NEWS RELEASE

2 November 2011

Kerry Group: Interim Management Statement

2 November 2011 - Kerry, the global ingredients & flavours and consumer foods group, issues the following Interim Management Statement for the nine months to 30 September 2011.

BUSINESS PERFORMANCE

In line with the business momentum reported at the half year stage, the Group continued to achieve good organic growth in the three month period to 30 September 2011. While continuing input cost inflation impacted some categories, performance was solid across all regions. Cost recovery in collaboration with customers proved successful despite the well reported economic challenges and restrained consumer expenditure in many markets.

Group sales revenue in the first nine months of 2011 increased by 7.9% reflecting like-for-like [LFL] growth of 7.3%. Business volumes grew by 3.4% with product pricing/mix increasing by 4%. Relative to the first nine months of 2010, business volumes were ahead 3.9% in ingredients & flavours and 1.6% in the Group's consumer foods division.

Consistent with the half year Interim Statement, the Group's underlying trading margin performance remained strong in the period. Allowing for unallocated development costs relating to the Kerry global IT project and the arithmetical effect which cost recovery pricing has on the margin calculation, the Group trading profit margin was back 30 basis points relative to the same period of 2010. This reflects a flat margin impact in Ingredients & Flavours and a 30 basis points lower margin in Consumer Foods.

INGREDIENTS & FLAVOURS

Successful layering of Group technologies and focused end-use-market innovation continued to achieve encouraging growth throughout Kerry Ingredients & Flavours' regional markets. The challenging economic landscape continues to focus critical attention on consumer offerings thereby driving significant product renovation and innovation.

In the *Americas* region, despite tougher market conditions and the background of input cost inflation, Kerry achieved 3.6% growth in business volumes. Savoury & Dairy systems continued to perform well – in particular through yoghurt applications in the dairy sector and through coating systems in the meat industry. Cereal and sweet categories remained challenging due to competitive trends and delayed product launches. However Kerry maintained good progress particularly in the bakery sector through its integrated solutions approach incorporating flavours and functional ingredients. Beverage systems & flavours achieved good growth through Kerry's branded portfolio.

The Group continued to expand its global market positioning in the pharmaceutical sector. In September, Lactose India was acquired – broadening the Group's Sheffield Bio-Science product portfolio and strengthening Sheffield's expertise and technical service to advance Kerry Group's growth strategy in South Asia's growing pharmaceutical marketplace.

In the *EMEA* region Kerry's business volumes reflect 2.6% regional growth in the nine months to the end of September. Overall performance was above industry average but varied across end-use-markets and regional markets due to cost pressures arising from raw material pricing. Snack applications continued to provide good growth opportunities for cheese systems and seasonings. Development in the meat sector was constrained due to challenging sectoral issues but poultry applications progressed satisfactorily in the QSR segment. Sweet systems achieved good growth in particular through confectionery, yoghurt and bakery applications. Kerry maintained solid growth in the challenging ready-to-eat cereals category. Flavour technologies and demand for all-natural flavour systems continued to provide good growth opportunities in the beverage sector. Solid volume growth was maintained through Kerry's functional ingredients. Primary dairy markets remained firm during the period – benefiting from continued strong demand in importing countries.

Asia-Pacific markets continued to provide solid growth opportunities for Kerry's ingredients & flavours systems and functional ingredients. In the first nine months of 2011 business volumes in the region grew by 10.1%. Meat technologies grew strongly in Australia, New Zealand and in the expanding regional QSR sector. Dairy and lipid systems again achieved good growth in the nutritional sector. Kerry Pinnacle continued to grow strongly through value propositions in the lifestyle bakery sector. Kerry's beverage systems and flavours continued to benefit from progressive development and roll-out across the regional QSR sector. Emulsifiers achieved double digit growth.

CONSUMER FOODS

The competitive consumer and retail environment in Ireland and the UK led to increased promotional activity impacting business growth strategies in Kerry's consumer foods businesses. However Kerry Foods achieved 1.6% volume growth in the nine months to the end of September – reflecting 2.8% growth in the UK and a decline of 2% in Ireland.

The Richmond and Mattessons brands performed robustly in the UK market. Cheestrings maintained market share in the highly competitive cheese snack market.

In customer-branded segments of the UK market Kerry again achieved a strong performance through its chilled ready meals offerings. In the frozen meals category Headland Foods, acquired in January, performed in-line with expectations. On 25 October the Competition Commission provisionally cleared Kerry Foods acquisition of Headland Foods and will publish its final report before year-end.

Performance in the private label spreads and cheese sector in the UK was adversely impacted by heavy promotional campaigns by major brands.

The Irish consumer foods market remains difficult as consumers continue to seek value propositions and retailers respond through deeper promotional activities. Brand shares of Kerry's key Irish brands remain stable and have achieved growth through launch of value lines.

BUSINESS DEVELOPMENT

In September the Group confirmed that it had entered into an agreement to acquire Cargill's global flavours business. Cargill Flavor Systems has well-established international flavour technology development expertise serving a global customer base through provision of flavour ingredients and flavour systems for beverage, dairy, sweet and savoury applications. The business has long-standing relationships with leading global food and beverage manufacturers and employs 700 people through its integrated flavour development and application centres in France, the UK, South Africa, India, Malaysia, China, the USA, Puerto-Rico, Mexico and Brazil, supported by a network of sales representative offices in 12 other countries. The transaction is expected to be completed by year-end.

At the end of October the Group completed the acquisition of SuCrest GmbH ["SuCrest"], significantly expanding the Group's sweet ingredients & flavours business in the EMEA region. SuCrest, with production and product development facilities located in Hochheim, Germany and Vitebsk, Belarus and a SuCrest sales representative office in Moscow, is a leading provider of sweet ingredients to the bakery, ice-cream, confectionery, cereal and snack sectors in European markets.

The Group has made considerable progress in design of optimal Kerry Operating Models to deliver our business strategies. Operating model implementation will commence at the beginning of 2012 enabling the Group to leverage the increasing scale of the organisation, to deliver global alignment, to realise potential synergies and maximise business efficiencies.

FINANCIAL REVIEW

Net debt at the end of the period at €1.2 billion is slightly higher than that reported at the half year stage due to movement in exchange rates [primarily the US dollar] and increased investment in the Group's 1 Kerry business transformation programme and working capital.

FUTURE PROSPECTS

The Group is confident of achieving its growth targets for the full year and delivering eight to twelve per cent growth in adjusted earnings per share.

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