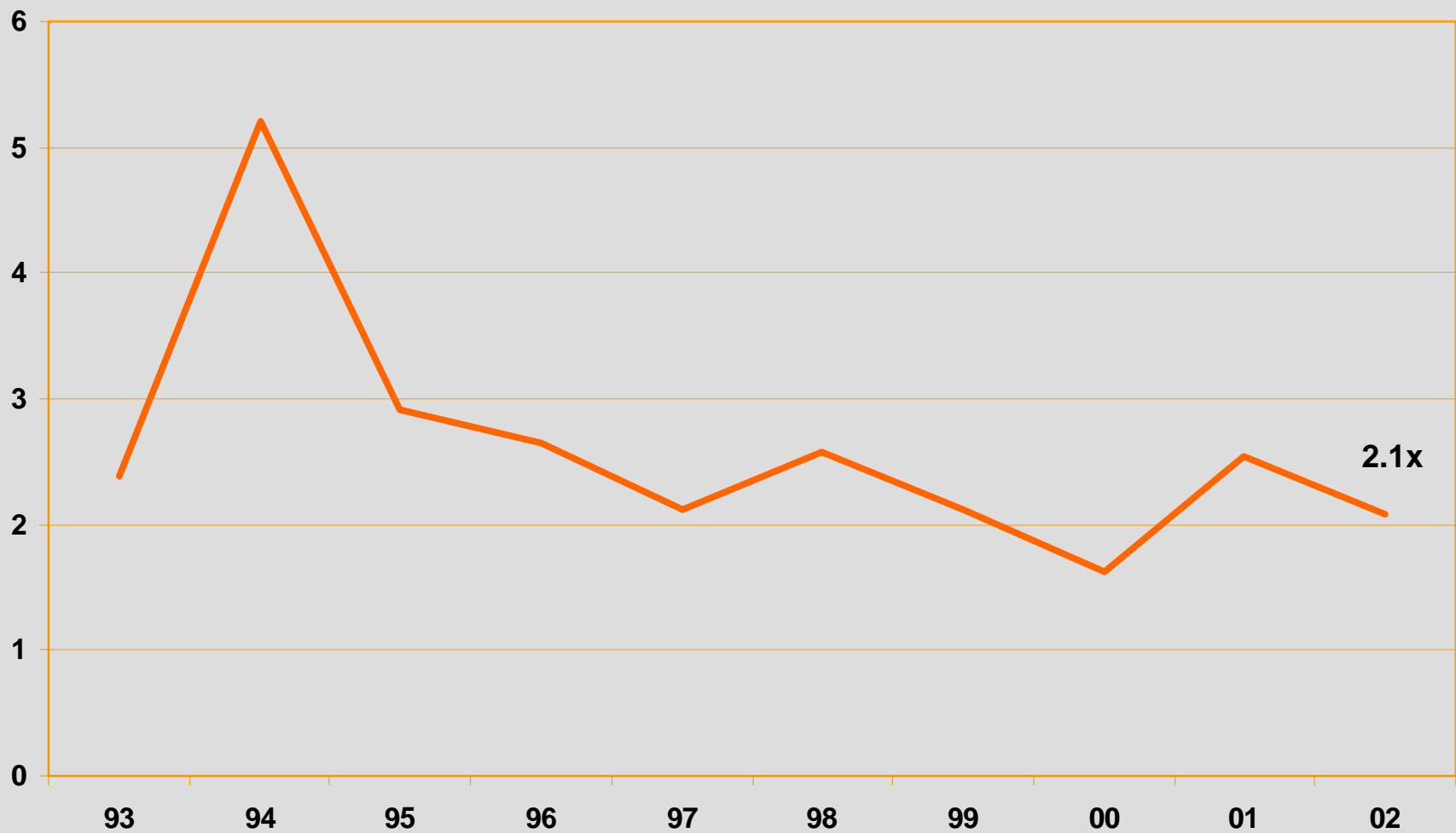
Note: * before exceptional items



EBITDA / Net Interest



Net Debt / EBITDA



Pensions

SSAP 24

	2002	2001
P&L charge	€27m	€20m

Funding position	103%	111%
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FRS 17

P&L charge	€21m	€18m
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Funding position	74%	101%
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(Deficit) / surplus	(€90m)	€4m
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Business Reviews

Analysis of Results by Region

	2002 Turnover		2002 Operating Profit	
	€m	Growth	€m	Growth
Ireland	1,374	+56%	63	+39%
Rest of Europe	1,293	+9%	109	+11%
Americas	945	+18%	120	+14%
Asia Pacific	143	+7%	13	+10%
	3,755	+25%	305	+17%

Business Review - Ireland

Ireland	2002	Total Growth	Like for Like
Turnover	€1,374m	+56%	+4%
Operating Margin	4.6%	-50bps	+20bps

- Excellent brand performances
- Prepared meals, snacking and convenient food products delivering solid volume and value growth
- Golden Vale successfully integrated into the Kerry organisation
- Pay back on rationalisation plan contributing to '02 profits and like for like margin expansion
- Lag in raw material pricing impacting margins in the dairy sector

Business Review - Rest of Europe

Rest of Europe	2002	Total Growth	Like for Like
Turnover	€1,293m	+9%	+6%
Operating Margin	8.5%	+20bps	+30bps

- Solid performance in all major European ingredients markets and in emerging Eastern European markets
- Prepared meals continued double digit growth
- Aromont and Voyager performing well
- Good performance in coatings despite sectoral issues
- Acquisition of EBI – focus on foodservice growth
- Branded offering in chilled cabinet strong performance, addition of Bowyers and Parkinsons
- Launch of new snacking products promising
- Kerry Foods Direct to Store: No.1 supplier to independent / convenience sectors
- Mastertaste: synergies through SGF, Cam and US technologies

Business Review - Americas

Americas	2002	Total Growth	Like for Like
Turnover	€945m	+18%	+7%
Operating Margin	12.8%	-30bps	+30bps

- Core business: strong performance, increased new product activity
- ‘Sweet’ sector – Kerry leads development in major growth sector
- ‘Nutriant’ – launch of unique nutritional products and technologies
- Coatings - price improved in H2
- Brazil – slow but consistent development
- Mastertaste flavours well received in the US
- Integration of Hickory and Geneva
- Acquisition of St. Louis Flavours, Metarom and since year end SunPure
- Strategic acquisitions in all growth sectors

Business Review – Asia Pacific

Rest of World	2002	Total Growth	Like for Like
Turnover	€143m	+7%	+5%
Operating Margin	8.9%	+30bps	+30bps

- Australia and New Zealand expand sales and margin
- Good market recovery in Asia
- Continued progress through core technologies in N.E. Asia and S.E. Asia
- Business structure aligned to market development opportunities
- Acquisition of seasonings and marinade manufacturing facility in Thailand

Ingredients - Strategy

- To grow our position as the world's leading Application Specific Ingredient company
- To enhance our capability to support global food manufacturers and foodservice providers from locally based international operations
- To develop our product and technology positioning
- To further develop our leading sweet, seasonings, culinary, and nutritional offerings
- To derive maximum synergies through Kerry's international technologies and facilities

Flavours - Strategy

- Food and beverage focus
- To enhance sweet flavour, savoury flavour, cheese and dairy, functional flavour and beverage flavour capability
- To capitalise on Mastertaste's strong heritage in natural flavours, herbal and botanical blends and functional flavours
- To continue to expand geographically while consolidating our base in the United States and Europe
- To gain maximum synergies through industry leading technologists employed throughout Mastertaste businesses
- Acquisitions

Foods - Strategy

- Maintain focus on brand development and convenience / snacking sectors exhibiting exceptional growth prospects
- Continue to capitalise on double digit growth opportunity in chilled and frozen ready meals
- To maintain 'must stock' supplier status with our extensive customer base
- To remain focused as the leading supplier to the chilled cabinet in the geographic territories selected
- Industry consolidation to continue – further development opportunities

Prospects

- Organisation well positioned for continued organic growth
- Acquisition programme – good pipeline of strategic opportunities in industry growth sectors
- Focused on enhancing leadership positions in key markets and chosen growth sectors
- Management, technical and financial resources well placed to maintain our 17 year track record of double digit growth
- Confident of meeting market expectations in current year

