

Interim Results 2003

2 September 2003



2003 Interim Results Presentation

- Introduction and H1 2003 Overview Hugh Friel
- Financial Review Brian Mehigan
- Business Reviews and Outlook Hugh Friel
- Q&A

2003 Focus

- Continued development and investment in Group's core businesses:

Ingredients - world no.1

Consumer foods - no.1 in added-value chilled foods in UK & Ireland

Flavours - building a world class business

- Continued organic growth and strong cash flow delivery
- Operational effectiveness and business synergy

Exploit Kerry technologies and competencies in line with consumer trends and demographic changes

Food Industry Review

- Increased awareness of dietary and health requirements
- Accelerating trends towards high-protein, high-energy, low-carbohydrate, functional, organic, health and indulgence products
- Convenience, snacking, food-to-go, 'heat and eat' and ease-of-cooking – assuming more significance
- Rapidly differentiating demographic trends

*Increased recognition of pleasure of food and
power to influence health*

Performance Overview

- Solid H1 performance:
 - Good like-for-like sales and profit growth
 - Supply chain management
 - Margin expansion
 - Strong cash flow
- Integration programmes for 2002 / 2003 acquisitions
- Enhanced core supplier positioning
- Success through organisational competencies, innovation and technical development

Financial Highlights (€) - *Interim Results*

2002		2003	Growth
€1,799.8m	Turnover	€1,802.1m	0.1%
€128.0m	Operating profit*	€133.2m	4.1%
7.1%	Operating profit %*	7.4%	30bps
€77.4m	Adjusted profit after tax*	€85.6m	10.6%
41.8 cent	Adjusted EPS*	46.1 cent	10.3%
3.65 cent	Interim dividend per share	4.05 cent	11.0%
20.2 cent	FRS3 EPS	33.4 cent	65.3%

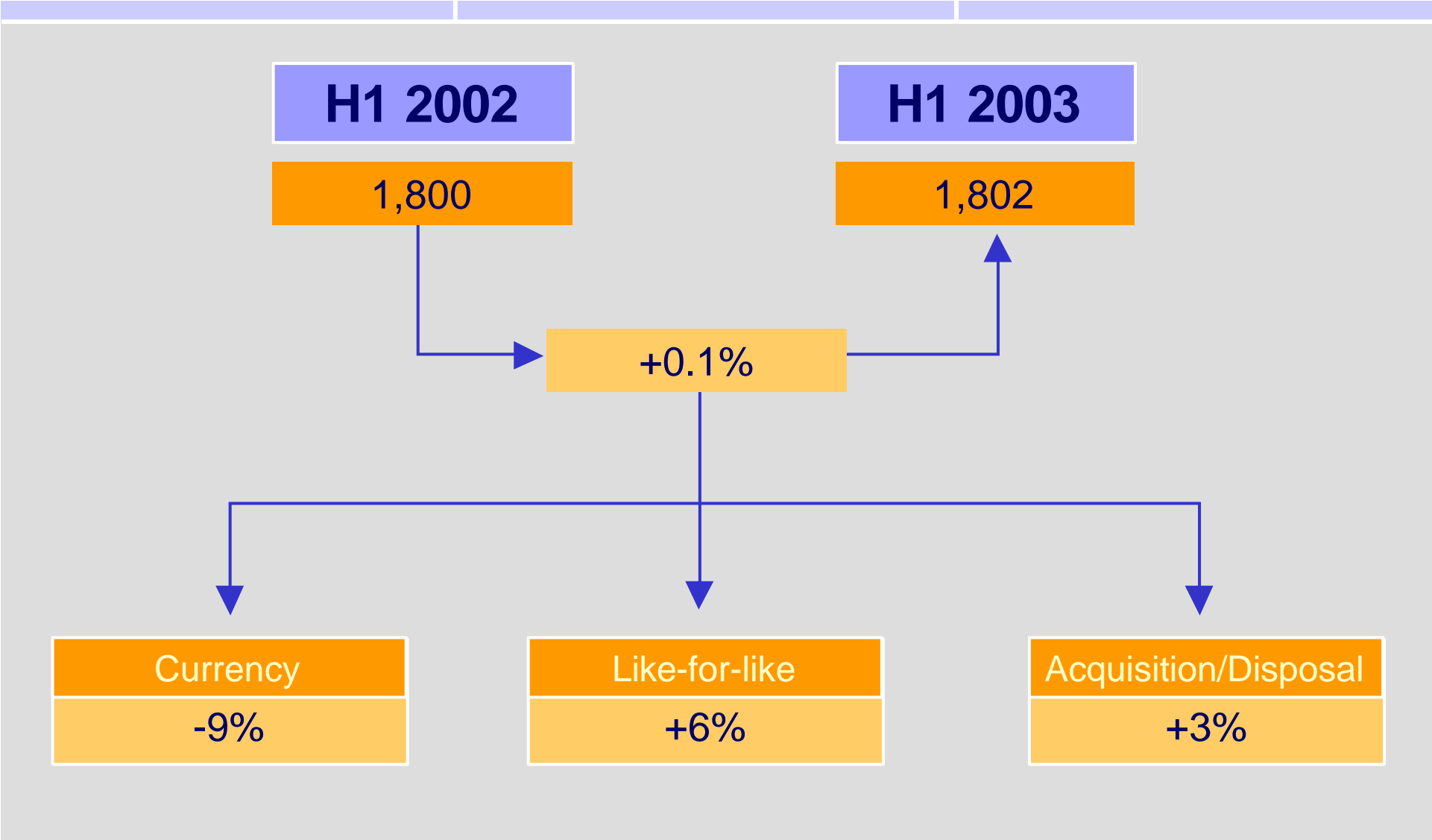
Note: * before goodwill and exceptional items



Financial Review

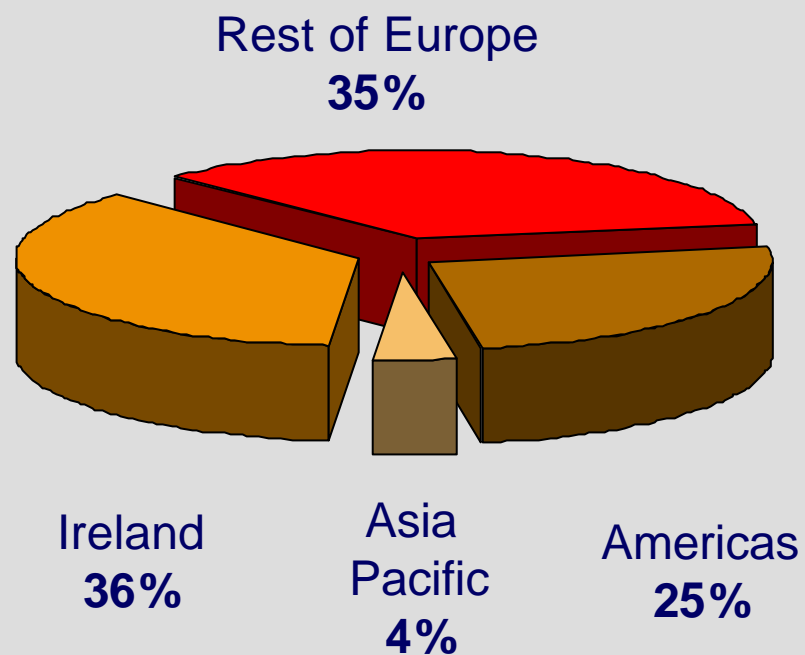
- Significant impact of currency translations on the results
- Strong organic turnover growth across the regions
- Good overall margin progression
- Good free cash flow performance
- Bond issue of \$650m

Turnover Analysis



Turnover : *Geographical*

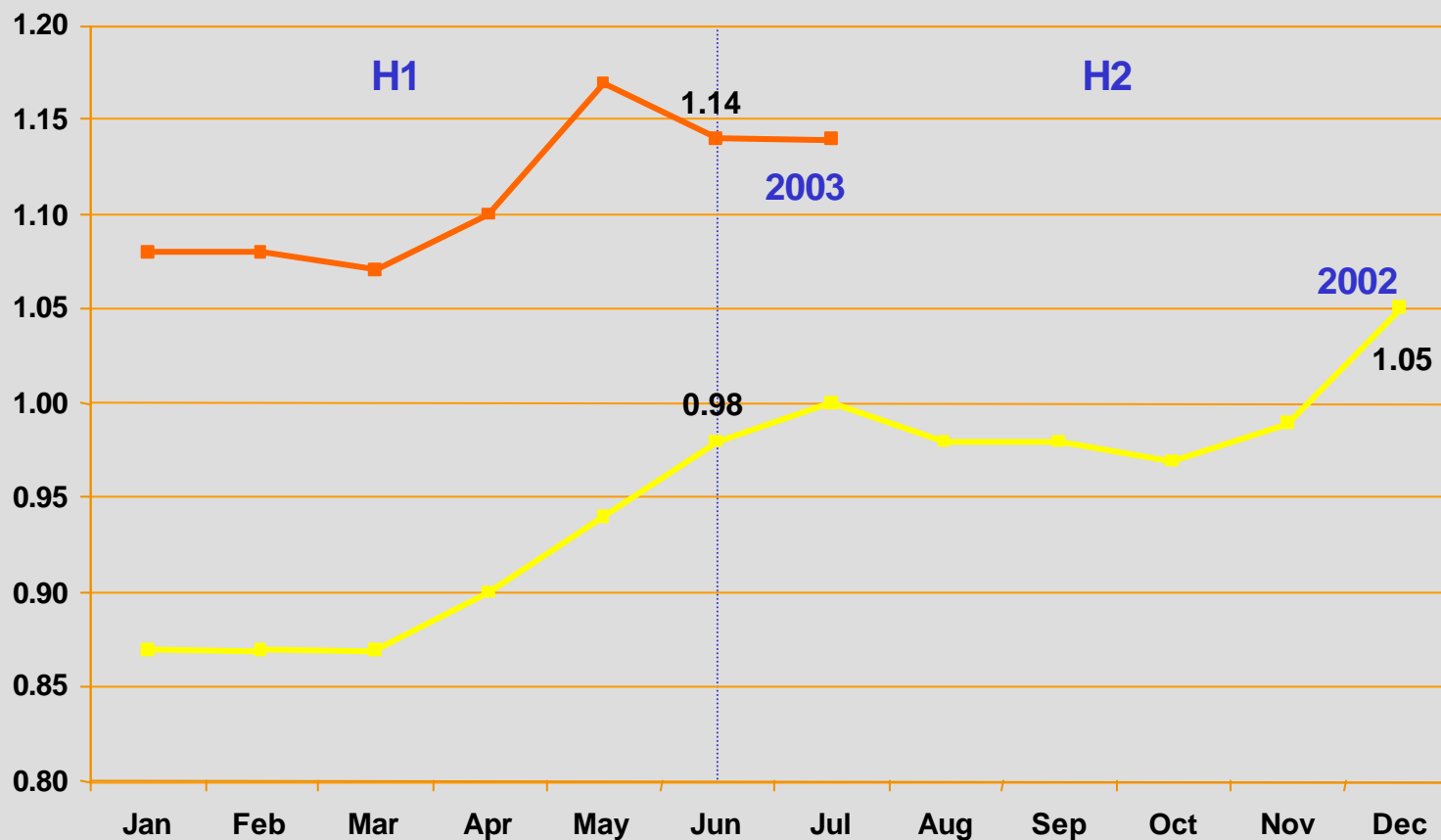
Geographic Split



Half Year Growth %

	Like-for-like	Reported
Ireland	8.9	4.5
Rest of Europe	5.1	(1.1)
Americas	2.8	(4.2)
Asia Pacific	7.4	1.0
Group	5.9	0.1

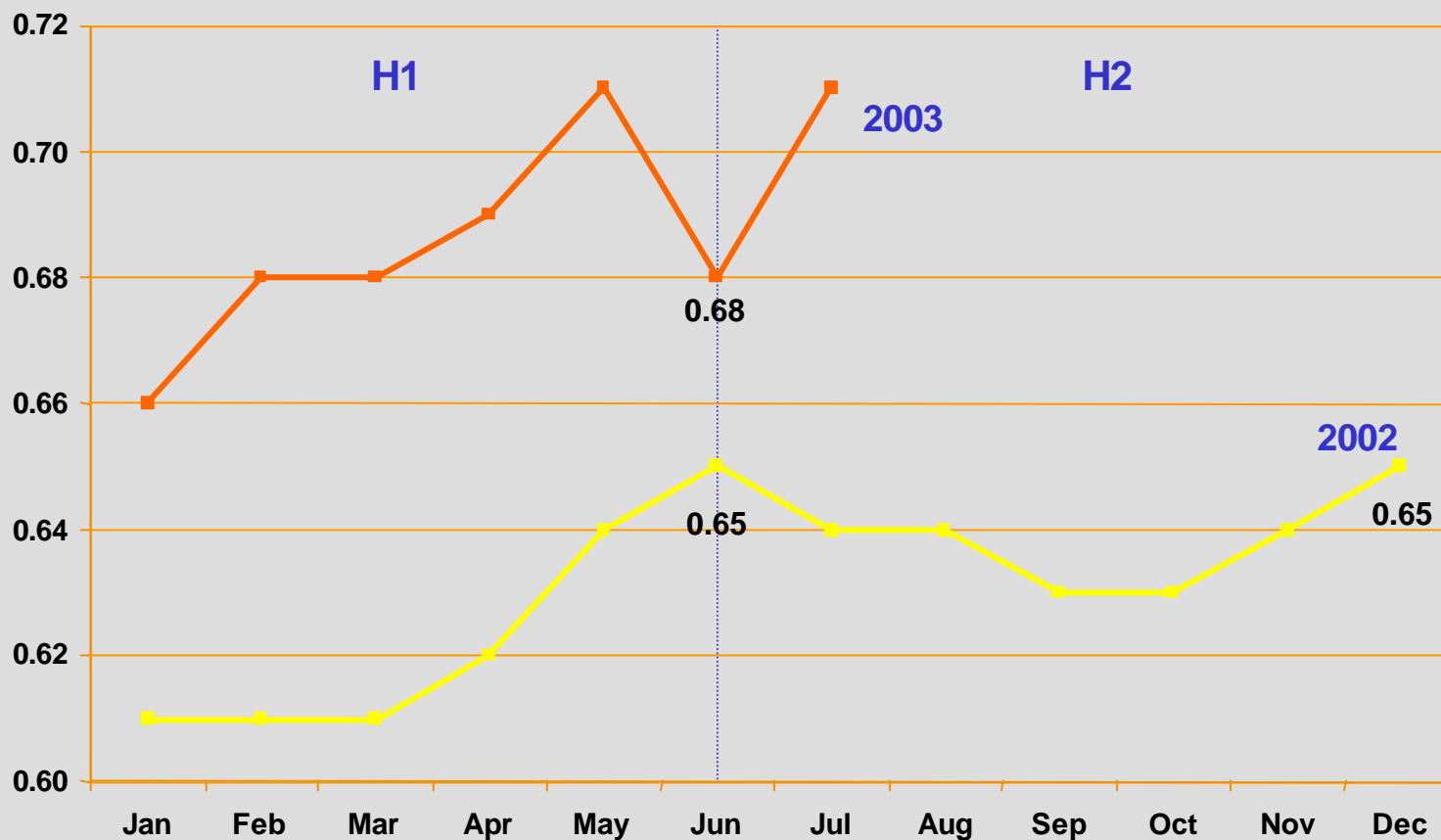
Euro - US Dollar Trend



Avg Fx Rate	H1
% Change	+24%



Euro - Sterling Trend



Avg Fx Rate	H1
% Change	+9.5%



Turnover : *Like-for-like*

	Like-for-like Growth	Acquisition / Disposal	Currency	Reported Growth
Ireland	9%	(4%)	0%	5%
Rest of Europe	5%	3%	(9%)	(1%)
Americas	3%	15%	(22%)	(4%)
Asia Pacific	7%	2%	(8%)	1%
Group	6%	3%	(9%)	0%

Operating Margin Change

Operating margin*

7.1% → 7.4%

Like-for-like growth

+20bps

Acquisitions / Disposals

+20bps

Currency

-10bps

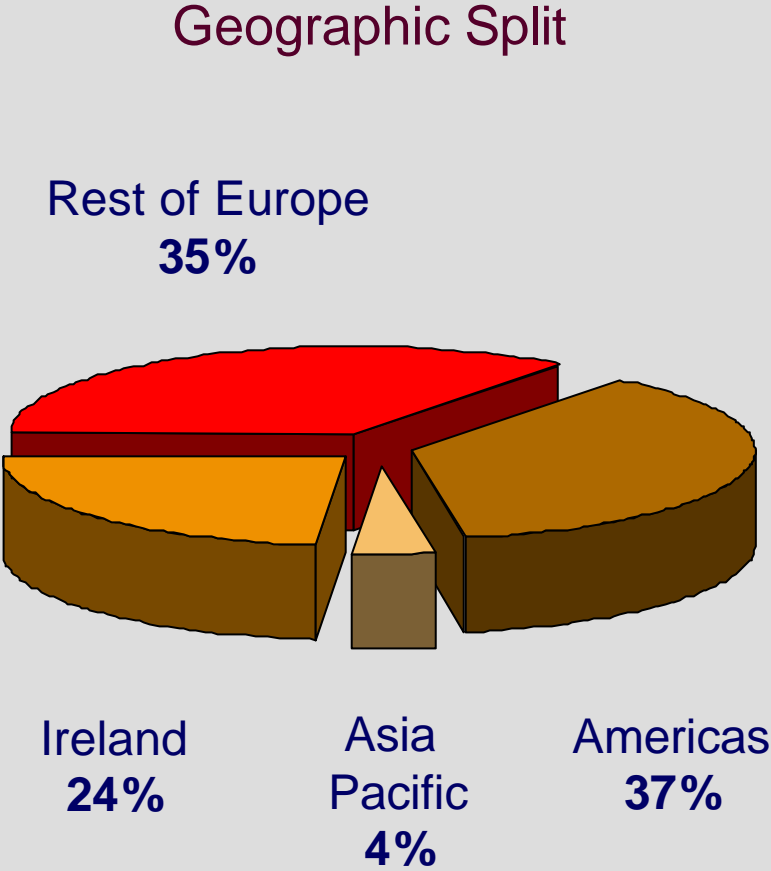
Operating margin* change

+30bps

*Note: * before goodwill and exceptional items*



Operating Profit* Margin



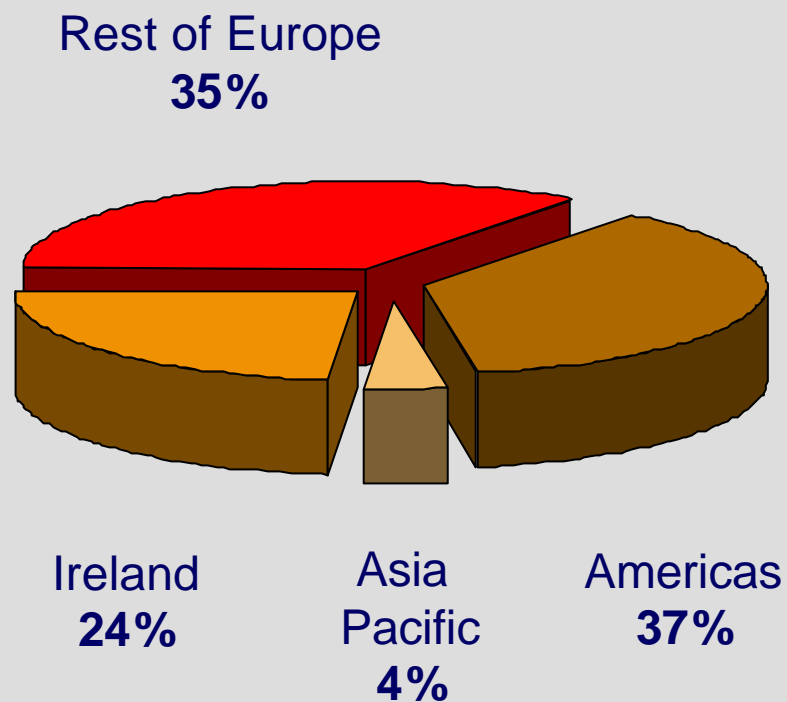
	H1 2003		H1 2002
	€m	Margin%	Margin%
Ireland	32	4.8	4.3
Rest of Europe	47	7.6	7.0
Americas	49	10.8	11.1
Asia Pacific	5	7.5	6.2
Group	133	7.4	7.1

Note: * before goodwill and exceptional items



Operating Profit* Growth

Geographic Split



Half Year Growth %

	Like-for-like	Reported
Ireland	15.0	17.7
Rest of Europe	10.9	7.6
Americas	3.0	(7.3)
Asia Pacific	34.8	22.2
Group	9.3	4.1

Note: * before goodwill and exceptional items



Interest and Taxation Charges

Interest

- Reduction due to :
 - + currency impact
 - + rate efficiency
 - + strong cash flow
 - acquisitions

Taxation

- + taxation charge constant
- + currency impact benefiting reported number
- + geographical split

Five Year Free Cash Flow (€m) - H1

	1999	2000	2001	2002	2003
EBITDA*	118	134	142	173	176
Movement in working capital	(30)	(69)	(112)	(97)	(79)
Capital expenditure (net)	(28)	(46)	(46)	(48)	(36)
Interest	(23)	(24)	(21)	(25)	(22)
Taxation	(9)	(22)	(18)	(16)	(13)
Dividends	(8)	(9)	(11)	(13)	(15)
Free Cash Flow	20	(36)	(66)	(26)	11

Note: * before exceptional items



Financial Ratios

H1 2002		H1 2003
73%	Debt : Equity	63%
32%	Debt : Market capitalisation	34%
2.5x	Debt : EBITDA*	2.2x
6.9x	EBITDA* : Net interest	8.6x
13.8%	Return on Equity	14.5%

Note: * before exceptional items



US Private Placement

- US\$650m raised on the US private placement market
- Maturities range from 7 to 12 years
- Wide profile of prominent institutional investors
- Competitive margin achieved across all tranches
- Fixed rates swapped back into floating
- Proceeds used to pay down existing borrowings
- Average debt maturity increased from 2.4 years to 7.5 years

Business Reviews

H1 - *Performance Drivers - Overview*

- Our people
- Dynamics of global food market
- Kerry innovation and breadth of technology
- On-going efficiency programmes
- Business synergies

Kerry – *The Organisation*

H1 Turnover

€1.8bn

H1 Operating Profit

€133m

- Strategy driven by market needs - building on our consumer understanding
- Strong entrepreneurial culture - passion for growth
- Sectoral focused Strategic Business Units (SBU's)
 - Leveraging core competencies
 - Balancing local strengths: central supports
 - Central and divisional support structures

*A dynamic organisation with core supplier status globally coupled
with unrivalled service and proximity to local customer base*



Business Review - *Ireland*

H1 Turnover

€656m

H1 Operating Profit

€32m

- Significant like-for-like increase in turnover and profits (9% and 15%)
- Brands - strong performance including Cheestrings, Attack-a-Snak, Denny, Freshways
- Success through innovation, marketing and promotion
- Continued investment
 - Freshways - €14m project
 - Cheestrings - Stage 1 of €14m project
 - Charleville - Ingredients technology
- Margin pressure in poultry sector
- New snacking and food-to-go products winning market share

Business Review – *Rest of Europe*

H1 Turnover

€621m

H1 Operating Profit

€47m

- Turnover and profits - strong like-for-like growth (5% and 11%)
- Benefits of operational efficiencies
- Values of Kerry Foods' brands
- Convenience growth - Kerry Foods Direct-to-Store
- Once off costs in transfer of pastry to Poole
- Prepared meals
 - continued growth
 - benefiting Ingredients, Foods and Mastertaste
- Coatings improvement
 - supply chain enhancement
 - EBI performing well
- Snack growth particularly in Eastern Europe
- Mastertaste - ahead of industry growth rates



Business Review - Americas

H1 Turnover

€453m

H1 Operating Profit

€49m

- Turnover and profits +3% like-for-like growth
- Margin back 30bps due to cost infrastructure, acquisitions and currency impact
- Margin pressure in speciality and coatings - USA and Canada
- On-going progress in integrating recent acquisitions
 - 2001 - # 8 acquisitions
 - 2002 - # 9 acquisitions
 - 2003 - SunPure, Guernsey Bel, Pacific Seasonings
- Flavour acquisitions - new Mastertaste business structure
- Seasonings and beverage strong - all markets
- South America - difficult economic conditions
- Health issues - NPD stimulus

Business Review – *Asia Pacific*

H1 Turnover

€72m

H1 Operating Profit

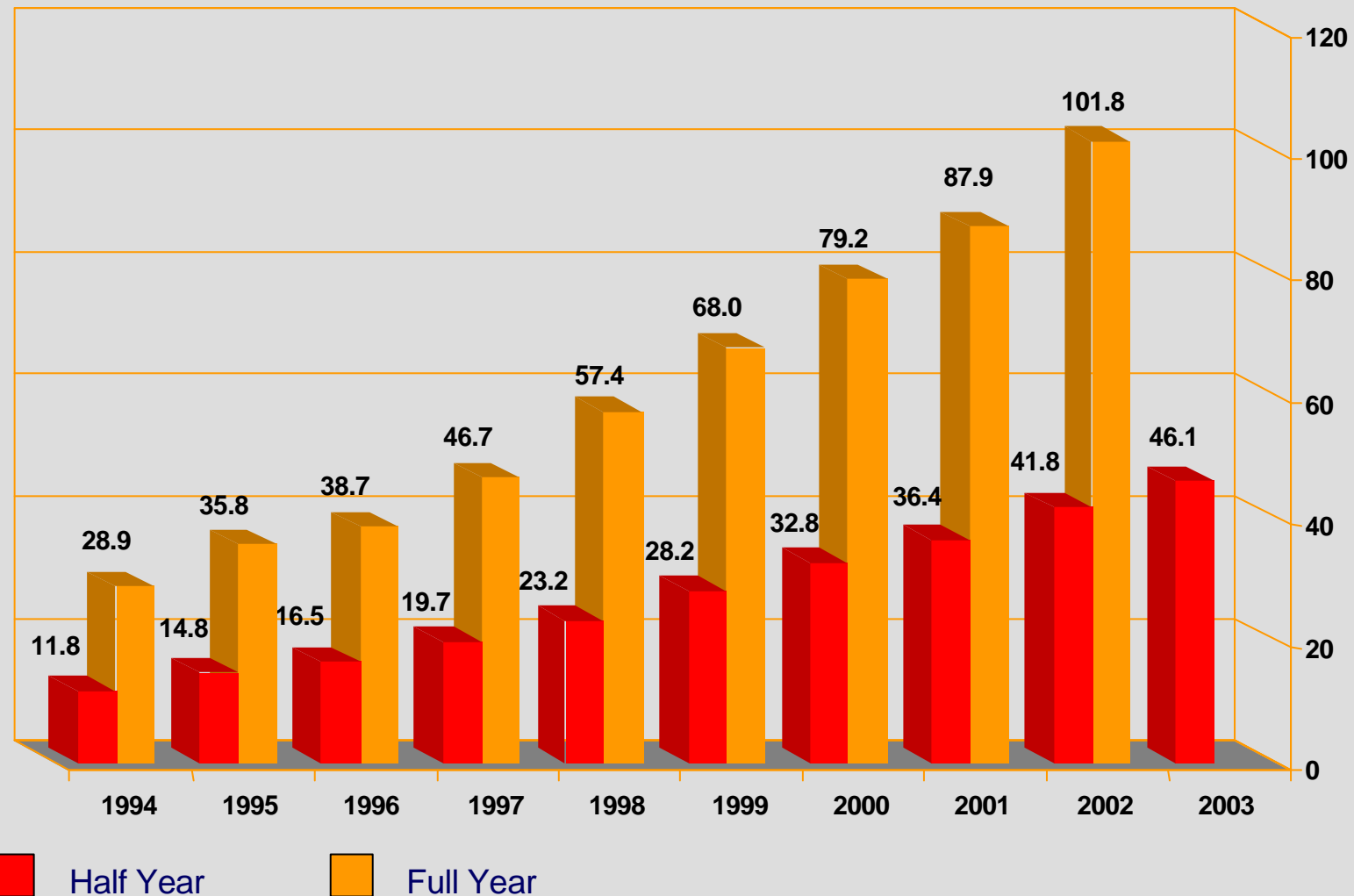
€5m

- Turnover and profitability – significant improvement (7% and 35%)
- Asia
 - beverage applications strong in all markets
 - nutritional products - growth in Malaysia, Thailand & China
- New Thailand seasonings facility – strong regional sectoral opportunities
- Australia / New Zealand – progress through seasonings and marinades
- Kerry Pinnacle – progress through bakery chains

Acquisitions To Date in 2003

- Guernsey Bel USA Value added ingredients and inclusions technology for the premium ice-cream, breakfast cereal, nutritional bar and confectionery industries
- Pacific Seasonings USA Seasonings and spices for the meat, prepared foods and snack food industries
- SunPure USA Natural citrus flavours and ingredients
- Total cost €125m

Adjusted EPS* Growth (cent)



Note: * before goodwill and exceptional items



Summary H1 Performance: *Strategy*

- Ingredients and Flavours
 - Leveraging leadership and technology base worldwide
 - Innovation and acquisition strategy focused on nutritional and convenience trends
- Foods
 - Branded and added value strategy providing sustainable competitive advantage
- Value creation through on-going business efficiency focus

Current Trading and Outlook

- Organisation entrepreneurial culture delivering strongly in a competitive market environment
- Current trading in line with budgets
- On-going streamlining of operations and acquisition integration
- Good pipeline of acquisition opportunities
- Full year out-turn expected to be in line with market forecasts

Additional Information

Analysis of Results by Region (€m)

Group	2003			2002		
	Turnover	Operating Profit*	%	Turnover	Operating Profit*	%
Ireland	€655.6	€31.7	4.8%	€627.1	€26.9	4.3%
Rest of Europe	€621.4	€47.2	7.6%	€628.3	€43.9	7.0%
Americas	€453.5	€48.9	10.8%	€473.5	€52.8	11.1%
Asia Pacific	€71.6	€5.4	7.5%	€70.9	€4.4	6.2%
Total	€1,802.1	€133.2	7.4%	€1,799.8	€128.0	7.1%

Note: * before goodwill and exceptional items



Operating Margin* % by Region

	Ireland	ROE	Americas	Asia Pacific	Total
2002 margin reported	4.3%	7.0%	11.1%	6.2%	7.1%
Acquisitions / disposals	0.3%	0.3%	(0.3%)	-	0.2%
Currency	-	(0.1%)	(0.1%)	-	(0.1%)
Like-for-like	0.2%	0.4%	0.1%	1.3%	0.2%
2003 margin reported	4.8%	7.6%	10.8%	7.5%	7.4%

Note: * before goodwill and exceptional items



Interim Cash Flow (€m)

	2003	2002
Cash from operations	97	76
Interest and taxation	(35)	(41)
Capital expenditure	(36)	(48)
Equity dividends	(15)	(13)
Free cash flow	11	(26)
Acquisitions and disposals		
- Businesses acquired	(127)	(128)
- Businesses sold	-	34
- Acquisitions restructuring	(9)	(14)
	(136)	(108)
Financing - issue of share capital	1	4
	(124)	(130)
Exchange adjustment	36	51
Increase in borrowings	(88)	(79)
Opening net debt	(764)	(819)
Closing net debt	(852)	(898)

EPS Reconciliation

2002 € cent		2003 € cent	Growth %
41.8	Adjusted EPS*	46.1	10.3%
(10.9)	Goodwill amortisation	(13.3)	
(10.7)	Exceptional items (net of tax)	0.6	
20.2	FRS3 EPS	33.4	65.3%

Note: * before goodwill and exceptional items



Debt Profile (€m)

	Net Borrowings	@ Floating Rates	@ Fixed Rates
Euro	229	229	-
Sterling	37	37	-
US Dollar	512	334	178
Others	74	74	-
	852	674	178

79%

21%

Weighted average period for which rate is fixed: 2.1 years

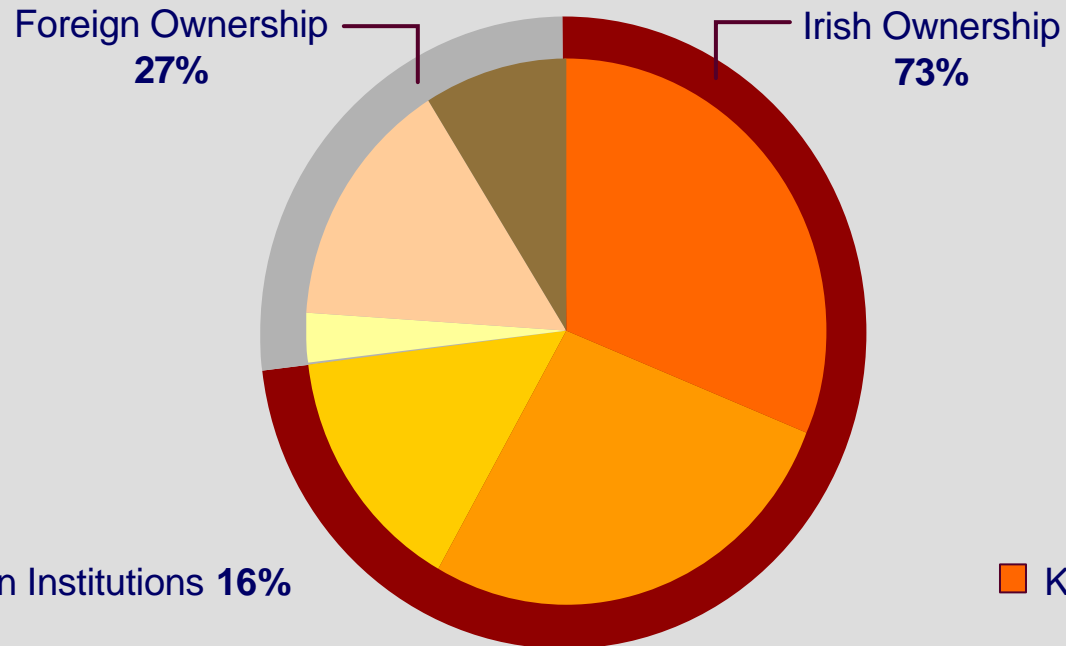
Maturity Profile of Net Debt

	30 June 2003	31 Dec 2002
	€m	€m
Within one year	164	115
Between 1 and 2 years	54	306
Between 2 and 5 years	26	313
Between 5 and 10 years	337	30
After 10 years	271	-
	<hr/>	<hr/>
	852	764
	<hr/>	<hr/>
Weighted average maturity in years:	7.5	2.4

EPS Broker Estimates - *Full Year 2003*

	2003 EPS €Cent	% Growth
Consensus	111.8	9.8
Davy	112.1	10.1
SSSB	112.7	10.7
ABN Amro	112.1	10.1
Goodbody	112.3	10.3
Merrion	109.7	7.8
NCB	111.4	9.4
Cazenove	112.2	10.2

Shareholder Analysis



North American Institutions **16%**

UK Institutions **8%**

Continental Europe / Rest of World
Institutions **3%**

Kerry Co-op **31%**

Irish Individuals **25%**

Irish Institutions **17%**

Shares in issue: 186 million

