# *Press Announcement*

26 February 2002

**Kerry Group plc Annual Results 2001**

Kerry, the global ingredients, flavours and consumer foods group, reports preliminary results for the year ended 31 December 2001.

## Financial Highlights

- EBITDA increased by 11.7% to €331m
- Sales increased by 14.5% to €3 billion
- Operating margin on continuing operations up from 8.9% to 9.1%
- Profit before tax up 9.6% to €189.7m
- Headline earnings per share increased by 10.5% to 94.6cent
- Final dividend per share up 10.1% to 6.75cent
- €617m acquisition and €94m capital expenditure programmes
- Expenditure on research and development increased to €58.7m

Commenting on the results, Kerry Group Managing Director, Hugh Friel said; "I am pleased to report Kerry's sixteenth successive year of double digit growth in earnings. By responding to consumer trends the Group has performed well in its major ingredients and consumer foods markets. This has been achieved while building the business for future sustainable growth". "For the fifth consecutive year the Group delivered in excess of €100m free cash flow. In 2001, we comfortably undertook a wide range of business developments and acquisitions. With the ongoing consolidation of the global food industry complementary acquisition opportunities will continue to arise".

For further information please contact:
Frank Hayes
Director of Corporate Affairs — Tel no +353 66 7182304
Fax no +353 66 7182972
Kerry Web Site: www.kerrygroup.com

# *Kerry Group plc*

# *Preliminary Statement*

# *Results for the year ended 31 December 2001*

Kerry's record of consistent profitable growth was upheld in 2001, in a year when the Group continued to invest and achieve considerable progress in building for the future. The operating environment proved more challenging in the aftermath of major consolidation in global food industry markets and on account of the relatively weaker global economic situation. Nevertheless, benefiting from the Group's geographic and sectoral spread, Kerry continued to realise good opportunity for business growth and market development. Capitalising on food consumption trends, the Group performed well in its major ingredients and consumer foods sectors. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 11.7% to €331m. In the fifth consecutive year in which the Group delivered in excess of €100m free cash flow, this enhanced financial performance was achieved while building the business to ensure future sustainable growth. Through €617m acquisition and €94m capital expenditure programmes in 2001, Kerry added a range of new technologies and considerably broadened its product offerings and customer services in global food and beverage markets. Research & Development expenditure increased by 11.9% to €58.7m.

## *Results*

Profit before tax increased by 9.6% to €189.7m. Consistent with expectations, headline earnings per share increased by 10.5% to 94.6cent. Basic FRS3 earnings per share increased by 6.1% to 81.7cent.

Total Group turnover increased by 14.5% to €3 billion. Like for like sales increased by 5.2% year-on-year when account is taken of acquisitions, divestitures and the impact of foreign exchange. Operating profits before goodwill amortisation from continuing operations grew by 6.7% to €249.4m. Including the contribution from acquisitions, operating profits increased by 11.4% to €260.4m. The operating margin on continuing operations again showed a satisfactory increase to 9.1%, compared to the 2000 margin of 8.9%. Allowing for the profile and mix of business acquisitions completed during 2001, including the acquisition of Golden Vale which was completed at the end of September, the Group operating margin for the year was 8.7%.

## *Operations Reviews*

### *Ireland and Rest of Europe*

Continuing operations in Ireland recorded a 6.4% increase in sales to €687.0m and increased operating profit by 8.4% to €40.5m. Acquisitions in Ireland in 2001 added €196.3m in turnover and €4.6m operating profit.

Before acquisitions, European operations (excluding Ireland) increased sales by 2.6% to €1,170.9m and operating profits by 5.6% to €97.1m. Acquisitions contributed a further €12.9m in sales and €1.5m operating profit.

Kerry's ingredients operations serving food processor and foodservice markets throughout Europe and the Group's branded and customer branded consumer food activities have continued to deliver good profit growth. Consumer demand for quality and convenience continues to significantly influence development in the food sector across Europe.

In ingredients markets Kerry strengthened its position in the 'meal solutions' sector, recording strong growth in poultry and fish alternatives. Margin expansion was driven by efficiency improvements in UK and German operations, supported by further progress in France and in Eastern Europe. Kerry's leadership in the European snack flavourings market was further consolidated, benefiting from market expansion in new growth territories in Eastern Europe. The Mastertaste flavour business had a strong performance in 2001, winning core supplier status in new multinational accounts.

Kerry Foods again recorded excellent results in its branded and customer branded consumer foods categories - with further market share gains in sausage, premium meats, juices and mineral water. The continued growth of Kerry's primary brands is very encouraging, while the division is also at the forefront of development in the snack, convenience and prepared meals sectors. In addition, the division's unique focus and development of chilled food product distribution and services in the UK and Ireland continues to yield strong growth, exploiting the service requirements of the snacking or 'food to go' sectors.

To enhance the Group's position in key European strategic markets a number of developments were undertaken in 2001, including the following acquisitions;

*Coral S.A.,* a specialist provider of a range of savoury and functional ingredients to the foodservice industry in France.

*San Giorgio Flavors,* a leading Italian provider of food and beverage flavours serving EU and Asian markets.

*Platter Foods,* a supplier of chilled salads and fresh desserts to the Irish market.

*Voyager Foods,* a UK based supplier of culinary systems and ready-to-use ingredient solutions to European prepared foods, food processor and foodservice industries.

*Aromont,* based in Montcornet, France, a leading producer of high quality authentic culinary ingredients and liquid sauces for the European ready meals, meal solutions and foodservice industries.

*Golden Vale,* operating from thirteen manufacturing sites in Ireland and the UK – a major processor of processed and natural cheeses, dairy spreads, prepared meals, snack products, milk, niche drinks, butter and dairy ingredients. This acquisition, concluded at the end of September 2001, at a total cost (including debt) of €391m, represents a major expansion of Kerry's prepared meals and snack products business plus entry to beverage growth sectors including cream liqueurs and ready-to-drink cocktails, and the opportunity;

- to market Golden Vale products to a wider customer base with distribution of Golden Vale cheese and dairy products through Kerry's dedicated distribution network in the UK and Ireland,
- to add enhanced value to Golden Vale raw materials through Kerry's global food ingredients operations
- to grow significantly in European and Scandinavian foodservice markets by combining Kerry and Golden Vale foodservice and quick-service restaurant offerings.

In 2001, the Group also concluded the sale of the *SPP* bakery ingredients business in the UK.

*Americas*

Good progress was again achieved throughout Kerry's American operations and markets. While market conditions proved extremely competitive, the business grew satisfactorily with sales from continuing operations increased by 8.3% to €762.3m. Operating profits from continuing operations increased by 8.8% to €100.5m. Against the background of tremendous industry consolidation in the region, Kerry made significant progress acquiring complementary businesses and new technologies. Acquisitions in the period contributed €39.4m in sales and operating profit of €4.8m.

In the USA, to meet the growing demand and requirements in cereal particulates markets, a new US$5m production line was commissioned at the New Century, Kansas facility. Strong growth was achieved in seasonings applications for the fast growing meat snack market and prepared foods industry. Market development initiatives capitalising on the Group's flavour and technical capabilities in cheese and dairy technologies achieved good results through provision of value-added ingredients in non-powdered formats. The integration of the Armour Food Ingredients business, acquired in October 2000, was completed with the closure of the Springfield, Kentucky facility and transfer of operations to Kerry's other facilities. The Group again achieved solid growth through coatings systems for poultry and appetiser applications in the quick-serve-restaurant and foodservice sectors. In Canada, a strong performance was achieved through extension and commercialisation of recently acquired North American technologies. Significant progress was achieved in Mexican and Latin American markets in particular through cheese and dairy ingredients. The

Group's additional resourcing and focus on prepared foods, snack and bakery markets in the region produced favourable results in 2001.

The accelerating trend towards convenience in Brazilian and South American food consumption patterns assisted in the achievement of good growth through cheese and dairy flavouring systems, meat seasonings, coating systems and speciality lipid powders. Kerry's competitive advantage through its Brazilian based manufacturing and technical facilities was critical to growth in the added value poultry sector – in line with developments in Brazilian poultry exports.

As outlined in the interim statement, having already gained market leadership in seasonings, coatings, speciality ingredients and sweet ingredients, in 2001 the Group also focused considerable financial and management resources on capitalising on this broad food technology base through expansion in global flavours markets and in the fast growing nutrition sector.

In line with the Group's global flavour business expansion and development programme and complementing Kerry's other flavour businesses including Mastertaste based in the UK, San Giorgio Flavors in Italy (also acquired in 2001) and the former Burns Philp flavours business in Australia, the following flavour company acquisitions were also completed in 2001;

- *The Geneva Group;* comprising Flavtek Inc., Geneva Flavors Inc., and Gilette Food Flavorings LLC, with technical and product development facilities based in Madison, Los Angeles and New Jersey, USA. The Geneva Group is a leading flavours provider for savoury and sweet applications to foodservice and processed food manufacturers in the US market.

- *Hickory Specialties;* a leading producer of liquid smoke flavours for application in sauces, marinades, glazes, smoked meats, snack seasonings, smoked seafood, soups, coatings and prepared meals. The business, with manufacturing facilities in Crossville, Tennessee and Greenville, Missouri, has a well-established customer base in the US market and a strong international sales network in Japan, Brazil and Europe.

In the nutritional sector *Iowa Soy*, based in Vinton, Iowa was acquired, adding new product lines to Kerry's speciality soy product offerings for use by the health and nutritional foods industries in the USA. Combined with the Solnuts business acquired in 2000, the Nutriant™ division is targeting development in the fast growing nutrition and organic ingredients sectors.

Further development in American markets in 2001 included the acquisition of;

- *Creative Seasonings & Spices,* based in Sturtevant, Wisconsin, strengthening the Group's position in the development of seasoning blends and flavour systems for application in the prepared foods, processed meats, snack and dairy industries in the US market.

- *Alferi Laboratories,* also based in Wisconsin, strengthening Kerry's position as a leading supplier of meat seasonings to the US foodservice and prepared foods markets.

- *SPI Foods*, located in Fremont, Nebraska, a leader in the development of speciality extruded ingredients for application in ready-to-eat cereals, energy bars and confectionery markets.

- *Nutrir Productos Alimenticios,* based in Belo Horizonte, a leading supplier of branded dehydrated convenience blends to the cappuccino, breakfast cereal, milk shake and chocolate beverage sectors in Brazil.

- *Siber,* located near Sao Paulo, a leading branded supplier of sweet flavour and texture delivery systems to the ice cream, bakery and confectionery industries in Brazil.

## *Asia Pacific*

Kerry's Asia Pacific business performed satisfactorily in a challenging economic environment. Difficulties associated with the reduced level of profitability in the Australian food industry and the relatively weaker economic conditions in Asia, were exacerbated by capacity limitations in Group facilities in the first half of 2001. As a result turnover from continuing operations in the region was broadly static at €132.9m, with operating profits reduced by 6.1% to €11.4m. In Australia good progress was again recorded through coatings and savoury flavours in prepared foods and poultry markets. Kerry Pinnacle strengthened its position as the leading supplier of bakery ingredients, expanding its product range to in-store bakeries in major retail outlets. Pinnacle was also acclaimed 'Supplier of the Year' to the largest retail group in Australia. Kerry New Zealand continued to grow satisfactorily through coatings applications to the quick-service-restaurant market.

Kerry continued to develop its presence in Asia where good progress was recorded through cheese and dairy flavourings in the snack and biscuit sectors. In the nutritional sector market development continued in North East Asia through Kerry's speciality lipid technologies.

Major developments in Asia-Pacific markets in 2001 included;

- commissioning of the Murarrie, Queensland processing facility.
- completion of major upgrade of Kerry Australia's second major processing plant in Altona, Victoria.
- completion of a new headquarters and Research & Development facility at Newington, Sydney.
- commissioning of new ingredient processing facilities in Malaysia.

### *Post Balance Sheet Events*

Since year-end, in line with its strategy to develop leading positions in foodservice markets, the Group announced the proposed acquisition of *Stearns & Lehman Inc.,* a leading manufacturer of coffee-house chain, foodservice and branded Italian-style flavoured syrups, beverage flavourings and toppings for the speciality coffee and beverage industries. The proposed acquisition, due to be completed in early March, has manufacturing facilities in the US and in Canada, serving foodservice markets in the US, Canada, Europe and the Pacific Rim.

The Group has also agreed, subject to due diligence to sell the *Bailieboro* milk processing business, acquired as part of the acquisition of Golden Vale, for a consideration of €33m. In addition, the Group is in discussion with a number of interested parties in connection with the sale of the Artigarvan milk processing business in County Tyrone, Northern Ireland, which was also acquired as part of the Golden Vale transaction.

### *Finance*

Operating cash flow (EBITDA) increased by 11.7% to €330.9m. After net cash expenditure on capital projects of €89m, interest payments of €45.7m, tax of €44.3m and dividends of €16.6m, free cash flow available to the Group was €101.3m. Over the past five years free cash flow generated by the Group has amounted to €544m.

The total consideration, including debt, arising from Group acquisitions in 2001 amounted to €617m, of which €163m was raised by way of issued share capital in respect of the offer to Golden Vale shareholders. Net debt at year-end amounted to €818.9m compared to the year earlier level of €478.3m. Accordingly debt to EBITDA stood at a comfortable 2.5 times, while the level of debt expressed as a percentage of market capitalisation stood at 32%.

Interest charges in 2001 increased by €2m to €47.6m, with EBITDA to interest covered 7.0 times (2000 : 6.5 times). The tax charge for the period was €46.3m (2000 : €40.6m) reflecting a slight increase in the Group's effective tax rate to 24.4%.

Integration of acquisitions, including the Golden Vale businesses, commenced in the final quarter at a cost in the period of €8.1m. Since year-end the Board has approved an integration plan for businesses connected with 2001 acquisitions, principally Golden Vale. The plan at a cost of €52m is expected to be completed in 2002 and the Group is confident that the benefits of this programme in terms of business development and efficiencies will be significant.

At year-end capital and reserves stood at €830m compared to the previous years level of €529m. The basic weighted average number of ordinary shares in issue for the period was 175,674,473 (2000 : 172,149,130). The number of shares in issue at year-end was 184,998,845 and the Kerry Group share price was quoted at €13.65 (2000 : €13.60). Market capitalisation amounted to €2.53 billion compared to the 2000 year-end level of €2.34 billion.

## *Dividend*

The Board has declared a final dividend of 6.75cent per share, an increase of 10.1% on 2000. Together with the interim dividend of 3.25cent per share, this raises the total dividend payment for the year to 10cent per share, an increase of 10.5% on the 2000 dividend. The final dividend will be paid on 31 May 2002 to shareholders registered on the record date 3 May 2002.

## *Euro*

The Group successfully completed the conversion of its commercial and reporting systems to cater for the introduction of the Euro currency on 1 January 2002.

## *Board and Management Changes*

On 1 January 2002, Mr. Denis Brosnan, formerly Managing Director, was appointed Non-Executive Chairman succeeding Mr. Michael Hanrahan who retired as a Director and Chairman at year-end.

Mr. Hugh Friel, formerly Deputy Managing Director, was appointed Managing Director with effect from 1 January 2002. Mr. Denis Cregan, currently Deputy Managing Director was also appointed C.E.O. of Kerry Ingredients. Mr. Brian Mehigan, formerly Group Controller, was appointed Finance Director on 25 February 2002.
Dr. Ivor Kenny retired from the Board on 29 May 2001. The Board co-opted Mr. Kevin Kelly as Non-Executive Director on 1 June 2001.

Mr. Cathal Foley and Mr Walter Costelloe were appointed to the Board as Non-Executive Directors on 25 February 2002, replacing Mr. John O'Connor and Mr. Roger O'Rahilly who retired from the Board in October 2001.

## *Annual Report and Annual General Meeting*

The Group's Annual Report will be published at the beginning of May and the Annual General Meeting will be held in Tralee on 27 May 2002.

## *Future Prospects*

The Group has established a quality business which is well diversified both sectorally and geographically. In the past year from operational, management and financial perspectives, underlining the strength of the Group, we have comfortably gained considerable advantage through a range of acquisitions and business opportunities which augur well for future profitable growth.

While continuing to build and consolidate the Group's strong positions in consumer foods and ingredients markets, we have also focused on developing leadership positions in the global flavour and nutrition sectors, while selectively growing our culinary and foodservice businesses. Current trading is in line with expectations and the Group is well placed to capitalise on complementary acquisition opportunities which will inevitably arise due to the ongoing consolidation of the global food industry.

**Kerry Group plc**
**Consolidated Profit and Loss Account**
*for the year ended 31 December 2001*

| | Notes | Pre Exceptional Items 2001 €'000 | Exceptional Items 2001 €'000 | Total 2001 €'000 | 2000 €'000 |
|---|---|---|---|---|---|
| **Turnover** | | | | | |
| Continuing operations | | **2,753,024** | **-** | **2,753,024** | 2,621,913 |
| Acquisitions | | **249,757** | **-** | **249,757** | - |
| | 1 | **3,002,781** | **-** | **3,002,781** | 2,621,913 |
| **Operating profit before goodwill amortisation and exceptional items** | | | | | |
| Continuing operations | | **249,446** | **-** | **249,446** | 233,747 |
| Acquisitions | | **10,999** | **-** | **10,999** | - |
| | 1 | **260,445** | **-** | **260,445** | 233,747 |
| Goodwill amortisation | | **23,367** | **-** | **23,367** | 15,364 |
| Exceptional restructuring costs | 4 | **-** | **8,097** | **8,097** | - |
| **Operating profit** | 1 | **237,078** | **(8,097)** | **228,981** | 218,383 |
| Profit on sale of businesses | 4 | - | **6,205** | **6,205** | 1,194 |
| Profit / (loss) on sale of fixed assets | 4 | - | **2,187** | **2,187** | (744) |
| Interest payable and similar charges | | **47,644** | - | **47,644** | 45,680 |
| **Profit before taxation** | | **189,434** | **295** | **189,729** | 173,153 |
| Taxation | | **46,541** | **(275)** | **46,266** | 40,649 |
| **Profit after taxation and attributable to ordinary shareholders** | | **142,893** | **570** | **143,463** | 132,504 |
| Dividends - paid | | **6,004** | **-** | **6,004** | 5,033 |
| - proposed | | **12,487** | **-** | **12,487** | 10,570 |
| | | **18,491** | **-** | **18,491** | 15,603 |
| **Retained profit for the year** | | **124,402** | **570** | **124,972** | 116,901 |
| **Earnings per ordinary share (cent)** | | | | | |
| - basic before goodwill amortisation & exceptional items | 5 | | | **94.6** | 85.6 |
| - basic after goodwill amortisation & exceptional items | 5 | | | **81.7** | 77.0 |
| - fully diluted after goodwill amortisation & exceptional items | 5 | | | **81.1** | 76.4 |

The financial statements were approved by the Board of Directors on 25 February 2002 and signed on its behalf by:

Denis Brosnan, Chairman
Hugh Friel, Managing Director

**Kerry Group plc**
**Consolidated Balance Sheet**
*as at 31 December 2001*

| | Notes | **2001** **€'000** | 2000 €'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | | **885,773** | 671,821 |
| Intangible assets | | **685,941** | 290,139 |
| | | **1,571,714** | 961,960 |
| **Current assets** | | | |
| Stocks | | **362,173** | 285,351 |
| Debtors | | **515,063** | 332,035 |
| Cash at bank and in hand | | **19,794** | 27,995 |
| | | **897,030** | 645,381 |
| **Creditors:** Amounts falling due within one year | | **(775,579)** | (579,448) |
| **Net current assets** | | **121,451** | 65,933 |
| **Total assets less current liabilities** | | **1,693,165** | 1,027,893 |
| **Creditors:** Amounts falling due after more than one year | | **(857,674)** | (495,807) |
| Provisions for liabilities and charges | | **(5,080)** | (3,001) |
| | | **830,411** | 529,085 |
| **Capital and reserves** | | | |
| Called-up equity share capital | 6 | **23,125** | 21,553 |
| Capital conversion reserve fund | | **340** | 340 |
| Share premium account | | **357,873** | 193,651 |
| Profit and loss account | | **412,271** | 289,470 |
| | | **793,609** | 505,014 |
| Deferred income | | **36,802** | 24,071 |
| | | **830,411** | 529,085 |

The financial statements were approved by the Board of Directors on 25 February 2002 and signed on its behalf by:

Denis Brosnan, Chairman
Hugh Friel, Managing Director

**Kerry Group plc**
**Consolidated Cash Flow Statement**
*for the year ended 31 December 2001*

| | 2001 €'000 | 2000 €'000 |
|---|---|---|
| Operating profit before goodwill amortisation and exceptional items | **260,445** | 233,747 |
| Depreciation (net) | **70,438** | 62,422 |
| Change in working capital | **(34,473)** | 14,750 |
| Exchange translation adjustment | **453** | (1,945) |
| **Net cash inflow from operating activities** | **296,863** | 308,974 |
| **Returns on investments and servicing of finance** | | |
| Interest received | **1,882** | 1,353 |
| Interest paid | **(47,614)** | (48,937) |
| **Taxation** | **(44,298)** | (42,107) |
| **Capital expenditure** | | |
| Purchase of tangible fixed assets | **(95,647)** | (100,837) |
| Proceeds on the sale of fixed assets | **5,641** | 3,425 |
| Development grants received | **993** | 1,733 |
| Purchase of intangible fixed assets | **-** | (45) |
| **Acquisitions and disposals** | | |
| Purchase of subsidiary undertakings | **(599,422)** | (115,619) |
| Proceeds on the sale of businesses | **22,049** | 97,732 |
| Deferred creditors paid | **(30)** | (1,867) |
| Exceptional restructuring costs | **(8,097)** | (6,810) |
| Consideration adjustment on previous acquisitions | **475** | - |
| **Equity dividends paid** | **(16,574)** | (14,203) |
| **Cash (outflow) / inflow before the use of liquid resources and financing** | **(483,779)** | 82,792 |
| **Financing** | | |
| Issue of share capital | **165,794** | 3,004 |
| Increase / (decrease) in debt due within one year | **36,590** | (30,820) |
| Increase / (decrease) in debt due after one year | **273,194** | (40,242) |
| **(Decrease) / increase in cash in the year** | **(8,201)** | 14,734 |

**Reconciliation of Net Cash Flow to Movement in Net Debt**
*for the year ended 31 December 2001*

| | 2001 €'000 | 2000 €'000 |
|---|---|---|
| (Decrease) / increase in cash in the year | **(8,201)** | 14,734 |
| Cash flow from debt financing | **(309,784)** | 71,062 |
| **Change in net debt resulting from cash flows** | **(317,985)** | 85,796 |
| Exchange translation adjustment | **(22,592)** | (19,611) |
| Movement in net debt in the year | **(340,577)** | 66,185 |
| Net debt at beginning of year | **(478,347)** | (544,532) |
| Net debt at end of year | **(818,924)** | (478,347) |

**Kerry Group plc**
**Statement of Total Recognised Gains and Losses**
*for the year ended 31 December 2001*

| | 2001 €'000 | 2000 €'000 |
|---|---|---|
| Profit attributable to the Group | **143,463** | 132,504 |
| Exchange translation adjustment on foreign currency net investments | **(2,171)** | (17,274) |
| **Total recognised gains and losses relating to the year** | **141,292** | 115,230 |

**Kerry Group plc**
**Reconciliation of Movements in Share Capital and Reserves**
*for the year ended 31 December 2001*

| | Share Capital and Premium €'000 | Capital Conversion Reserve Fund €'000 | Profit & Loss Account €'000 | Total €'000 |
|---|---|---|---|---|
| At beginning of year | 215,204 | 340 | 289,470 | 505,014 |
| Retained profit | - | - | **124,972** | **124,972** |
| Shares issued during year | **167,551** | - | - | **167,551** |
| Share issue costs | **(1,757)** | - | - | **(1,757)** |
| Exchange translation adjustment | - | - | **(2,171)** | **(2,171)** |
| At end of year | **380,998** | **340** | **412,271** | **793,609** |

The Profit & Loss Account figures comprise the following:

| | Intangible Assets Written Off €'000 | Retained Profits €'000 | Profit & Loss Account €'000 |
|---|---|---|---|
| At beginning of year | (414,931) | 704,401 | 289,470 |
| Retained profit | **(23,367)** | **148,339** | **124,972** |
| Exchange translation adjustment | - | **(2,171)** | **(2,171)** |
| At end of year | **(438,298)** | **850,569** | **412,271** |

**Kerry Group plc**
**Notes to the Financial Statements**
*for the year ended 31 December 2001*

## 1. Analysis of results by region

| | **2001 Turnover €'000** | **2001 Operating Profit €'000** | **2001 Net Assets €'000** | 2000 Turnover €'000 | 2000 Operating Profit €'000 | 2000 Net Assets €'000 |
|---|---|---|---|---|---|---|
| **By geographical market of origin:** | | | | | | |
| - Continuing operations | 686,995 | 40,455 | 107,463 | 645,874 | 37,306 | 126,880 |
| - Acquisitions | 196,272 | 4,620 | 383,438 | - | - | - |
| **Ireland** | **883,267** | **45,075** | **490,901** | **645,874** | **37,306** | **126,880** |
| - Continuing operations | 1,170,870 | 97,073 | 573,337 | 1,140,934 | 91,900 | 579,822 |
| - Acquisitions | 12,904 | 1,451 | 82,476 | - | - | - |
| **Rest of Europe** | **1,183,774** | **98,524** | **655,813** | **1,140,934** | **91,900** | **579,822** |
| - Continuing operations | 762,304 | 100,541 | 301,666 | 703,869 | 92,422 | 251,846 |
| - Acquisitions | 39,424 | 4,783 | 130,913 | - | - | - |
| **Americas** | **801,728** | **105,324** | **432,579** | **703,869** | **92,422** | **251,846** |
| - Continuing operations | 132,855 | 11,377 | 69,411 | 131,236 | 12,119 | 48,884 |
| - Acquisitions | 1,157 | 145 | 631 | - | - | - |
| **Asia Pacific** | **134,012** | **11,522** | **70,042** | **131,236** | **12,119** | **48,884** |
| | **3,002,781** | **260,445** | **1,649,335** | 2,621,913 | 233,747 | 1,007,432 |
| Goodwill amortised | **-** | **(23,367)** | **-** | - | (15,364) | - |
| Exceptional restructuring costs | **-** | **(8,097)** | **-** | - | - | - |
| Group borrowings (net) | **-** | **-** | **(818,924)** | - | - | (478,347) |
| | **3,002,781** | **228,981** | **830,411** | 2,621,913 | 218,383 | 529,085 |

| | **2001 Turnover €'000** | 2000 Turnover €'000 |
|---|---|---|
| **By destination:** | | |
| - Continuing operations | 424,909 | 418,261 |
| - Acquisitions | 95,798 | - |
| **Ireland** | **520,707** | **418,261** |
| - Continuing operations | 1,321,390 | 1,274,588 |
| - Acquisitions | 101,606 | - |
| **Rest of Europe** | **1,422,996** | **1,274,588** |
| - Continuing operations | 840,743 | 768,613 |
| - Acquisitions | 32,693 | - |
| **Americas** | **873,436** | **768,613** |
| - Continuing operations | 165,982 | 160,451 |
| - Acquisitions | 19,660 | - |
| **Asia Pacific** | **185,642** | **160,451** |
| | **3,002,781** | 2,621,913 |

## 2. Accounting policies

The audited accounts have been prepared using the same accounting policies as detailed in the 2000 annual financial statements except that the Group has adopted Financial Reporting Standard 18 (FRS 18) "Accounting Policies" and the transitional provisions of Financial Reporting Standard 17 "Retirement Benefits" (FRS 17) . The adoption of FRS 17 and FRS 18 has had no effect either on the results for the current year or on results reported in prior periods.

## 3. Basis of preparation and reporting currency

The financial information set out in this document does not constitute full statutory accounts for the years ended 31 December 2001 or 2000 but is derived from same. The 2001 and 2000 accounts have been audited and received unqualified audit reports. The 2001 financial statements were approved by the Board of Directors on 25 February 2002.

The financial statements are prepared under the historical cost convention. The 2001 financial statements and the 2000 comparative figures are presented in Euro.

## 4. Exceptional items

| | **2001** | 2000 |
|---|---|---|
| | **€'000** | €'000 |
| Exceptional restructuring costs | **(8,097)** | - |
| Profit on sale of businesses | **6,205** | 1,194 |
| Profit / (loss) on sale of fixed assets | **2,187** | (744) |
| | **295** | 450 |
| Taxation effect of exceptional items | **275** | - |
| Total as per note 5 | **570** | 450 |

The exceptional restructuring costs relate to the integration of Golden Vale plc and other acquisitions completed by the Group. The costs arose from the rationalisation of manufacturing facilities, restructuring of administration and management functions, and the integration of systems and processes.

During the year the Group disposed of a number of businesses including SPP Bakery Ingredients in the UK.

The profit on sale of businesses in 2000 relates to the sale of the Group's DCA Bakery business in the US and Canada and the sale of part of the business and assets of Dawn Dairies Limited in Ireland.

## 5. Earnings per share

| | Notes | **EPS cent** | **2001 €'000** | EPS cent | 2000 €'000 |
|---|---|---|---|---|---|
| Profit after taxation, before goodwill amortisation and exceptional items | | **94.6** | **166,260** | 85.6 | 147,418 |
| Goodwill amortisation | | **13.2** | **23,367** | 8.9 | 15,364 |
| Exceptional items (net) | 4 | **(0.3)** | **(570)** | (0.3) | (450) |
| Profit after taxation, goodwill amortisation and exceptional items | | **81.7** | **143,463** | 77.0 | 132,504 |
| Share option dilution | | **0.6** | **-** | 0.6 | - |
| | | **81.1** | **143,463** | 76.4 | 132,504 |

The basic weighted average number of ordinary shares in issue for the year was **175,674,473** (2000: 172,149,130). The diluted weighted average number of ordinary shares in issue for the year was **176,870,079** (2000: 173,500,688). The dilution arises in respect of executive share options outstanding.

In addition to the basic and diluted earnings per share, a pre goodwill amortisation and exceptional items earnings per share calculation is also provided, as it more accurately reflects the Group's underlying trading performance.

## 6. Share capital

| | **2001** | 2000 |
|---|---|---|
| | **€'000** | €'000 |
| **Authorised:** | | |
| At beginning of year (A ordinary shares of 12.5 cent each (2000:10 pence each)) | **25,000** | 25,395 |
| Redenomination and renominalisation of share capital | - | (395) |
| At end of year (A ordinary shares of 12.5 cent each) | **25,000** | 25,000 |
| **Allotted, called-up and fully paid:** | | |
| At beginning of year (A ordinary shares of 12.5 cent each (2000:10 pence each)) | **21,553** | 21,846 |
| Transfer to capital conversion reserve fund | - | (340) |
| Shares issued during year | **1,572** | 47 |
| At end of year (A ordinary shares of 12.5 cent each) | **23,125** | 21,553 |

**Shares issued during year**

As part consideration for the acquisition of Golden Vale plc during the year, 11,957,632 A ordinary shares, each with a nominal value of 12.5 cent, were issued to shareholders of Golden Vale plc at a price of €13.60 each. Also during 2001, 616,000 A ordinary shares, each with a nominal value of 12.5 cent, were issued at €8.0 per share to executives in the Group under share option schemes. The total number of shares in issue at 31 December 2001 was **184,998,845** (2000: 172,425,213).