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Today's Newsflow

Select headline to navigate to article

Kerry Group Significant valuation disconnect given robust delivery in tough end-markets

IAG CFO transition

Equity Research

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Upcoming Events

Company Events

13-Jan	Grafton Group; Q425 Trading Update Persimmon; Q425 Trading Update Trustpilot Group; Q425 Trading Update Whitbread; Q326 Trading Update
14-Jan	Frontier Developments; Q226 Results Vistry Group; Q425 Trading Update
15-Jan	Fuller, Smith & Turner; Q326 Trading Update Glenveagh Properties; Q425 Trading Update Taylor Wimpey; Q425 Trading Update

Economic Events

Ireland

09-Jan	Industrial Production Live Register M/M
13-Jan	Retail Sales
15-Jan	CPI Trade Balance

United Kingdom

12-Jan	S&P Permanent Job Placements
15-Jan	Manufacturing Production Trade Balance Construction Output GDP

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Kerry Group Significant valuation disconnect given robust delivery in tough end-markets

Kerry reports FY25 results in late February where constant FX EPS guidance of +7-11% should be well underpinned by solid volumes and strong margin delivery. Despite a continued subdued F&B backdrop in key markets (US, China, Europe), we expect 2026 to be another resilient year with solid volumes and further strong margin growth to drive robust EPS delivery. For FY25, our EPS estimates are broadly unchanged (€4.87, +9% yoy on +3.0% volumes) though we nudge FY26 EPS lower (-1% to €5.35, +10% yoy) on more prudent volumes (+3.4% vs. +3.8% prior), albeit still tracking >300bps ahead of the wider F&B market.

Recommendation: Buy
Closing Price: €73.50

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We expect +3.0% organic volumes in Q4'25 (Americas +2.8%, Europe +0.1%, APMEA +5.9%) reflecting solid progress in private label, foodservice and overall renovation momentum (health & wellness, fortification, cost reduction), offset by a slightly tougher comp (+4.1%, FY24 +3.4%). For 2026, we expect some modest incremental volume improvement, not least on easier comps in China (Americas +3.2%, Europe +0.8%, APMEA +6.0%). Following 80bp EBITDA margin improvement in 2025 (to 17.9%), we expect +60bp gains in 2026 as Accelerate 2.0 benefits (capacity rationalisation, IT transformation) start to come through.

While sentiment towards Staples has been weak in recent months, Kerry shares are now -30% from Mar-25 highs, despite just modest volume downgrades (initial view c.+3.5% for 2025) and unchanged (& still robust) EPS growth/guidance. KYG now trades on just 13.8x 2026 P/E and 10.4x EV/EBITDA. This is the lowest absolute in over 10 years and also near relative lows to peers & consumer staples.

[Home...](#)

IAG CFO transition

IAG has announced that Nicholas Cadbury has decided to step down as CFO of the Group and he will leave the Group effective from June 2026. José Antonio Barrionuevo has been appointed CFO from June 2026. Mr Barrionuevo is currently Chief Financial and Transformation Officer at British Airways having held previous roles in the Group including seven years as the CFO of Iberia. In our opinion, given the balance sheet transformation, increase in earnings and increase in returns over the last few years, investors held a positive view on Mr Cadbury so there may be some disappointment that he has decided to step down. However, an internal candidate who has been CFO at the two largest airlines in the Group with a near six-month lead time should result in a relatively seamless transition.

Recommendation: Buy
Closing Price: £4.32

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