

## THE ISSUE CREAM RISING TO THE TOP

Kerry Group released a positive interim management statement for the first nine months of the year, despite some challenging comparatives from 2017. During the period revenue ticked up on the back of 3.5% volume sales growth.

Group profitability margins were maintained, with full-year guidance reiterated at between 7% and 10% earnings-per-share growth in constant currency terms.

Within the taste and nutrition business, which represents 80% of group revenues, volumes remained impressive, rising by 4.1%, and trading profit margins improved by 20 basis points. The Asia-Pacific, Middle East and Africa business outperformed, posting double-digit growth. The legacy consumer foods business performed reasonably well with volumes growing by 1.2%, driven by food-to-go products such as Cheesestrings and Fridge Raiders.

## THE BOSS EDMOND SCANLON

Having joined Kerry Group's graduate development programme in 1996, Edmond Scanlon became chief executive in October 2017. Over a 20-year career, roles included vice-president in mergers and acquisitions in the Americas; global president of functional ingredients and activities; president of Kerry China and, prior to taking the top job, president and chief executive of Kerry Asia-Pacific.

From the village Brosna, his family's

farm supplied the Kerry Co-op creamery. Scanlon is a graduate of commerce and accounting from University College Cork.

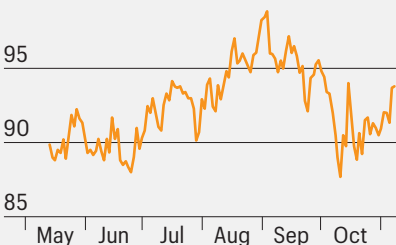
## THE ANALYST DAVID FAHY, CANTOR

Kerry Group shares rose 2.5% on the day of the trading update as the company delivers on its ambitious five-year plan announced last year. Taste and nutrition displayed solid volume growth with developing markets continuing to impress.

A diversified innovative ingredients specialist, Kerry should capitalise on the secular trends in the food industry. Recent acquisitions Fleischmann's Vinegar and AATCO Food Industries strengthen that position. It trades at 26.82 times 2018 earnings and has a forecast dividend yield of 0.73%.

### ◆ Kerry Group

€100



Source: FT.com

**Market cap:** €16.59bn; **Share price:** €94.10; **DPS:** €0.69; **EPS:** €3.507; **Top five shareholders:** Kerry Co-operative Creameries, 13.64%; Blackrock, 5.97%; Franklin Resources, 3.4%; Sun Life Financial, 3.26%; Vanguard Group, 2.92%