

# I.F.A REGIONAL SEMINAR

## ADARE 2<sup>ND</sup> APRIL 2015

John O'Callaghan  
Kerry Agribusiness

# KERRY GROUP DIVISIONAL STRUCTURE

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Kerry develops, manufactures and delivers innovative taste systems, functional and nutritional ingredients and integrated solutions for the food, beverage and pharmaceutical markets.



Kerry Foods is a leading manufacturer and marketer of added value branded and customer branded chilled foods to the UK and Irish consumer foods markets.



Kerry's Agribusiness division works closely with the Group's 3,500 milk suppliers in the South West of Ireland, ensuring the efficient production of high quality milk as a source of premium quality, sustainably produced dairy and nutritional products.

# KERRY AGRIBUSINESS MISSION STATEMENT



- Kerry Agribusiness, through its Services Business Unit will assemble quality milk at the lowest cost. We will provide a range of services which will enable our farmers become least cost producers.
- Kerry Agribusiness by understanding and anticipating the needs of a changing customer base will market a range of quality products, competitively priced, through its Trading Business Unit.

# KERRY GLOBAL TECHNOLOGY & INNOVATION CENTRE



- ❖ €100m investment
- ❖ 900 employees
- ❖ Over 200 food scientists
- ❖ 20 state of the art R&D labs
- ❖ Access to Kerry's unrivalled technology platforms, global expertise and support resources
- ❖ Global hub for Infant & Healthcare Nutrition research
- ❖ Location for Nutritional Support & Analysis

# KERRY GROUP: PRIMARY DAIRY CAPABILITY & INVESTMENT

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- Integral component of Kerry Group Business Model
  
- Continued investment to optimise value of our milk pool
  - to meet stringent customer requirements
  - to support Kerry's Nutrition strategies
  
- Listowel site investment
  
- Charleville site investment
  
- Newmarket investment
  
- Capacity to process projected Kerry Group milk supply

# KCC SHARE VALUE

**KCC issued share capital = 3.9m shares**

**KCC shareholding in plc = 24.0m shares**

**Each KCC share =  $24.0\text{m}/3.9\text{m}$  = 6.15 plc shares**

**Each KCC shares =  $6.15 \times \text{€}65$  = €400**

**Co-op holding in plc**

**Current value  $24.0\text{m} \times \text{€}65$  = €1.56 billion**

# PLC SHARES SPUN OUT FROM SHARE EXCHANGES

YEAR	PLC SHARES NUMBER	CURRENT VALUE € @ €65 PER SHARE
1993	4.5m	€292m
1997	21.4m	€1,391m
2002	6.4m	€416m
2006	5.8m	€377m
2007	10.4m	€676m
2011	10.0m	€650m
2013	6.0m	€390m
<b>Total</b>	<b>64.5m</b>	<b>€4.2bn</b>

# KCC 60,000 GALLON SUPPLIER FROM 2003 to 2013

<b>PATRONAGE ALLOCATIONS (1 SHARE PER 1,000 GLS)</b>	<b>660</b>
<b>DIVIDENDS PAID ON KCC PATRONAGE SHAREHOLDINGS</b>	<b>€6,286.04</b>
<b>PLC SHARES SPUN OUT - 2006/2007/2011/2013 SHARE EXCHANGES</b>	<b>1,961</b>
<b>PLC SHARES VALUE @ €65</b>	<b>€127,465.00</b>
<b>PLC DIVIDENDS EARNED ON SHARES SPUN OUT ABOVE</b>	<b>€1,820.60</b>
<b>KCC SHAREHOLDING FOLLOWING ABOVE SHARE EXCHANGES</b>	<b>373</b>
<b>KCC UNDERLYING SHARE VALUE – APPROX</b>	<b>€148,379.40</b>



## ➤ Kerry Contract

- Price
- Capacity

## ▶ Forward Contracting

# 2014 FOCUS ON PROFIT FIGURES

	2013	2014
Gross Output * (c/l)	39.99	39.68
Variable Costs (c/l)	16.39	12.81
Fixed Costs (c/l)	9.03	9.45
Total Costs** (c/l)	25.45	22.26
Dairy Income (c/l)	14.56	17.42

2014 c/l range

36.66 – 42.88

9.38 – 16.01

7.38 – 11.68

18.90 – 26.23

14.48 – 23.48

\* Gross output excludes direct payments

\*\* Excludes own labour, capital repayments & taxation

## ➤ **Teagasc**

- Focus on profit
- Heavy Soils

## ➤ **AHI**

- Cellcheck

## ➤ **ICBF**

- Shareholders
- Performance reports

## ➤ **MCBC**

- Shareholders
- Breeding Advice
- Herd Health

# ORIGIN GREEN – SDAS



Working  
with nature

- 2903 Participants
- 1156 Completed audits of which 1041 are certified.
- 96 Pending audit by Bord Bia

# Input Provider

- Quality Feed from our Mill.
- Technical Support
- Term / Conditions
- Times Of Crises