Date: 15 February 2024

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KERRY GROUP

PRELIMINARY STATEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Solid Business Performance In A Challenging Environment

FY 2023 KEY HIGHLIGHTS

- Group revenue of €8,020m
- Taste & Nutrition volume growth of +1.1% and +0.1% in Q4 (FY 2022: +7.8%) | Group volumes -0.9% (FY 2022: +6.1%)
- Group pricing -0.7% reflecting the deflationary H2 environment (FY 2022: +11.7%)
- EBITDA of €1,165m with organic profit growth more than offset by the impact of disposals and translation currency
- EBITDA margin increased by 60bps to 14.5% | Taste & Nutrition EBITDA margin 17.0%
- Adjusted EPS of 430.1 cent – reflecting a 1.2% increase in constant currency (2022: 440.6 cent)
- Basic EPS of 410.4 cent (2022: 341.9 cent)
- Free cash flow of €701m reflecting 92% cash conversion
- Good progress on sustainability commitments including increasing nutritional reach to 1.25 billion consumers
- Final dividend of 80.8 cent per share (total 2023 dividend up 10.1% to 115.4 cent)
- Plan for further share buyback in 2024 – details to be announced post completion of existing €300m programme

Edmond Scanlon, Chief Executive Officer

"We delivered a solid performance in 2023 recognising varying market dynamics across our regions. Overall Taste & Nutrition volume growth represented an outperformance of our markets. APMEA and Europe achieved good volume growth led by a strong performance in the foodservice channel, while volumes in North America were impacted by stocking dynamics and softer market conditions. Dairy Ireland performance reflected challenging market conditions across the year. We were pleased with our good progress in expanding our EBITDA margin and reporting strong free cash flow generation.

During the year we continued to invest capital and develop our business aligned to our strategic priorities. This included the expansion of our taste capabilities and footprint across our regions, further development of our nutrition portfolio, and broadening our emerging markets presence. This progress builds on our significant recent strategic portfolio developments and geographical expansion, strongly positioning Kerry for market outperformance and good margin progression in the coming years. As we begin 2024, Kerry's innovation pipeline is strong, though overall consumer market volumes remain relatively muted, which is reflected in our guidance for the year of 5% to 8% adjusted earnings per share growth in constant currency[1]."

[1] See Outlook section for detailed guidance summary

Markets and Performance

The overall demand landscape in the year was characterised by a number of noteworthy market dynamics including customer destocking, shrinkflation and the impact of recent broad-based inflation on consumers' spending habits. Despite these factors, customer innovation activity remained strong, with a focus on adding new taste profiles, improving products' nutritional and sustainability characteristics, and providing more relative value options for consumers.

Group revenue for the year was €8,020 million reflecting a decrease of 8.6%, comprising the effect of disposals of 5.1%, contribution from acquisitions of 1.0%, unfavourable translation currency of 2.9%, pricing reduction of 0.7% and volume reduction of 0.9%. Taste & Nutrition business volumes increased by 1.1% while Dairy Ireland volumes decreased by 6.5%.

Group EBITDA margin increased by 60bps to 14.5% as benefits from our Accelerate Operational Excellence transformation programme and portfolio developments were partially offset by the net effect from pricing. Group EBITDA for the year was €1,165 million (2022: €1,216m) as organic profit growth was more than offset by the impact of disposals net of acquisitions and unfavourable translation currency.

Constant currency adjusted earnings per share increased by 1.2% to 430.1 cent (2022: +7.3%), which represented a decrease of 2.4% in reported currency (2022: +15.7%). Basic earnings per share increased by 20.0% to 410.4 cent (2022: 341.9 cent) primarily reflecting the profit on disposal of businesses and assets in 2023 and the Group's exit from Russia and Belarus in the prior year.

Research and development expenditure amounted to €301m (2022: €303m) and net capital expenditure was €303m (2022: €217m) as the Group continued to invest to develop its capabilities and global footprint. Free cash flow was €701m (2022: €640m) representing cash conversion of 92% driven by a strong improvement in working capital.

The Board proposes a final dividend of 80.8 cent per share, an increase of 10.1% on the final 2022 dividend. Together with the interim dividend of 34.6 cent per share, this brings the total dividend for the year to 115.4 cent, an increase of 10.1% on 2022. As previously announced, the Board approved a share buyback programme of up to €300 million of Kerry Group plc ordinary shares, which commenced in November, with 1,373,261 'A' ordinary shares purchased at a total cost of €102 million by year end. The Board plans to announce a further share buyback in 2024, the details of which will be announced post completion of the existing €300m programme.

Good progress was made in the year against Kerry's *Beyond the Horizon* sustainability strategy and commitments, including increasing Kerry's nutritional reach to 1.25 billion consumers globally. The Group achieved a 48% reduction in Scope 1 & 2 carbon emissions[2], while strong progress was made in reducing food waste in Kerry's operations by 39%[2].

Strategic Portfolio Developments

In the year, the Group continued to further develop its portfolio including a number of complementary strategic acquisitions which enhanced Kerry's strong local emerging markets footprint, and also the divestment of its Sweet Ingredients Portfolio[3].

In May, the acquisition of Proexcar[3] was completed, which strengthened Kerry's capabilities and leading position within the Latin American meat market, while also providing a platform for further strategic growth within the ANDEAN region. Located in Colombia with c. 120 employees, the company produces clean-label functional ingredients.

The acquisition of Greatang[3] in July strongly complemented Kerry's leading authentic taste position in China. Headquartered in Shanghai with c.120 employees, Greatang's range of innovative taste solutions expands Kerry's strategic positioning and capability into new foodservice channels and with local and international customers in the meals and snacks markets.

In December, the Group announced it had entered into a definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen and Novozymes on a carve-out basis[3]. This is strongly aligned to Kerry's recent strategic enhancement of its biotechnology capabilities, while extending Kerry's enzyme manufacturing capabilities and footprint to three continents with its focus on food, beverage and pharma applications.

[2] Progress vs 2017 baseline

[3] In March, Kerry completed the sale of the trade and assets of its Sweet Ingredients Portfolio for a final consideration of €475.5m, comprising of an initial cash consideration of €350.5m (following routine closing adjustments) plus a €125.0m interest bearing vendor loan note

In May, Kerry acquired 100% of the share capital of Proexcar S.A.S. ('Proexcar') for an initial consideration of US$44.0m (€40.4m net of working capital adjustments and subject to routine closing adjustments) and a potential additional payment of up to US$18.0m (€16.8m) payable in 2025 based on achieving earn-out conditions. The provisional fair value of the expected contingent consideration is US$7.6m (€7.1m)

In July, Kerry acquired 100% of the share capital of Shanghai Greatang Orchard Food Co., Ltd. ('Greatang') for an initial consideration of RMB720.0m (€91.1m) subject to routine closing adjustments, with potential additional payments of up to RMB780.0m (€98.7m) payable based on contractual arrangements over the period 2025 to 2027 based on achieving earn-out conditions. The expected fair value of the contingent consideration is €75.2m

Entered into a definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen Holding A/S ('Chr. Hansen') and Novozymes A/S ('Novozymes') (together the 'Lactase Enzymes Business') on a carve out basis. The acquisition comprises certain trade and assets of Chr. Hansen's global lactase enzyme business and 100% of the share capital of Nuocheng Trillion Food (Tianjin) Co., Ltd, a Chinese subsidiary of Novozymes. Total consideration is €150.0m subject to routine closing adjustments, with the acquisition expected to close by end of April 2024

Business Performance

Taste & Nutrition

Volume growth driven by strong foodservice performance

	2023	Performance
Revenue	€6,975m	+1.1%[4]
EBITDA margin	17.0%	+50bps

[4] volume performance

- Volume growth of 1.1% given strong comparatives and challenging market conditions (Q4: +0.1%)
- Growth led by Food EUM across Dairy, Snacks and Meat
- Pricing +1.1% with inflation in H1 turning to deflation in H2
- EBITDA of €1,186m with margin +50bps due to cost efficiency initiatives and portfolio developments

Taste & Nutrition reported revenue of €6,975m reflected volume growth of 1.1% and positive pricing of 1.1%, more than offset by unfavourable translation currency of 3.4% and the effect of disposals net of acquisitions of 4.8%.

The segment achieved solid overall volume growth given the backdrop of industry destocking and pricing dynamics. Foodservice achieved strong volume growth of 9.3% supported by innovation with quick service restaurants, fast casuals and coffee chains in particular, while the retail channel volume reduction of 2.2% reflected customer inventory management and softer market dynamics.

From an End Use Market perspective, Food achieved good growth led by Dairy, Snacks and Meat. This was supported by strong performances in savoury and culinary taste solutions, as well as Tastesense™ salt and sugar-reduction technologies. Business volumes in emerging markets increased by 4.1% with strong growth in the Middle East.

Within the global Pharma EUM, volume growth was led by good performances in cell nutrition and in Kerry's clinically backed branded botanical extracts, partially offset by excipients.

Americas Region

- Overall volumes -1.8% (Q4: -1.9%)
- Retail channel saw softer market conditions while foodservice performed well
- Within the Food EUM, good volume growth was achieved in Snacks and Dairy
- LATAM delivered overall growth despite softer H2 market conditions

Reported revenue in the Americas region was €3,772m reflecting volume and pricing reductions of 1.8% and 0.1% respectively, unfavourable translation currency of 2.6% and the effect from disposals net of acquisitions of 4.9%.

Performance in the region reflected strong comparatives, customer inventory reductions and softer than expected market conditions, which continued to be a feature through to the end of the year. Performance in the retail channel was particularly impacted within the Beverage, Bakery and Meat markets, while growth in foodservice was supported by continued menu enhancement and back-of-house efficiency solutions. In North America, Snacks and Dairy achieved good growth driven by authentic taste-led innovations with global leaders, emerging brands and private label, while performance in Meat included a number of successful new launches incorporating Kerry's clean-label preservation systems.

LATAM achieved overall volume growth led by Mexico with good performances in the Snacks and Meat markets, while Brazil experienced softer market conditions in the second half of the year.

Europe Region

- Volumes +2.9% (Q4: +0.8%)
- Dairy, Snacks and Meals performed very well
- Foodservice delivered strong growth

Reported revenue in the Europe region of €1,517m reflected volume growth of 2.9% and positive pricing of 6.4%, more than offset by an unfavourable translation currency of 1.4% and the effect from disposals of 10.0%.

Growth within the region was led by strong performances in the UK and Ireland. Dairy achieved good growth led by performances in dairy applications for the foodservice channel. Snacks delivered strong growth through savoury taste and Tastesense™ salt reduction technologies, while Meals performance was supported by nutritional enhancements and authentic taste solutions in stocks and broths. Beverage also performed well, with good business development in the low and no alcohol category with our citrus range, sugar reduction technologies and botanicals portfolio.

The region achieved very strong growth in the foodservice channel driven by menu enhancement activity, seasonal products and ongoing nutritional profile improvements. As expected, performance in the retail channel softened through the year, reflecting constrained market demand given recent inflation in the region.

APMEA Region

- Volumes +6.2% (Q4: +3.1%)
- Growth led by Bakery, Meat and Meals
- Foodservice delivered very strong growth

Reported revenue in the APMEA region of €1,647m reflected volume growth of 6.2%, lower pricing of 1.0%, favourable transaction currency of 0.1%, unfavourable translation currency of 6.6% and the effect from disposals net of acquisitions of 0.2%.

Overall growth in the region was led by a strong performance in the Middle East across the year. China delivered good growth considering local market dynamics, while performance in Southeast Asia was impacted by challenging market conditions through the second half of the year.

Strong growth was achieved in the foodservice channel through the year. This was led by Bakery with a number of new taste and texture innovations. Meat achieved strong growth driven by local authentic taste launches with global and regional leaders, while Meals performed well through culinary taste systems and Tastesense™ salt reduction technologies. Growth in the retail channel was supported by strong local authentic taste and probiotic innovations across the Food end use markets.

During the year, good progress was made in enhancing the Group’s presence within the region. This included the expansion of Kerry’s footprint in East Africa and the opening of its new authentic taste facility in Karawang, Indonesia to further support customers in key end use markets across Southeast Asia.

Dairy Ireland

Performance reflected significant change in Dairy Market prices

	2023	Performance
Revenue	€1,283m	-6.5%[5]
EBITDA margin	4.2%	-40bps

5 volume performance

- Volumes -6.5% reflected challenging market environment and constrained supply conditions (Q4: -7.5%)
- Pricing -9.3% with reduced pricing reflective of dairy markets
- EBITDA of €53m with margin reduction driven by the significant impact of changes in dairy market prices (2022: €71m)

Reported revenue and overall EBITDA in Dairy Ireland was lower in the year due to constrained supply conditions as well as elevated input costs impacting market demand dynamics.

Within Dairy Ingredients, performance was impacted by the sharp fall in dairy market sales prices particularly across the middle part of the year. Dairy Consumer Products performed well given the market context, supported by good growth in branded cheese.

Financial Review

	% change	2023 €'m	2022 €'m
Revenue	(8.6%)	**8,020.3**	8,771.9
EBITDA	(4.2%)	**1,165.1**	1,216.1
EBITDA margin		***14.5%***	*13.9%*
Depreciation (net)		**(219.6)**	(221.6)
Computer software amortisation		**(27.2)**	(31.8)
Finance costs (net)		**(50.3)**	(66.2)
Share of joint ventures' results after taxation		**(1.9)**	(0.4)
Adjusted earnings before taxation		**866.1**	896.1
Income taxes (excluding non-trading items)		**(103.1)**	(114.5)
Adjusted earnings after taxation		**763.0**	781.6
Brand related intangible asset amortisation		**(52.3)**	(50.9)
Non-trading items (net of related tax)		**17.4**	(124.2)
Profit after taxation		**728.1**	606.5
		EPS cent	EPS cent
Basic EPS	20.0%	**410.4**	341.9
Brand related intangible asset amortisation		**29.5**	28.7
Non-trading items (net of related tax)		**(9.8)**	70.0
Adjusted* EPS	(2.4%)	**430.1**	440.6
Impact of exchange rate translation	3.6%		
Adjusted* EPS growth in constant currency	**1.2%**		

* Before brand related intangible asset amortisation and non-trading items (net of related tax).
See Financial Definitions section for definitions, calculations and reconciliations of Alternative Performance Measures.

Revenue

Reported revenue of **€8,020.3m** (2022: €8,771.9m) was 8.6% lower than the previous year mainly driven by the unfavourable impact of the disposals and foreign currency in the year.

The table below presents the revenue performance components for the Group and reporting segments.

2023	Volume	Price	Currency[6]	Acquisitions	Disposals	Reported Revenue Performance
Taste & Nutrition	**1.1%**	**1.1%**	**(3.4%)**	**1.2%**	**(6.0%)**	**(6.0%)**
Dairy Ireland	**(6.5%)**	**(9.3%)**	**(0.8%)**	**–**	**–**	**(16.6%)**
Group	**(0.9%)**	**(0.7%)**	**(2.9%)**	**1.0%**	**(5.1%)**	**(8.6%)**

[6] This includes the impact of transaction and translation currency

EBITDA & Margin %

Reported EBIDTA of **€1,165.1m** (2022: €1,216.1m) reflects organic growth more than offset by the unfavourable impact of currency translation and disposals in the year. Reported EBITDA margin of **14.5%** (2022: 13.9%) representing an increase of **60bps** primarily reflecting benefits from Accelerate Operational Excellence cost efficiency initiatives and portfolio developments.

Computer Software Amortisation

Computer software amortisation decreased by **€4.6m** to **€27.2m** (2022: €31.8m) reflecting the timing of spend.

Brand Related Intangible Asset Amortisation

Brand related intangible asset amortisation increased to **€52.3m** (2022: €50.9m) which is reflective of recent acquisition activity.

Finance Costs

Net finance costs for the year decreased by **€15.9m** to **€50.3m** (2022: €66.2m) primarily due to deposit interest earned on cash generated and reflecting the interest receivable on the third-party vendor loan note arising on the divestment of the Sweet Ingredients Portfolio. The Group's average cost of finance for the year was **2.4%** (2022: 2.3%).

Taxation

The tax charge for the year before non-trading items was **€103.1m** (2022: €114.5m) representing an effective tax rate of **12.7%** (2022: 13.5%) and the timing of in-year recognition of deferred tax assets.

Non-Trading Items

During the year, the Group incurred an overall non-trading credit of **€17.4m** (2022: €124.2m charge) net of tax. This was made up of a charge of **€61.7m** net of tax, and offset by a credit of **€79.1m** net of tax. The charge primarily relates to investments in the previously announced Accelerate Operational Excellence transformation programme, which predominantly reflects costs of streamlining operations, project management costs, and consultancy fees, while we work to enhance our continuous improvement in manufacturing processes and deliver step-change manufacturing and supply chain excellence across the organisation. The credit of €79.1m in the year relates to the profit on sale of the business/assets mainly related to the Sweet Ingredients Portfolio divestment net of transaction costs.

The charge in the prior year, is primarily related to the divestment of the Group's Russia and Belarus entities and the first year of the Accelerate Operational Excellence transformation programme.

Foreign Exchange

Group results are impacted by year-on-year fluctuations in exchange rates versus the euro. The primary rates driving the currency impact in the figures above were USD and GBP which had average rates of **1.09** (2022: 1.05) and **0.87** (2022: 0.85) respectively.

Cash & Returns

Free Cash Flow

In 2023, the Group achieved free cash flow of **€701.3m** (2022: €640.4m) reflecting 92% cash conversion in the year.

Free Cash Flow	**2023 €'m**	2022 €'m
EBITDA	**1,165.1**	1,216.1
Movement in average working capital	**38.4**	(201.4)
Pension contributions paid less pension expense	**(13.5)**	(15.7)
Finance costs paid (net)	**(65.8)**	(62.0)
Income taxes paid	**(119.5)**	(80.0)
Purchase of non-current assets	**(315.0)**	(254.7)
Sales proceeds on disposal of non-current assets	**11.6**	38.1
Free cash flow	**701.3**	640.4
Cash conversion[7]	**92%**	82%

[7] Cash conversion is free cash flow expressed as a percentage of adjusted earnings after taxation

The main driver of the strong cash conversion is the improvement in average working capital. The decrease in working capital levels is attributable to the positive effects of our Accelerate Operational Excellence supply chain programme on overall inventory management, the efficient management of receivables enabled by our Global Business Services centres and the easing of the inflationary environment through the year. The Group's capital investment aligned to our strategic priorities and tax payments have increased year-on-year. Capital expenditure was lower in the prior year due to timing of projects.

Returns

	2023 €'m	2022 €'m
Adjusted profit	**813.5**	847.7
Average capital employed	**8,172.8**	8,236.5
Return on Average Capital Employed (ROACE)	**10.0%**	10.3%

Further detail is set out within the Financial Definitions section for definitions, calculations and reconciliations of Alternative Performance Measures.

The movement in ROACE is primarily due to the translation impact on underlying assets and timing of M&A activity.

Share Buyback

In October, the Board approved a share buyback programme which will return up to €300 million in cash to shareholders. The buyback programme commenced on 1 November and is expected to be completed by the end of April 2024. The buyback programme is underpinned by the Group's strong balance sheet and cash flow and is aligned to the Company's Capital Allocation Framework.

In the period from 1 November 2023 to 31 December 2023 the Company purchased 1,373,261 shares returning a total of €101.7m to shareholders. Since the year end, and up to 31 January 2024, the Company has purchased an additional 749,081 shares returning an additional €58.9m to shareholders.

Net Debt

Net debt at the end of the year was **€1,604.1m** (2022: €2,217.4m). The decrease during the year reflects strong business cash generation and divestments proceeds, offset by acquisition spend and the share buyback programme.

Key Financial Ratios

Our credit metrics are strong with a net debt to EBITDA ratio of 1.5 times and we have a strong balance sheet which will continue to support the further strategic development of our business.

	2023 Times	2022 Times
Net debt:EBITDA	**1.5**	1.8
EBITDA:Net interest	**21.8**	18.1

Financing

Undrawn committed facilities at the end of the year were **€1,500m** (2022: €1,100m) while undrawn standby facilities were **€335.0m** (2022: €343.0m).

Share Price and Market Capitalisation

The share price on 31 December 2023 was **€78.66** (2022: €84.24) giving a market capitalisation of **€13.8bn** (2022: €14.9bn). Total shareholder return was **-5.3%** (2022: -24.7%) as share prices and valuations across the sector were adversely impacted by increases in interest rates and macroeconomic developments in the year.

Dividend and Annual General Meeting

During the year, the Group paid an interim dividend of 34.6 cent per A ordinary share, which was an increase of 10.2%. The Board has proposed a final dividend of 80.8 cent per A ordinary share, payable on 10 May 2024 to shareholders registered on the record date of 12 April 2024. When combined with the interim dividend, the total dividend for the year amounts to 115.4 cent per share (2022: 104.8 cent per share), which is an increase of 10.1% over last year's dividend. The Group's aim is to have double digit dividend growth each year. Over 35 years as a listed company, the Group has grown its dividend at a compound rate of 16%.

Kerry's Annual General Meeting is scheduled to take place on 2 May 2024.

Outlook

In 2023, recognising the challenging market conditions and strong comparatives, Kerry delivered a solid business performance with Taste & Nutrition volume growth ahead of the market, good margin expansion, strong cash generation and continued progress against the Group's *Beyond the Horizon* sustainability commitments.

At the outset of 2024, Kerry has a good innovation pipeline and remains strongly positioned for market volume outperformance and good margin expansion, however consumer market volumes remain relatively muted. Given this context, in 2024 the Group expects to achieve 5% to 8% adjusted earnings per share growth in constant currency.

Key items within Constant Currency Adjusted Earnings Per Share (EPS) Guidance[8]	
Volume growth	Low-single digit
EBITDA margin	Good Margin Expansion
Tax rate	Towards 15%
Average shares in issue	~174.1m
Constant Currency Adjusted Earnings Per Share (EPS) Guidance	**5% to 8% growth**

[8] Guidance includes contribution from all acquisitions including the recently announced Lactase Enzymes Business which is expected to close by end of April 2024
Guidance does not include any potential impact from any share buybacks beyond the current announced programme
Foreign currency translation is currently expected to be relatively neutral in the full year

Disclaimer: Forward Looking Statements

This Announcement contains forward looking statements which reflect management expectations based on currently available data. However actual results may differ materially from those expressed or implied by these forward looking statements. These forward looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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