

Preliminary Statement of Results 2004



the science of food





Kerry - 2004 Preliminary Results Presentation

- Introduction and Overview Hugh Friel
- Financial Review Brian Mehigan
- Business Review Hugh Friel
- Prospects and Future Development Hugh Friel
- Q&A



Key Accomplishments in 2004

- Strong operational and financial performance
- Continued innovation to meet nutrition, wellness and convenience trends
- Key acquisitions in fast-growing profitable categories
- Significant broadening of technical and geographic base
- Solid platform for continued profitable growth

- Turnover €4.1bn - sales growth of 11.8%
- Operating profit* growth of 13.1% to €349m
- Operating margin* up 10bps
- Earnings per share* up 10.3% to 123.7 cent
- 2004 dividend per share up 10.7% to 14 cent
- Record free cash flow of €267m

- Ingredients 16% growth
- Strong market development in key nutritional, convenience food and beverage growth categories
- Foods' brands - good market share growth
- €111m R&D expenditure
- €712m investment in expanding technological and market leadership positions
- Successful establishment of Kerry Bio-Science
- Strategic investments in flavour, fragrance, 'natural foods' and flavoured beverage sectors

- Positive stimulus for change and growth
- Awareness of key food and nutrition values
- Protein key to innovation and wellness
- Managed carb-solutions
- Indulgence - growth niches
- Convenience
- Food safety - Kerry's technical platform





Turnover : *Like-for-like % Growth*

2004

2003

Ingredients

5%

5%

Consumer Foods

2%

4%

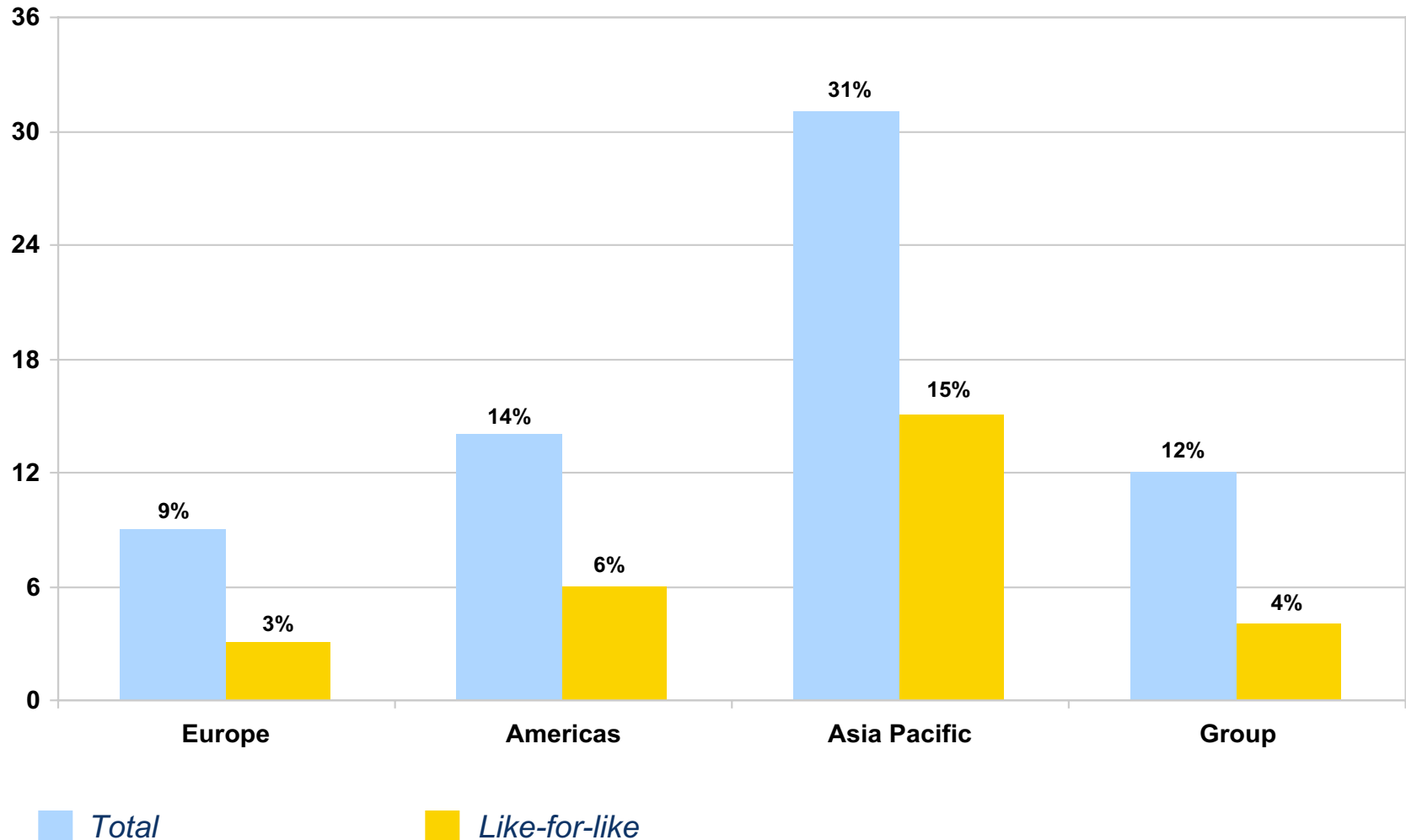
Group

4%

5%



2004 Turnover Growth - *by Destination (Total and Like-for-like)*



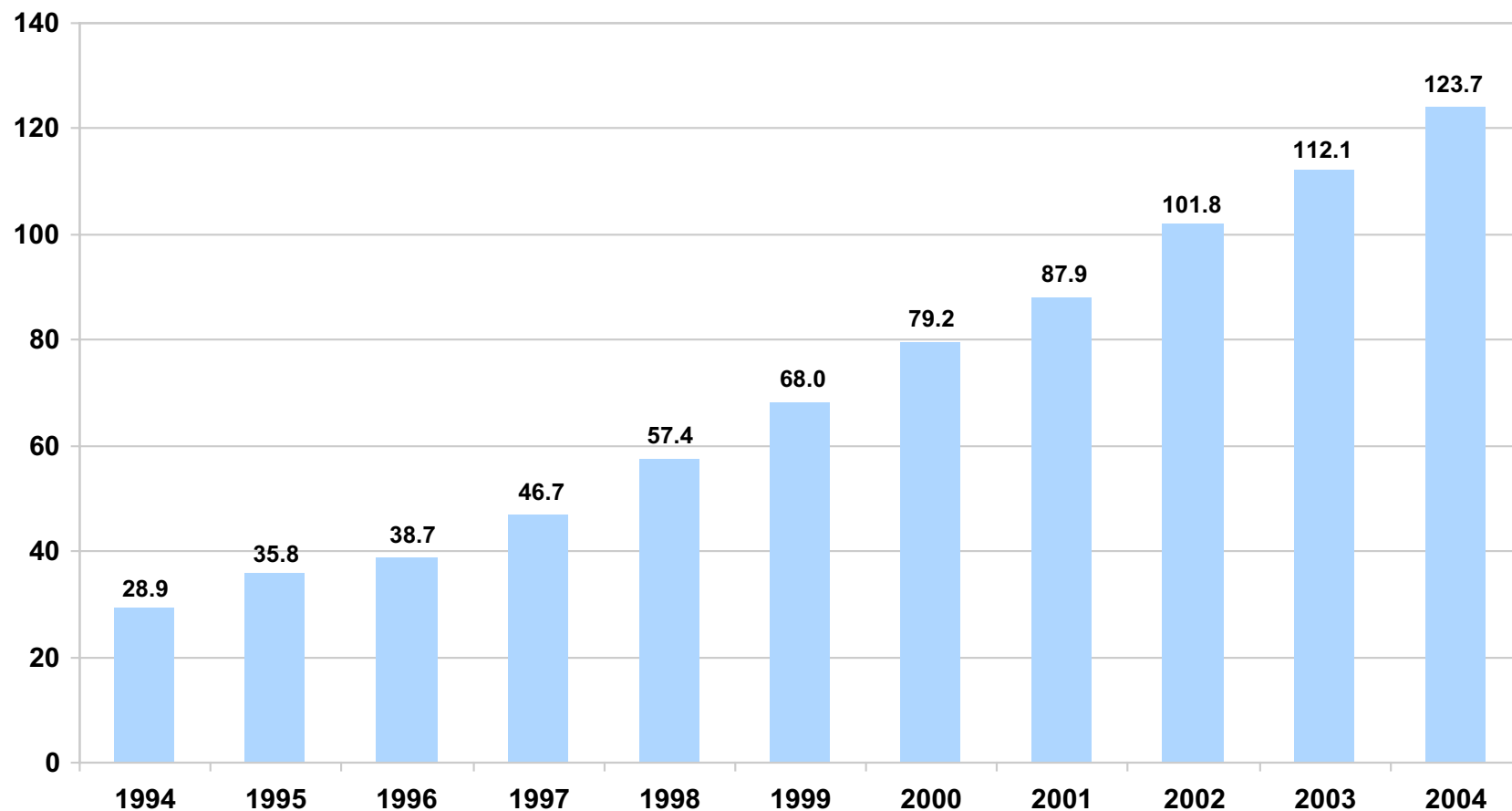


Turnover by Destination : *Like-for-like % Growth*

	2001	2002	2003	2004
Europe	3%	6%	4%	3%
Americas	9%	6%	5%	6%
Asia Pacific	3%	2%	18%	15%
Group	5%	6%	5%	4%

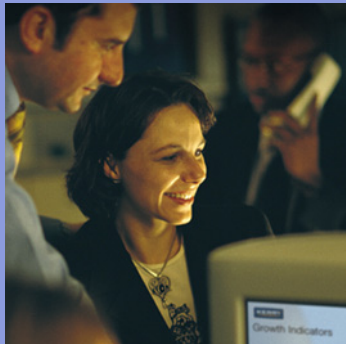


EPS* Growth (cent)



*Note: * before goodwill and exceptional items*

Financial Review



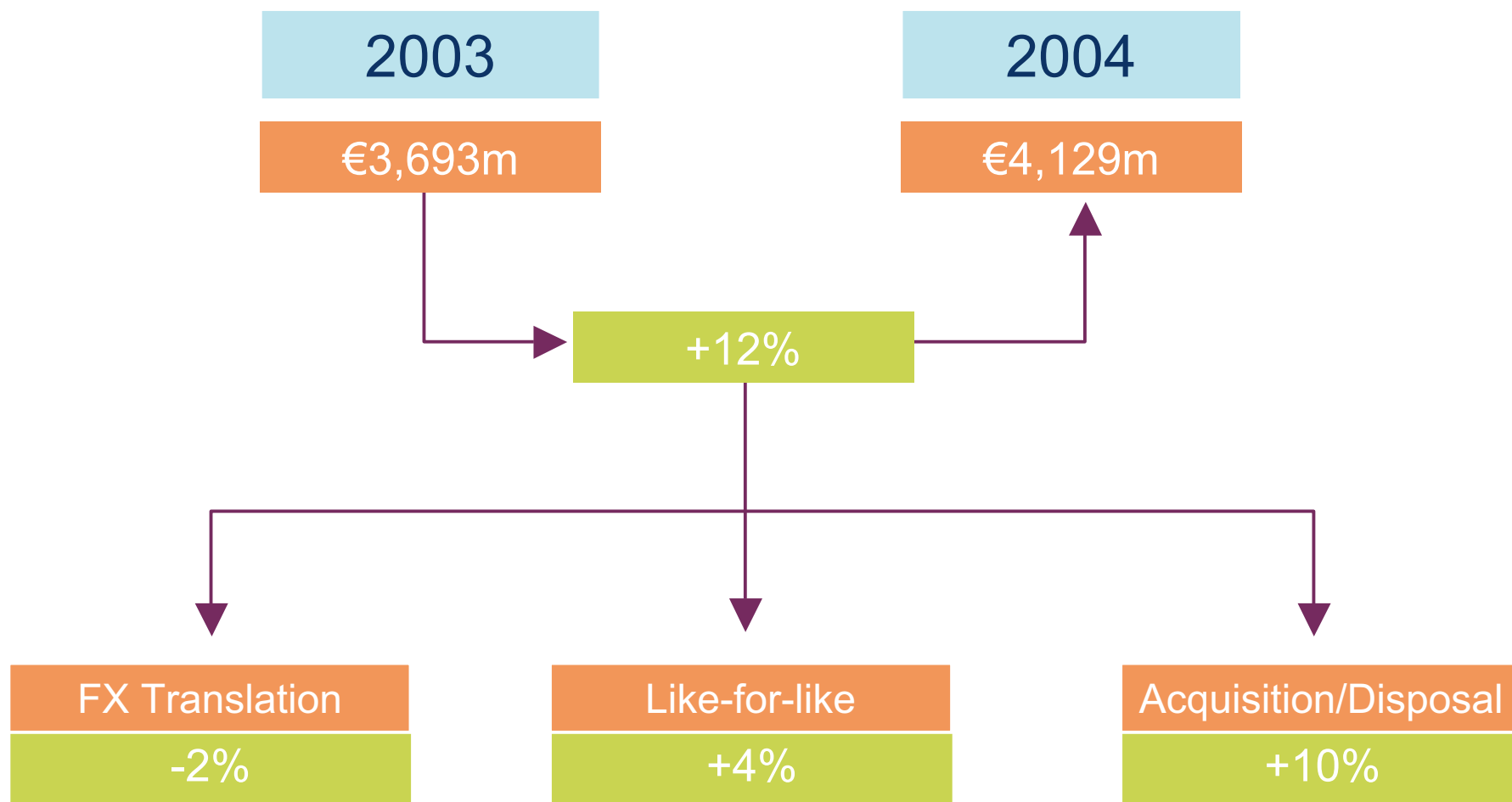
2004 Financial Highlights

Turnover	→	€4,129m	+11.8% +4.2% <i>like-for-like</i>
Operating profit*	→	€349m	+13.1% +6.6% <i>like-for-like</i>
EPS*	→	123.7 cent	+10.3%
Free cash flow	→	€267m	2003: €204m
Acquisition programme	→	€712m	2003: €208m

Note: * before goodwill and exceptional items

- Reporting currency translation impact
 - 11% depreciation Dollar v Euro
 - 1% improvement Sterling v Euro
 - Impact (2%) on turnover
 - Impact (3%) at operating profit
 - Impact (2%) at earnings level
- Trading currency transaction impact on operating profit
 - Rate differential costing €44m across the last two years
- Balance sheet - assets and liabilities substantially matched

Turnover Analysis

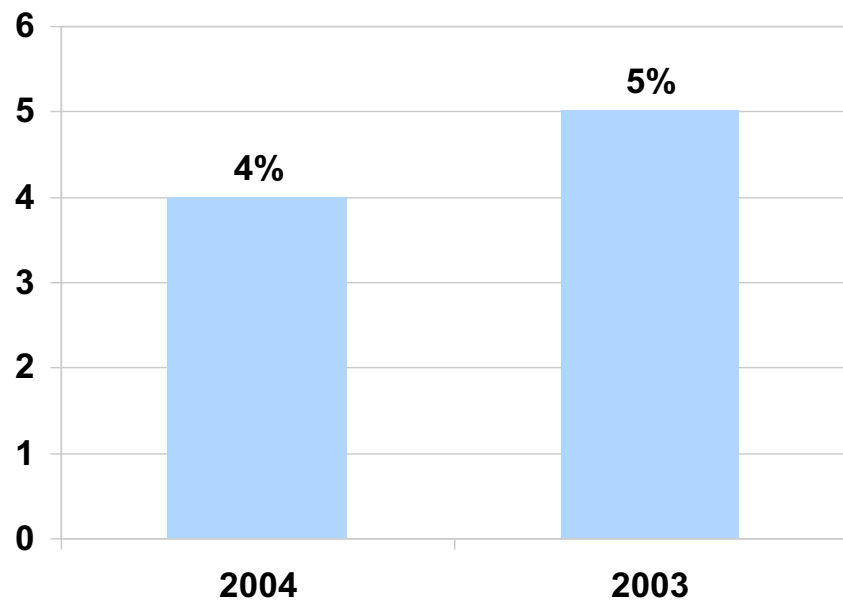




Turnover : *Like-for-like % Growth 2004*

	Reported Growth	Acquisition / Disposal	Reporting Currency	Like-for-like Growth
Ingredients	16%	14%	(3%)	5%
Consumer Foods	3%	0%	1%	2%
Group	12%	10%	(2%)	4%

Like-for-like % Growth



Like-for-like % Growth

	2004	2003
Volume	4%	5%
Price	1%	1%
Trading currency	(1%)	(1%)
Group	4%	5%



Operating Margin* Change

Operating margin*	8.4%	→	8.5%
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Like-for-like growth	+20bps
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Acquisitions / disposals	(10bps)
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Reporting currency	0bps
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Operating margin* change	+10bps
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*Note: * before goodwill and exceptional items*

Operating Profit* : *Like-for-like % Growth 2004*

	Reported Growth	Acquisition / Disposal	Reporting Currency	Like-for-like Growth
Ingredients	17%	13%	(5%)	9%
Consumer Foods	2%	0%	1%	1%
Group	13%	9%	(3%)	7%

Like-for-like growth impacted by trading currency transactions at a cost of €20m (2003: €24m)

*Note: * before goodwill and exceptional items*

Five Year Free Cash Flow

	2000 €m	2001 €m	2002 €m	2003 €m	2004 €m
EBITDA*	296	331	390	392	442
Movement in working capital	13	(34)	46	8	40
Capital expenditure (net)	(96)	(89)	(92)	(93)	(91)
Interest	(48)	(46)	(50)	(41)	(46)
Taxation	(42)	(44)	(43)	(40)	(54)
Dividends	(14)	(17)	(19)	(22)	(24)
Free Cash Flow	109	101	232	204	267

*Note: * before exceptional items*

	2004	2003
Debt : Equity	71%	52%
Debt : Market capitalisation	35%	27%
EBITDA* : Net interest	9.0x	10.5x
Debt : EBITDA*	2.6x	1.9x

*Note: * before exceptional items*



Return on Investment

	2004	2003	2002	2001
ROAE	14.9%	15.2%	15.2%	14.8%
ROACE	11.2%	11.4%	11.6%	11.8%
CFROI	13.5%	12.5%	14.6%	9.6%

- Pension Pension charge increased by €8.0m due to acquisitions and funding of the deficit of €142m
- Taxation Tax charge on continuing operations up from 28% to 30%
- Finance charges Up €12m year-on-year due to impact of acquisitions (rate increases offset by strong cash flow)
- Financing Maturity profile of debt lengthened with the arrangement of a new €500m term debt facility with relationship banks

- Quest Food Ingredients integration
- US SBU restructuring (17 acquisitions)
- Flavours acquisition integration (11 acquisitions)
- Standardisation of information systems

€m

Total Cost

41.1

Less -

Profit on disposal of fixed assets

(15.6)

Current tax on exceptional items

(3.1)

Deferred tax on exceptional items

(6.9)

Net exceptional charge

15.5

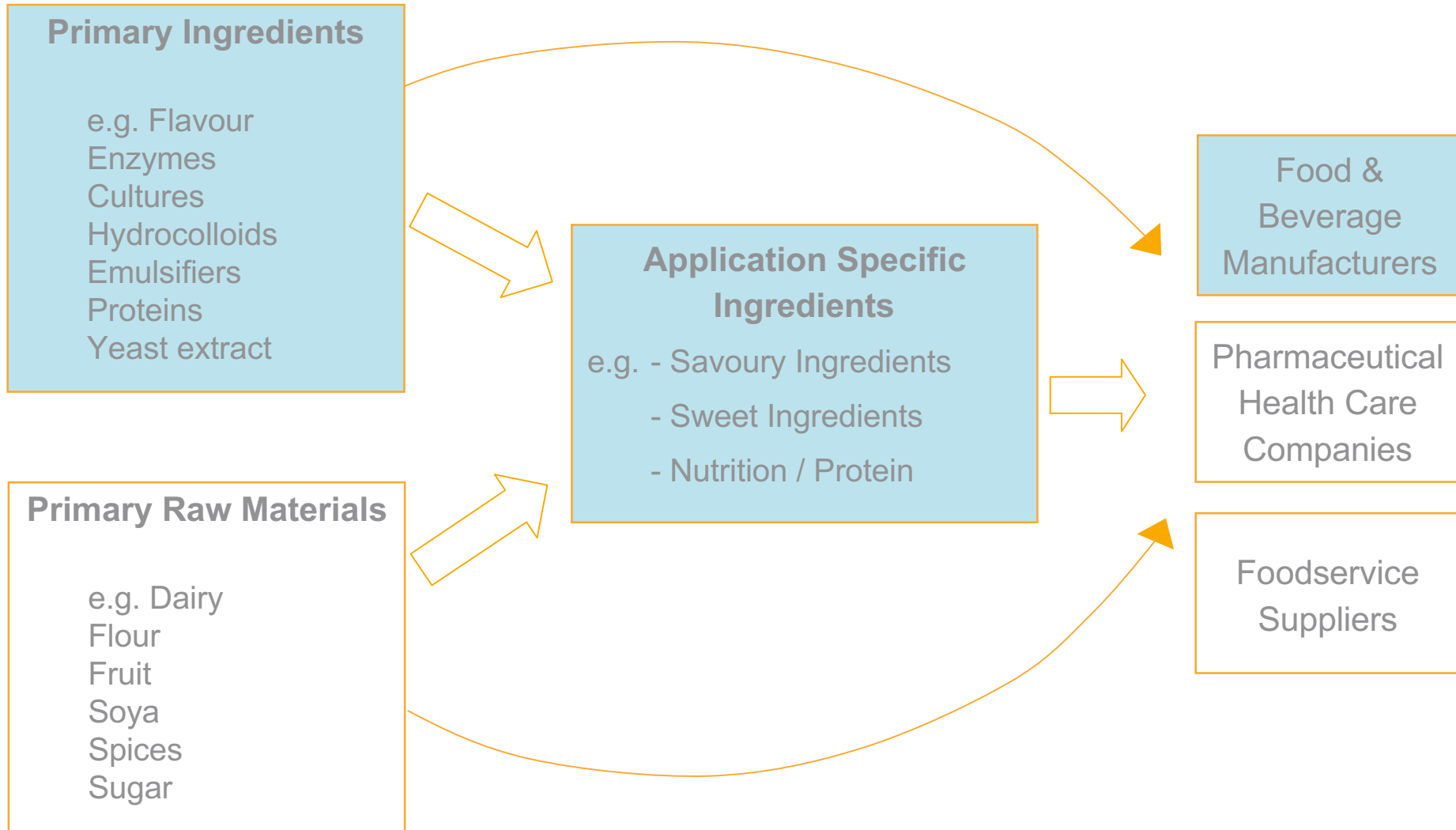
Cash spent to date €16.8m - offset by cash from the disposal of assets / tax

- Effective for all accounting periods commencing from 1 January 2005
- Key impact areas for Kerry
 - Goodwill amortisation
 - Pensions
 - Financial instruments
 - Deferred taxation
 - Dividends
- No cash effect
- A reconciliation between current GAAP and IFRS will be issued in May 2005

Business Review



'Multi-dimensional' Ingredients Supply Model





Kerry Today: *Ingredients' and Foods' Positioning*

Ingredients

ASI's - sweet, savoury, nutritional
food and beverage - processor and foodservice
applications



Flavours

Beverage, savoury, sweet, topnote flavours
fragrance - niche categories



Bio-Science

Key bio-ingredients and pharma technologies
'Linking food and pharma'



Foods

Chilled convenience - leading brands
Customer brands - growth categories





Business Review - *Ingredients*

	2004	Total Growth	Like-for-like
Turnover	€2,781m	€377m	€121m
Operating profit	€257m	€38m	€20m

- Strong market and technical development
- Good innovation pipeline
- Consumer dynamics driving growth
- Kerry business model - forefront of change
- Emerging markets - optimistic outlook
- Industry consolidation



Business Review - *Ingredients Europe*

Europe	2004	Total Growth	Like-for-like
Turnover*	€1,165m	+18%	+4%

- Excellent growth and development
- Strong growth in culinary and prepared meal applications
- Dairy proteins and bio-ingredients
- Kerry Bio-Science launched 1 May
- Solid performance in Mastertaste flavours
- Encouraging market development in Eastern Europe

*Note: * turnover by location of customers*

Americas	2004	Total Growth	Like-for-like
Turnover*	€1,121m	+14%	+6%

- Strong like-for-like growth
- Good performance in sweet and savoury flavours and ingredients
- Specialty - challenging environment
- Excellent growth in foodservice and speciality beverages
- Bio-Science building strong food and pharma platforms
- Manheimer - significant flavour and fragrance acquisition



Business Review - *Ingredients Asia Pacific*

Asia Pacific	2004	Total Growth	Like-for-like
Turnover*	€287m	+31%	+15%

- Excellent performance across all businesses
- Major population centres - strong double digit market growth
- Savoury, flavoured beverages, nutrition, categories - major opportunities
- Quick-serve restaurants, speciality foodservice expansion
- Investment in China and Malaysia

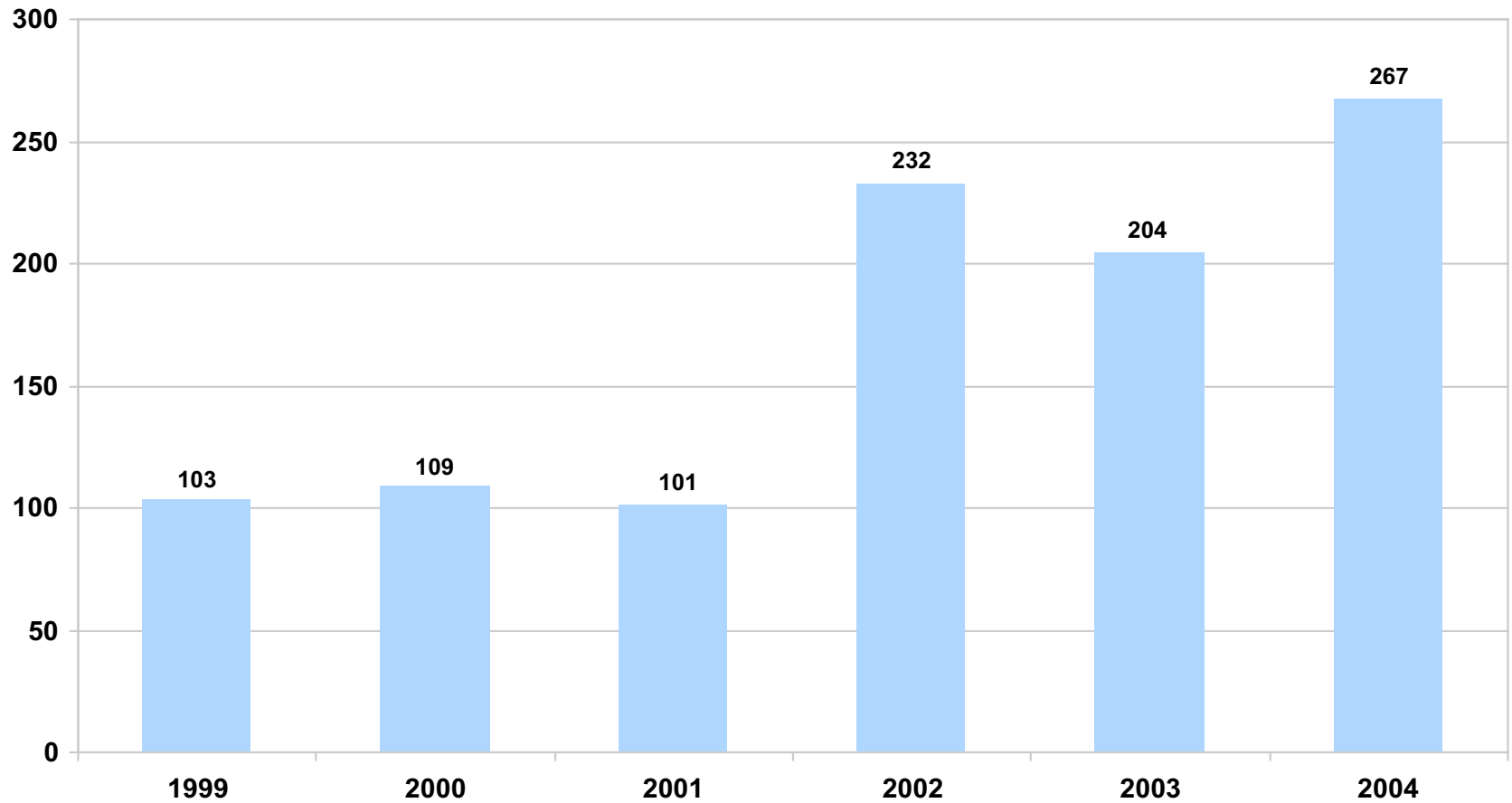
*Note: * turnover by location of customers*

	2004	Total Growth	Like-for-like
Turnover	€1,661m	+€53m	+€30m
Operating profit	€116m	+€2m	+€1m

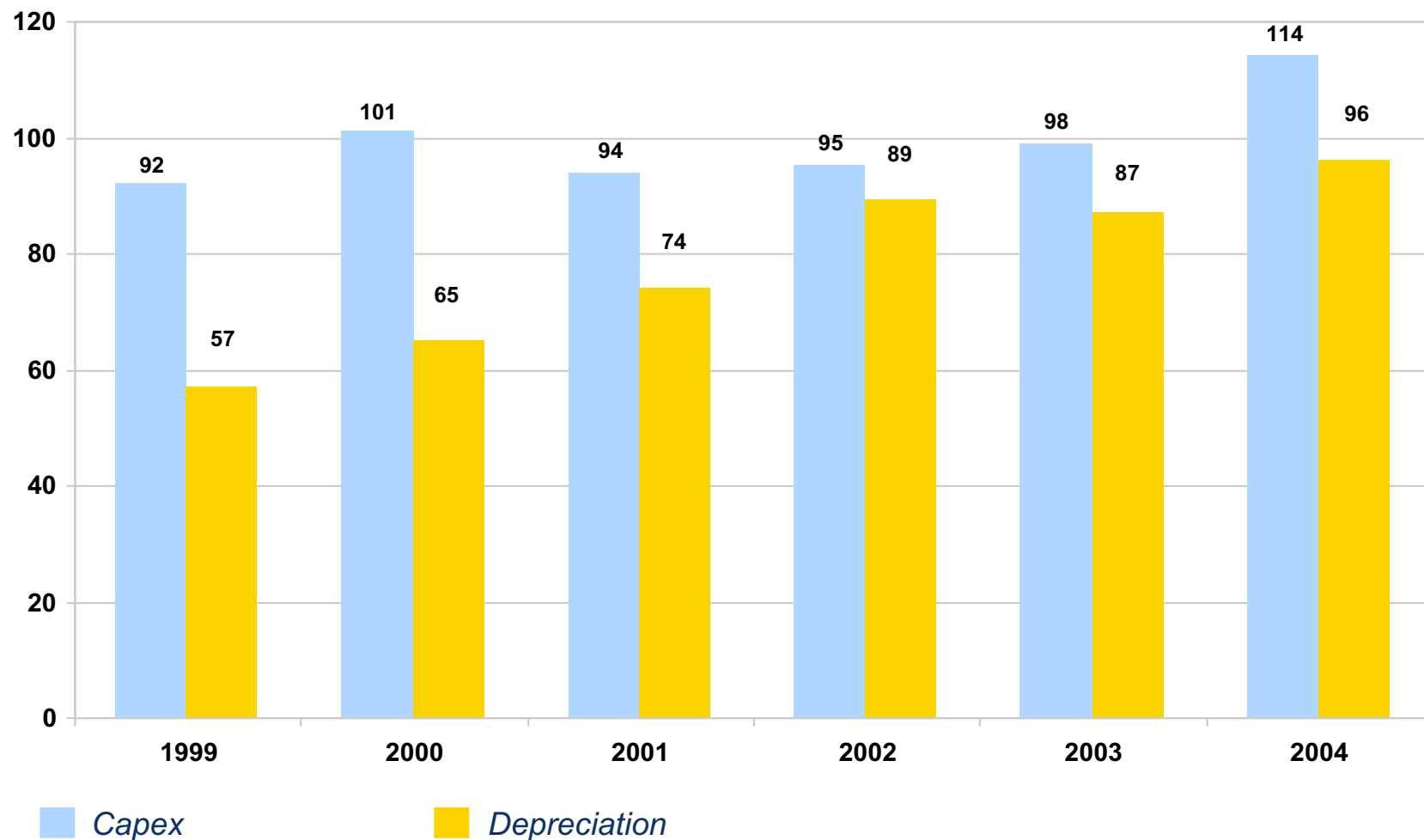
- Ireland and UK focus
- Kerry brands outperforming market growth rates
- Growth in convenience, 'food-to-go', meal solutions' categories
- Cheese snacking double digit growth
- Poultry sector challenging environment
- Poole pastry production
- Brand development and innovation in added-value growth sectors



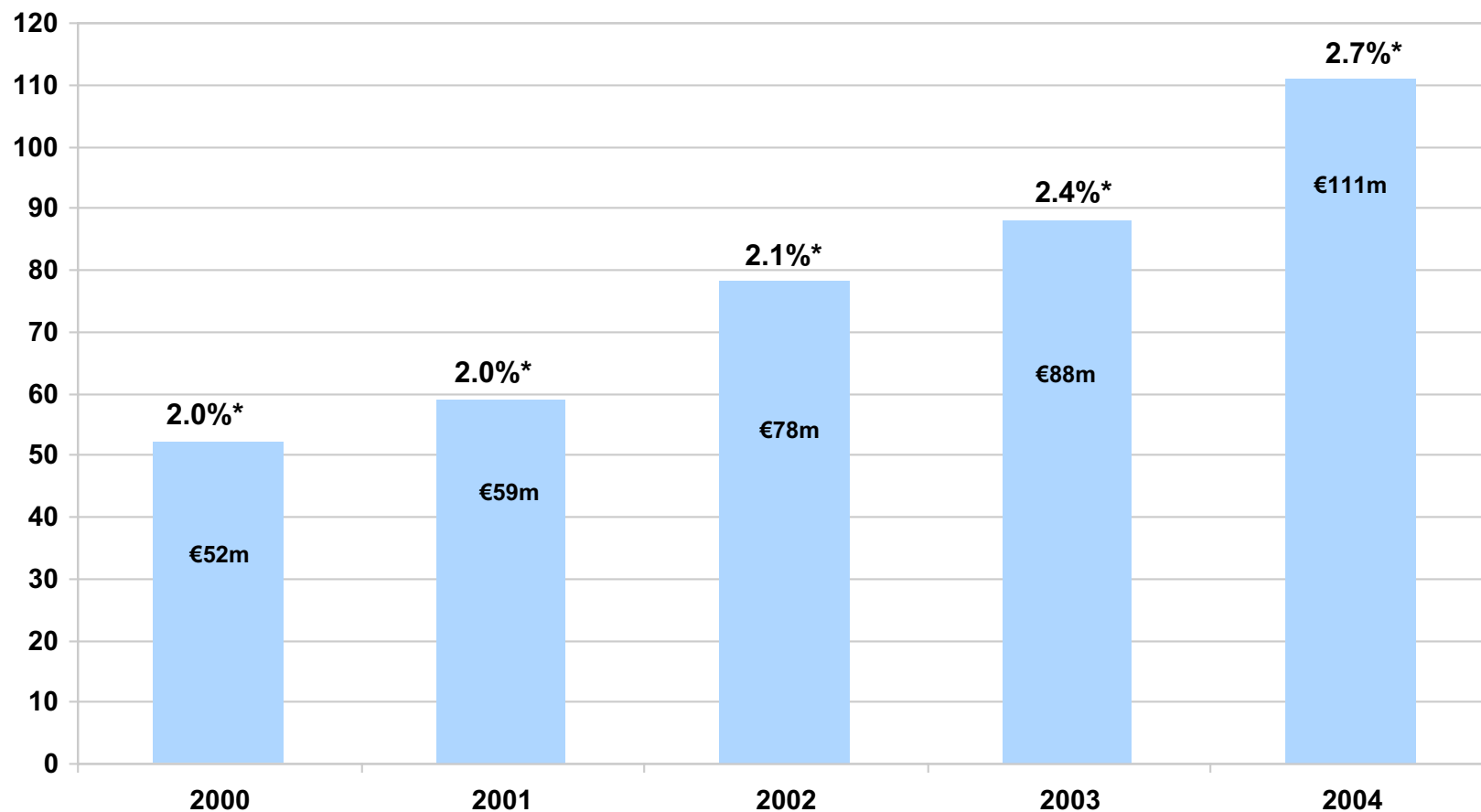
2004 Free Cash Flow (€m)



Capital Expenditure (€m)



R&D Expenditure



*Note: * figures relate to R&D as a percentage of turnover*

Significant Acquisitions 2004

- Quest Food Ingredients
- Manheimer Flavours and Fragrances
- Flavurence
- Fructamine
- Oregon Chai
- Extreme Foods
- Jana's Classics
- Ernsts Food Ingredients
- Cremo

Total Cost €712m



Kerry Bio-Science - *Portfolio Analysis*

Ingredients	Dairy	Beverage	Bakery	Culinary	Snacks	Confection	Pharma
Emulsifiers	✓		✓	✓	✓	✓	✓
Proteins	✓	✓	✓			✓	✓
Hydrocolloids	✓	✓	✓	✓		✓	
Fermented Ingredients	✓	✓	✓	✓			✓
Enzymes	✓	✓	✓	✓		✓	
Yeast products	✓	✓	✓	✓	✓		✓

- Global leadership in ASI's, bio-ingredients, proteins, flavours and pharma ingredients
- Global partnerships with food processors and food / speciality beverage foodservice providers
- Growth in emerging markets - nutrition focus
- Build on Kerry Bio-Science pharma platform
- Leadership in chilled foods dynamic growth categories (Ireland and UK)
- Investment in strong brands with leading market positions

- Strong portfolio of technologies and brands
- Significant growth opportunities in core business areas
- Strong business management capability and track record
- Complementary acquisitions
- Good start to 2005
- Earnings outlook for year in line with market expectations

Additional Information

EPS Broker Estimates - *Full Year 2005*

	2005 EPS € Cent	% Growth
Consensus	131.5	6.3
Davy	132.0	6.7
SSSB	130.8	5.7
ABN Amro	128.5	3.9
Goodbody	133.1	7.6
Merrion	134.1	8.4
NCB	129.9	5.0
Cazenove	131.9	6.6



Analysis of Results by Business

	2004			2003		
	Turnover	Operating Profit*	%	Turnover	Operating Profit*	%
	€m	€m		€m	€m	
Ingredients	2,781	257	9.2%	2,403	218	9.1%
Consumer Foods	1,661	116	7.0%	1,608	114	7.1%
Elimination / Unallocated	(313)	(24)		(318)	(23)	
Group	4,129	349	8.5%	3,693	309	8.4%

*Note: * before goodwill and exceptional items*



2004 Analysis of Results by Business

	2004 Turnover		2004 Operating Profit	
	€m	Like-for-like Growth	€m	Like-for-like Growth
Ingredients	2,781	5%	257	9%
Consumer Foods	1,661	2%	116	1%
Elimination / Unallocated	(313)		(24)	
Group	4,129	4%	349	7%



2003 Analysis of Results by Business

	2003 Turnover		2003 Operating Profit	
	€m	Like-for-like Growth	€m	Like-for-like Growth
Ingredients	2,403	5%	218	9%
Consumer Foods	1,608	4%	114	4%
Elimination / Unallocated	(318)		(23)	
Group	3,693	5%	309	8%



Operating Margin* Trend

	2002	2003	2004
Ingredients	9.0%	9.1%	9.2%
Consumer Foods	6.7%	7.1%	7.0%
Group	8.1%	8.4%	8.5%

*Note: * before goodwill and exceptional items*



Cash Flow (€m)

	2004	2003
Cash from operations	482	400
Interest and taxation	(100)	(81)
Capital expenditure	(91)	(93)
Equity dividends	(24)	(22)
Free cash flow	267	204
Acquisitions and disposals		
- Businesses acquired	(727)	(212)
- Businesses sold	-	1
- Acquisitions restructuring	(17)	(17)
	(744)	(228)
Financing - issue of share capital	10	2
	(467)	(22)
Exchange adjustment on net debt	35	81
(Decrease) / increase in borrowings	(432)	59
Opening net debt	(705)	(764)
Closing net debt	(1,137)	(705)



Ingredients / Flavours / Bio-Science - *Acquisitions 2000 – 2004*

	Sweet	Nutrition & Protein	Savoury & Foodservice	Mastertaste	Bio-Science
2000	Shade Foods	Solnuts			
2001	SPI	Iowa Soy SPI Siber Nutrir	Alferi Creative Demicombe Voyager Aromont Corol	San Giorgio Geneva Hickory	
2002	Ringger Roskam	Ringger IDSA Turtle Lake	Stearns & Lehman Thailand Rector IFI	St. Louis Flavours Metarom	
2003	Guernsey Bel		Pacific Seasonings Da Vinci Gourmet	SunPure Crystals International	
2004	Cereal Innovations Dale Country Foods Jana's Classics	Quest Ingredients	Cremo Oregon Chai Extreme Foods Agrinove Tensa Ernsts Food Ingredients	Manheimer Flavurence Fructamine Krauss	Quest Ingredients



Kerry Foods Acquisitions Since 2000

	Convenience Snacking	Savoury Products	Cheese & Spreads	Ready Meals	Foodservice	Direct Sales
Golden Vale	✓		✓	✓	✓	
Platters	✓					
Deli Products	✓				✓	
Northern Foods (Van Distribution)	✓	✓				✓
Freshways	✓				✓	
Hibernia / Diversity	✓	✓		✓		



Debt Profile (€m)

	Net Borrowings	@ Floating Rates	@ Fixed Rates
Euro	381	381	-
Sterling	95	95	-
US Dollar	576	116	460
Others	85	85	-
	1,137	677	460
		60%	40%

Weighted average period for which rate is fixed: 1.2 years



Maturity Profile of Net Debt

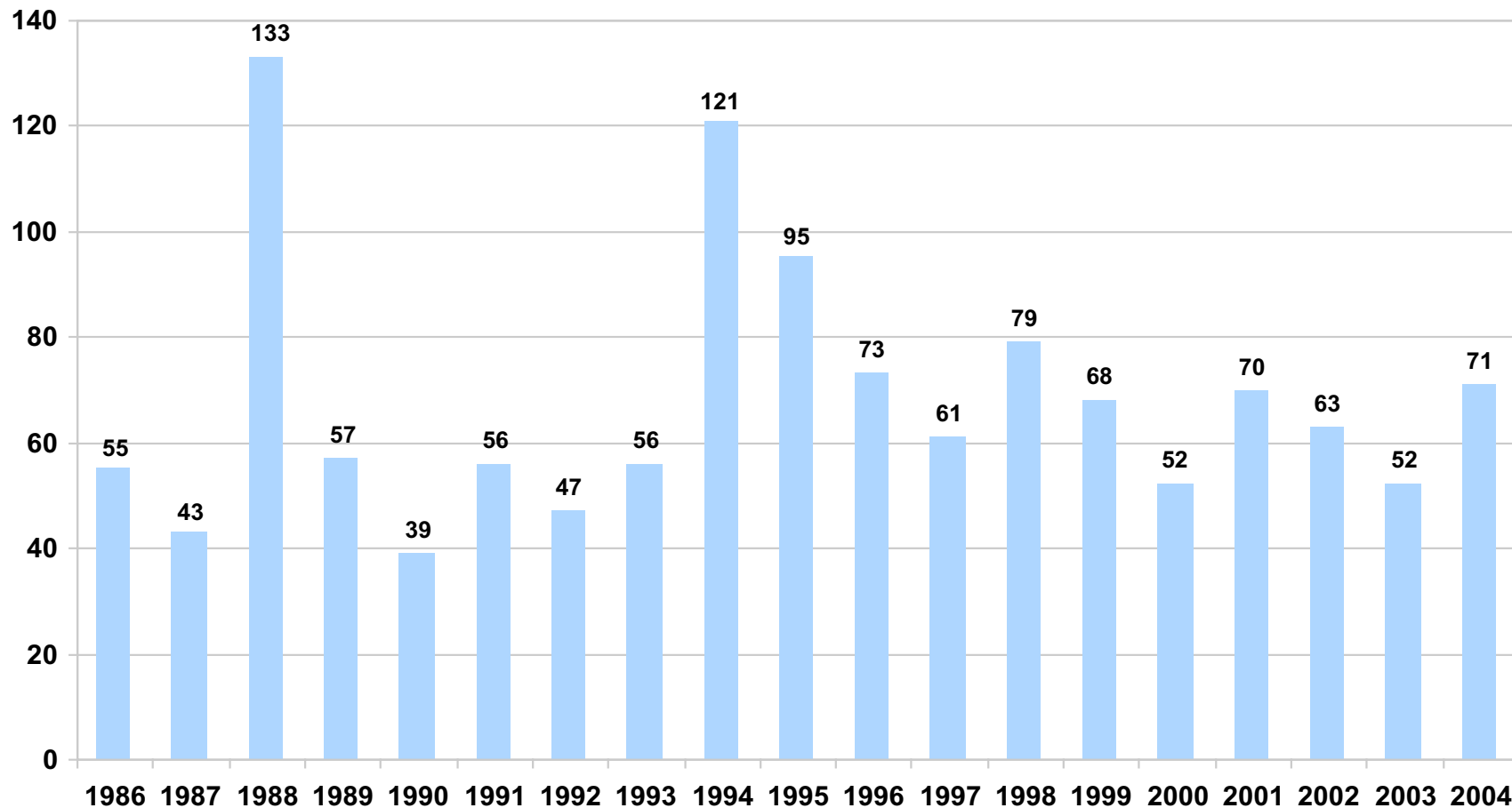
	31 Dec 2004 €m	31 Dec 2003 €m
Within one year	(1)	(39)
Between 1 and 2 years	176	142
Between 2 and 5 years	432	31
Between 5 and 10 years	294	321
After 10 years	236	250
	<u>1,137</u>	<u>705</u>

Weighted average maturity in years:

5.4

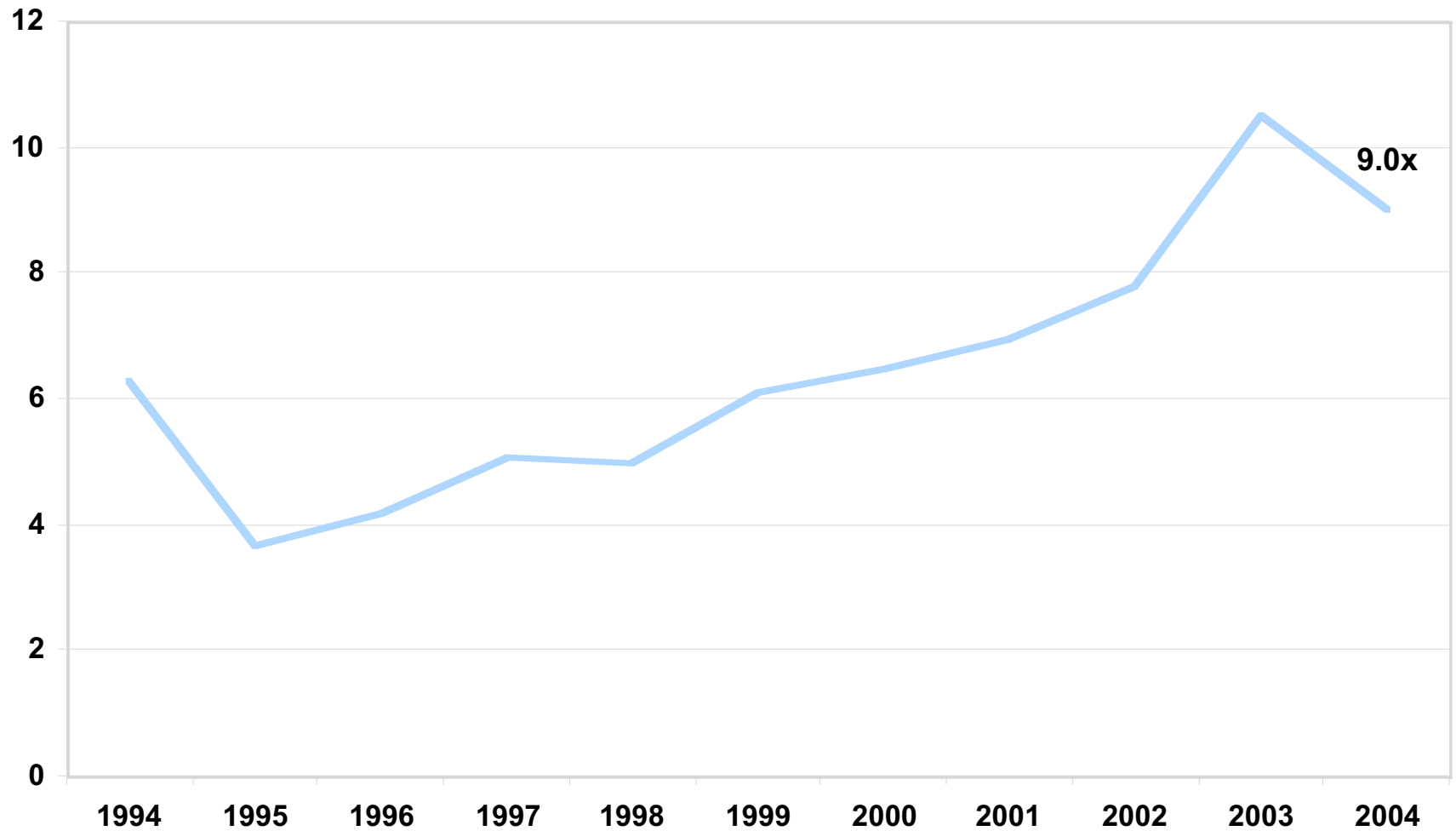
7.8

Historical Debt Equity Ratio % 1986 - 2004





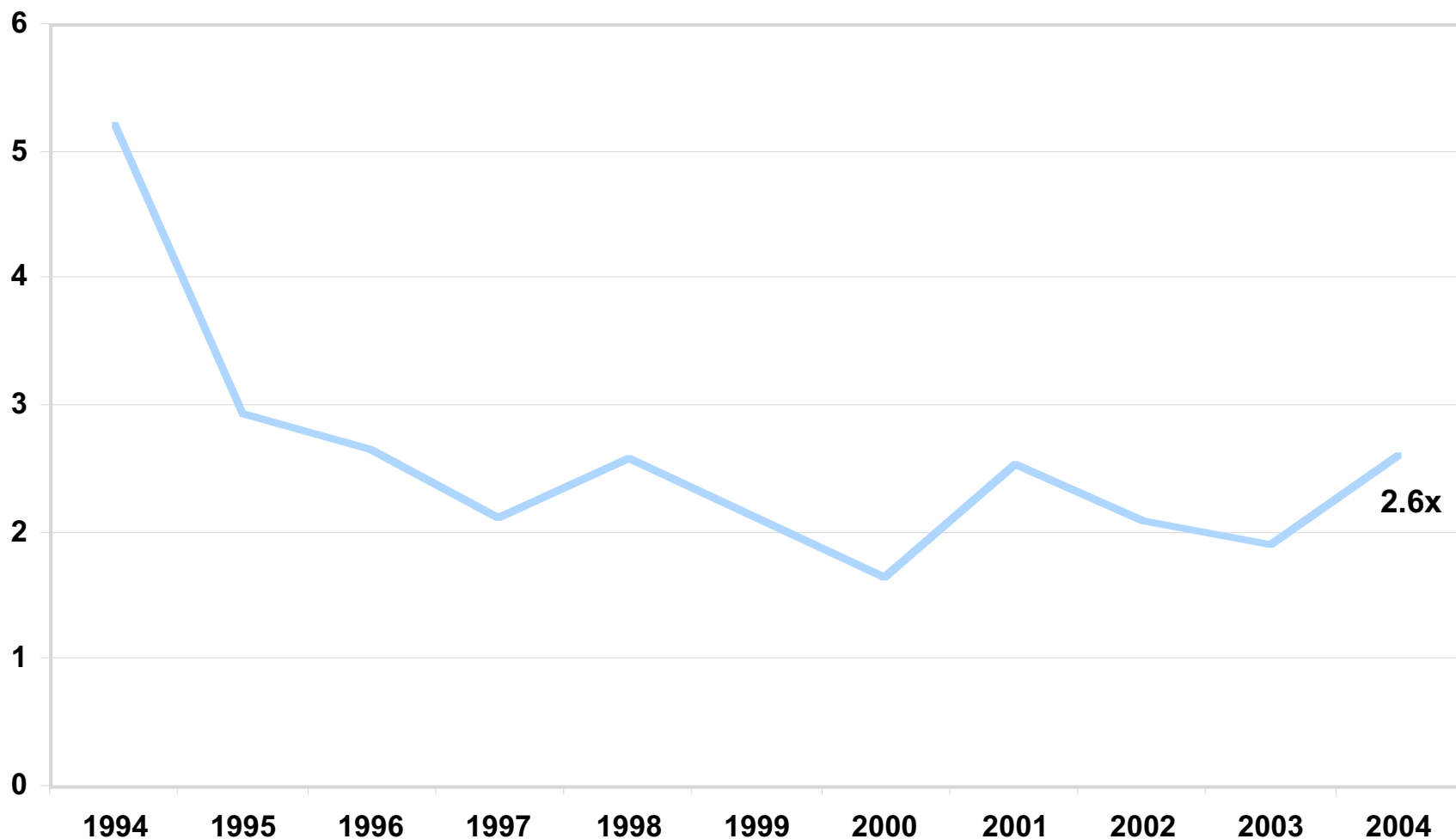
EBITDA* / Net Interest



*Note: * before exceptional items*



Net Debt / EBITDA*

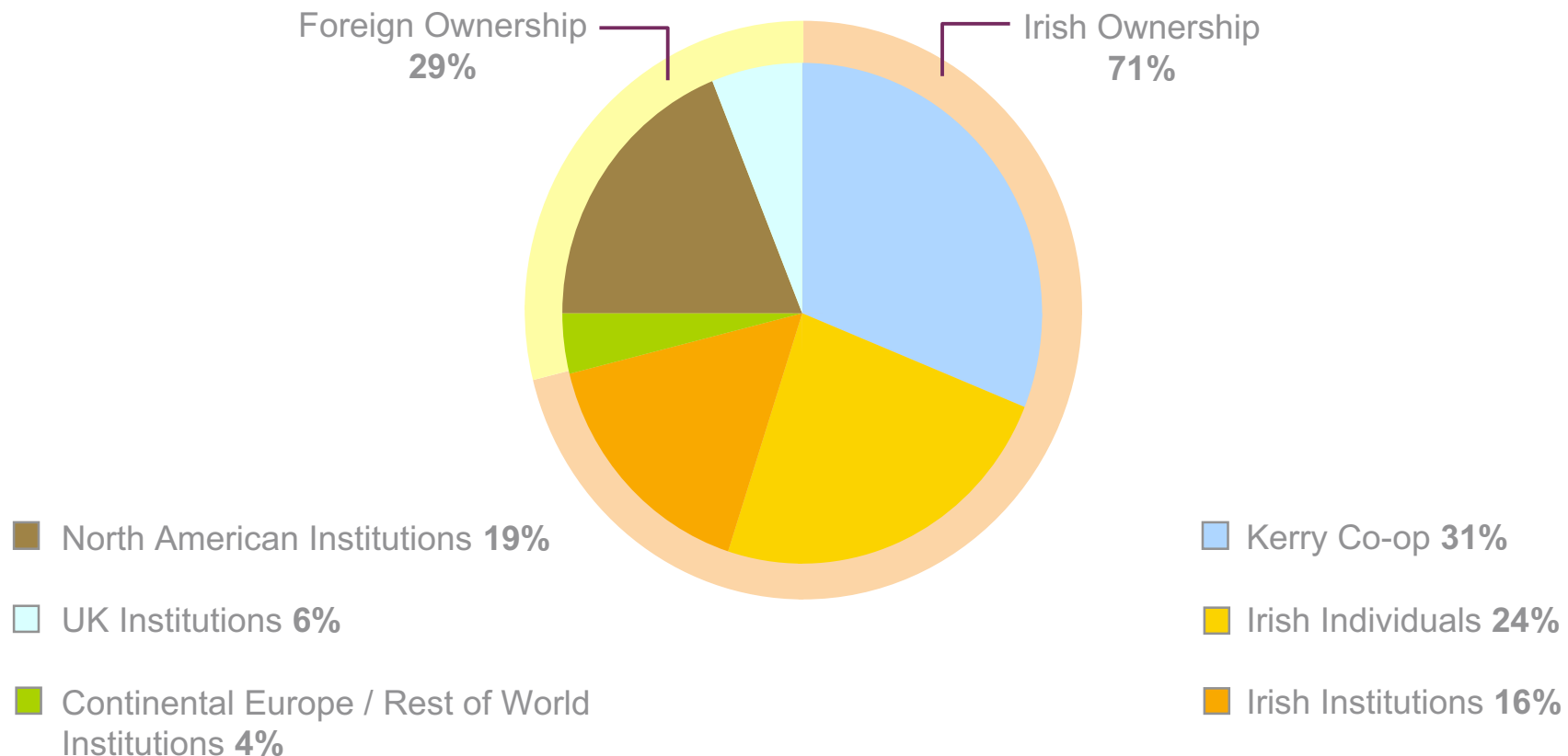


*Note: * before exceptional items*

2003		2004	Growth
€ cent		€ cent	%
112.1	EPS*	123.7	10.3%
(25.9)	Goodwill amortisation	(37.2)	
0.5	Exceptional items (net of tax)	(8.3)	
86.7	FRS3 EPS	78.2	(9.8%)

*Note: * before goodwill and exceptional items*

Shareholder Analysis



Shares in issue: 187 million



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