**PRESS ANNOUNCEMENT**
**13 November 2008**

# Kerry Group: Interim Management Statement: 13 November 2008

Kerry, the global ingredients & flavours and consumer foods group, today issues the following Interim Management Statement in accordance with the reporting requirements of the Transparency Regulations 2007.

## BUSINESS REVIEWS

### INGREDIENTS & FLAVOURS

The underlying performance of the Group's global ingredients and flavours businesses remained solid in the four months ended 31 October 2008, delivering mid single digit like-for-like revenue and trading profit growth. The American and European divisions recorded like-for-like revenue growth of 6% and 4% respectively, while the Group's Asia-Pacific ingredients and flavours business continued to deliver in excess of 20% growth. Despite the impact of a further 7% increase in raw material and energy related input costs the trading margin in ingredients and flavours was held at the prior year level.

### CONSUMER FOODS

Trading conditions in the UK and Irish consumer foods markets continued to be impacted by the weakening economic environment and the sterling/euro exchange rate. Nevertheless Kerry Foods achieved like-for-like revenue growth of 4% in the four month period since the end of June. The divisional trading margin in the period was maintained in line with the equivalent period of 2007. Continued brand investment assisted the division's performance in an increasingly competitive retail environment, with in particular a strong performance in the cheese category in Ireland and in meat products in the UK. Despite implementation of cost recovery programmes in the chilled ready meals and spreads private label sectors, good volume growth was achieved.

## FINANCIAL REVIEW

In the period under review the Group acquired two businesses for a total consideration of €39m; X-Café LLC – a producer of premium coffee flavours located in Portland, USA; and PT Armita – a savoury flavourings business located in Jakarta, Indonesia. The sale of the Group's Manheimer Fragrances business in the USA was also agreed for an amount of $70m to $80m dependant on certain transactional completion criteria. As announced at the end of September, the Group has filed a Notice of Appeal in the High Court against the decision of the Competition Authority of Ireland to prohibit Kerry's proposed acquisition of Breeo Foods, a subsidiary of Irish based Reox Holdings plc.

Despite the appreciation of the dollar/euro exchange rate, the continued depreciation of the sterling/euro exchange rate adversely impacted reported revenues and profits in the period. The Group continued to generate significant cash for debt repayment and acquisitions despite increased investment in infrastructural realignment due to the on-going implementation of Kerry's 'go-to-market' strategy throughout its global ingredients and flavours businesses. Net debt at the end of the period amounted to €1,260m (H1 2008: €1,234m) despite an adverse €104m translational impact arising from the stronger US dollar exchange rate since the end of June.

Following implementation of new regulations in the UK relating to the availability of industrial building tax capital allowances, the Group will be required to take a one-off deferred taxation charge of €18.5m. This charge will be considered a non-trading item in the Group's Accounts for 2008.

## FUTURE PROSPECTS

The Group expects a good outturn for 2008 despite challenging economic conditions in many countries and the continued adverse impact of currency translation. We expect earnings for the full year to increase to the upper end of the range of 151 cent to 155 cent per share forecast at the start of the year.

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For further information please contact:

Frank Hayes, Director of Corporate Affairs, Kerry Group plc.
Tel no +353 66 7182304
Fax no +353 66 7182972
Kerry Web Site: www.kerrygroup.com