

5 December 2023 – Neuss, Germany

## Rating Action / Update:

### Creditreform Rating has affirmed the unsolicited corporate issuer rating of Kerry Group plc, to **BBB+** / **stable**

Creditreform Rating (CRA) has affirmed the ratings of the unsolicited, public corporate issuer rating of Kerry Group plc and Kerry Group Financial Services – together referred as Kerry, Kerry Group or the Company - as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by the Company at **BBB+**. The outlook remains **stable**. The initial unsolicited short-term rating has been set to **L2** (high level of liquidity)

#### Analysts

Holger Becker  
Lead Analyst  
H.Becker@creditreform-rating.de

Christian Konieczny  
Co-Analyst  
C.Konieczny@creditreform-rating.de

Neuss, Germany

## Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- + Worldwide presence
- + Leading market position with well-recognized brands
- + Diversified product portfolio
- + Broad customer base
- + Further acquisitions and synergies
- + Innovations in product range
- + Overall stable economic development in the 2022 business year
  
- Despite sales increase in the 2022 business year, EBT still declining even if due to non-operating expenses
- Forecast according to annual report 2022 for the 2023 financial year adjusted to the lower end of the growth following the presentation of the Q3 figures for 2023
- Dependence on availability of raw materials, high level of price volatility
- Dependence on changing consumer trends
- Country risks
- Integration risks linked to future acquisitions
- Possible leverage increase in connection with acquisitions
- Continuously volatile emerging markets
- Increased risks due to the energy price crisis and rising production costs

**ESG factors** are factors related to environment, social issues and, governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

#### ESG-criteria:

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Kerry Group we have not identified any ESG factors with significant influence.

In October 2020, Kerry unveiled its 2030 sustainability strategy, „Beyond the Horizon“, along with a renewed brand identity. Customer and consumer demands remain at the forefront of Kerry's priorities.

As part of this strategy, Kerry aims to align its activities with the needs of customers to promote healthier and more sustainable diets, tailoring its activities to meet customers' needs in this area. Taking sustainability criteria into account, the Group plans to reach over two billion people

through sales in the food industry by 2030. The Group's targets, which are to be scientifically underpinned, are particularly oriented towards the areas of nutrition and health, emissions, energy, circular economy, raw materials and social considerations.

Against this background, we see the strategy adopted as promising and the forefront in relation to the general climate and sustainability goals. The Kerry Group has already created a sound foundation in the area of ESG factors, which must now be stringently pursued and implemented.

Kerry has published a comprehensive Sustainability Report for the year 2022, alongside the Annual Report which will detail Kerry's progress against its sustainability strategy and targets.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

## Rating result

The unsolicited corporate issuer rating of **BBB+** attests a highly satisfactory level of creditworthiness to Kerry Group, which representing a low to medium default risk in comparison with the sector and the overall economy.

Also against the backdrop that the forecast in the 2022 Annual Report indicated a growth range for the 2023 financial year of between 1% and 5% and that in the presentation on the Q3 figures for 2023, Kerry now assumes growth at the lower end of this range, the rating will be affirmed.

## Outlook

The one-year outlook of the rating is **stable**.

The forecast in the 2022 Annual Report indicated a growth range for the 2023 financial year of between 1% and 5%. In the presentation on the Q3 figures for 2023, Kerry now assumes growth at the lower end of this range. Nevertheless, we see Kerry as stable based on its favorable market positioning.

The outlook, however, subject to the assumption that rising energy costs, which could increase production costs significantly, will only have a very limited impact on Kerry's earnings situation and can be passed on to the market via possible price adjustments.

Despite the current multi-layered risks, Kerry should be able to continue to sufficiently hold its own in the market and be able to counter the economic risks in view of its diversified structures.

Also taking into account that the food industry is fundamentally less susceptible to the expected negative economic effects than other sectors, the outlook is confirmed as **stable**.

### Best-case scenario: A-

In our best-case scenario for one year, we assume a stable rating of A- against backdrop of the current challenges and risks, assuming that the figures for the first nine months of 2023 and for the upcoming 2024 financial year will be essentially confirmed the figures of the financial year 2022, and that the forecasts are being fulfilled at least at the upper end. We also assume that balance sheet ratios will remain at least stable in the course of further expansion. Acquisitions do not cause unexpectedly high integration costs.

#### Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

#### Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. In the event of a prolonged recessionary phase - in particular due to the currently considerable uncertainty caused by the geopolitical conflicts and the energy price crisis - the Kerry Group's business would also be increasingly affected and lead to a noticeable decline in turnover and earnings. The expected synergies from acquisitions will only come to bear with a delay, which will be reflected in the Group's operating performance. To a significant extent, the Group's overall business is also affected by restrained consumer behavior.

### Business development and outlook

Kerry Group produces and supplies ingredients and flavors for the global food, beverage and pharmaceutical industries. Kerry's Consumer Foods division is a leader in its categories in the chilled cabinet, primarily in Irish and UK markets. The Group was established in 1972 and has since grown organically and through strategic acquisitions. The Group operates in 50 countries with 147 manufacturing locations worldwide, sales in more than 150 countries more than 18,000 products and employs more than 23,000 people. Kerry is the world's leading taste and nutrition company for the food, beverage and pharmaceutical markets, with a broad range of ingredient solutions currently reaching over 1 billion consumers.

During the 2022 financial year, consolidated revenue increased on a reported basis by 19.3% to EUR 8.77 billion, of which 6.1% represents the business volume growth year-on-year. The Group completed four acquisitions during 2022 for a total cash consideration of EUR 377 million. All acquisitions are aligned with Kerry's strategic priorities of enhancing the Group's taste and nutrition capabilities, while also expanding its presence in emerging markets.

The Group's EBITDA margin increased by 13.9% (FY 2021: 14.7%), Free cash flow amounted to EUR 640 million (2021: EUR 566 million), representing a cash conversion of 82% (2021: 84%).

The two main business units of Kerry Group developed differently in 2022.

The Taste & Nutrition division grew to EUR 7.4 billion (84% of total sales), reflecting volume growth of 7.8% and a 8.7% pricing increase due to increases in input costs. The EBITDA margin reached 16.5%. The division achieved solid growth in all the main regions: Americas (8.4%), Europe (6.2%) and APMEA (8.1%), while volume growth from emerging markets amounted to 10.4%.

In Dairy Ireland (before: Consumer Foods; on 1 January 2022, the former Consumer Foods division was replaced by the new Dairy Ireland division after the Consumer Foods division was sold) saw volume growth of 0.2% for the year, with all businesses contributing to EUR 1.54 billion on a reported basis. The pricing volume increased by 36.0%, reflecting significant increases in dairy prices and other input costs. The EBITDA margin amounted to 4.6%.

The following table shows the business situation of Kerry in the 2022 fiscal year using selected key figures:

Table 1: Financials of Kerry Group | Source: Kerry Group plc annual report 2022, standardized by CRA

| Kerry Group plc<br>Selected key figures of the financial statement analysis<br>Basis: Annual accounts and report of 31.12. (IFRS, Group) | CRA standardized figures <sup>1</sup> |          |
|--|---------------------------------------|----------|
|  | 2021                                  | 2022     |
| Sales (million EUR)  | 7,350.60                              | 8,771.90 |
| EBITDA (million EUR)   | 1,166.50                              | 1,069.90 |
| EBIT (million EUR)   | 882.30                                | 765.60   |
| EAT (million EUR)  | 763.00                                | 606.50   |
| Total assets (million EUR)   | 8,608.45                              | 9,408.95 |
| Equity ratio (%)   | 37.89                                 | 40.40    |
| Capital lock-up period (days)  | 78.35                                 | 70.97    |
| Short-term capital lock-up (%)   | 5.40                                  | 13.51    |
| Net total debt / EBITDA adj. (factor)  | 3.99                                  | 3.78     |
| Ratio of interest expenses to total debt (%)   | 1.31                                  | 1.30     |
| Return on Investment (%)   | 9.68                                  | 7.15     |

In the current fiscal year 2023, volume growth continued with good margin improvement. Compared to the first three quarters in the previous year Kerry's revenue in the first nine months of the year decreased by 4.2%, reflecting business volume growth of 0.4%, pricing of 1.3% and a contribution from acquisitions of 1.1%, more than offset by the effect of disposals of 5.1% and adverse translation currency of 1.9%. Kerry's EBITDA margin increased by 10bps as benefits from cost efficiency initiatives and portfolio developments were partially offset by the mathematical impact of passing through overall input cost inflation.

The forecast in the 2022 Annual Report indicated a growth range for the 2023 financial year of between 1% and 5%. In the presentation on the Q3 figures for 2023, Kerry now assumes growth at the lower end of this range.

## Further ratings

In addition to the rating of Kerry Group plc the following Issuer and its issues (see below), has been rated.

- Kerry Group Financial Services

Kerry Group Financial Services ("the Issuer") is a public unlimited company, incorporated on 29 December 1995 in the Republic of Ireland. The Company is registered under company number 242662. The Issuer's principal activity is the provision of treasury services to the Group. The Issuer is indirectly wholly owned and controlled by the Kerry Group plc. Its financial statements are fully consolidated in the financial statements of the Group.

Due to the corporate, strategic, liability, financial, economic and performance-related interdependencies of the aforementioned subsidiary (direct or indirect 100% subsidiary of Kerry Group

<sup>1</sup> For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

plc and which have been consolidated into the group annual accounts) we derive the unsolicited issuer ratings of the subsidiary from the unsolicited issuer rating of Kerry Group plc and set it equal to its rating of **BBB+/stable**.

Based on the long-term issuer rating and taking into account our liquidity analysis, the initial short-term rating of Kerry Group plc and the above-mentioned subsidiary was set at **L2** (exceptional mapping), which corresponds to a high level of liquidity assessment for one year.

The rating objects of the issue ratings are exclusively long-term senior unsecured issues, denominated in euro, issued by Kerry Group plc and the above-mentioned subsidiary, which are included in the list of ECB-eligible marketable assets.

Kerry Group plc is guarantor in respect of the issues that have been issued by the above listed group companies with the last basis prospectuses of of 18 September 2019, 16 April 2020 and 29 November 2021.

We have provided the long-term local currency senior unsecured notes issued by Kerry Group plc and the above-mentioned subsidiary with an unsolicited rating of **BBB+ / stable**. The ratings are based on the respective corporate issuer ratings.

Long-term local currency senior unsecured notes issued by Kerry Group plc and the above-mentioned subsidiary, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the above mentioned issue prospectuses. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 2: Overview of CRA Ratings | Source: CRA

| Rating Category  | Details                  |                           |
|--|--------------------------|---------------------------|
|  | Date of rating committee | Rating                    |
| Kerry Group plc  | 05.12.2023               | <b>BBB+ / stable / L2</b> |
| Kerry Group Financial Services   | 05.12.2023               | <b>BBB+ / stable / L2</b> |
| Long-term Local Currency (LC) Senior Unsecured Issues issued by Kerry Group plc and Kerry Group Financial Services | 05.12.2023               | <b>BBB+ / stable</b>      |
| Other  | --                       | <b>n.r.</b>               |

## Appendix

### Rating history

The rating history is available under the following [link](#).

Table 3: Corporate Issuer Rating of Kerry Group plc

| Event          | Rating created | Publication date | Result        |
|----------------|----------------|------------------|---------------|
| Initial rating | 15.08.2018     | 21.08.2018       | BBB+ / stable |

Table 4: Corporate Issuer Rating of Kerry Group Financial Services

| Event          | Rating created | Publication date | Result        |
|----------------|----------------|------------------|---------------|
| Initial rating | 15.08.2018     | 21.08.2028       | BBB+ / stable |

Table 5: LT LC Senior Unsecured Issues issued by Kerry Group Financial Services

| Event          | Rating created | Publication date | Result        |
|----------------|----------------|------------------|---------------|
| Initial rating | 15.08.2018     | 21.08.2018       | BBB+ / stable |

Table 6: Short-term issuer ratings of Kerry Group plc and Kerry Group Financial Services

| Event          | Rating created | Publication date   | Result |
|----------------|----------------|--|--------|
| Initial rating | 05.12.2023     | <a href="http://www.creditreform-rating.de">www.creditreform-rating.de</a> | L2     |

### Regulatory requirements

The rating<sup>2</sup> was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

|  |    |
|--|----|
| With Rated Entity or Related Third Party Participation | No |
| With access to Internal Documents                      | No |
| With Access to Management                              | No |

A management meeting did not take place within the framework of the rating process.

<sup>2</sup> In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

| Rating methodology                                    | Version number | Date         |
|---|----------------|--------------|
| <a href="#">Corporate Ratings</a>                     | 2.4            | July 2022    |
| <a href="#">Corporate Short-Term Ratings</a>          | 1.0            | June 2023    |
| <a href="#">Non-financial Corporate Issue Ratings</a> | 1.0            | October 2016 |
| <a href="#">Rating Criteria and Definitions</a>       | 1.3            | January 2018 |

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

| Name                | Function     | Mail-Address                       |
|---------------------|--------------|------------------------------------|
| Holger Becker       | Lead-analyst | H.Becker@creditreform-rating.de    |
| Christian Konieczny | Analyst      | C.Konieczny@creditreform-rating.de |

The rating was approved by the following person (person approving credit ratings, PAC):

| Name            | Function | Mail-Address                     |
|-----------------|----------|----------------------------------|
| Stephan Giebler | PAC      | S.Giebler@creditreform-rating.de |

On 5 December 2023, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 7 December 2023. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

### ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

### Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services

are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

#### **Rules on the presentation of credit ratings and rating outlooks**

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

##### Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

##### Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.



The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the [ESMA website](#).

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

### Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

### Contact information

Creditreform Rating AG

Europadamm 2-6  
D-41460 Neuss

Phone: +49 (0) 2131 / 109-626  
Telefax: +49 (0) 2131 / 109-627

E-Mail: [info@creditreform-rating.de](mailto:info@creditreform-rating.de)  
Web: [www.creditreform-rating.de](http://www.creditreform-rating.de)

CEO: Dr. Michael Munsch  
Chairman of the Board: Michael Bruns

HR Neuss B 10522