

ANNUAL RESULTS 2014

DEEPENING STRENGTHS  
FOR THE NEW SILK ROAD

**KERRY**  
LOGISTICS

Stock code: 636

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TURNOVER (HK\$)  
**21,115**  
million  
+6%

IL  
SEGMENT PROFIT  
**+12%**

IFF  
SEGMENT PROFIT  
**+11%**

CORE NET PROFIT  
**976**  
million  
+10%

CORE OPERATING  
PROFIT  
**+14%**



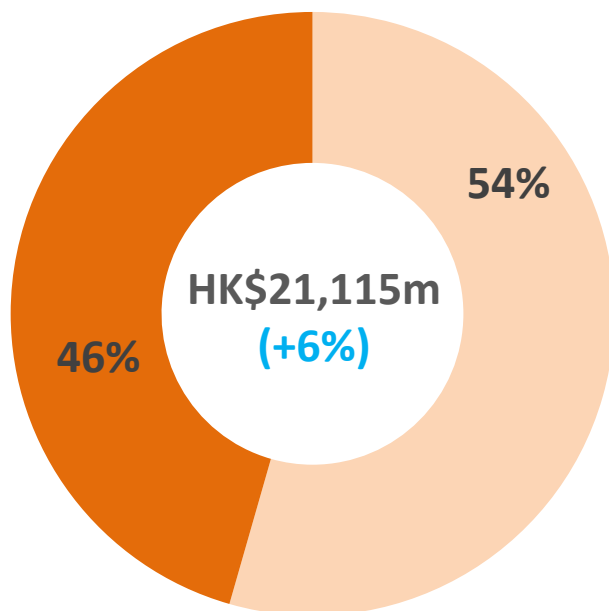
NET ASSET  
VALUE PER  
SHARE (HK\$)  
**8.67**

GEARING  
**29.3%**

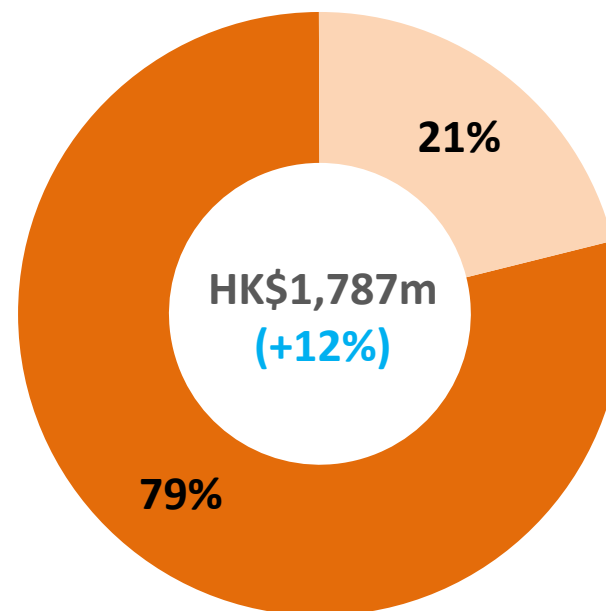
FINAL DIVIDEND  
8 HK CENTS  
PER SHARE

DIVIDEND  
PAYOUT RATIO  
**24%**

## Turnover<sup>(1)</sup>

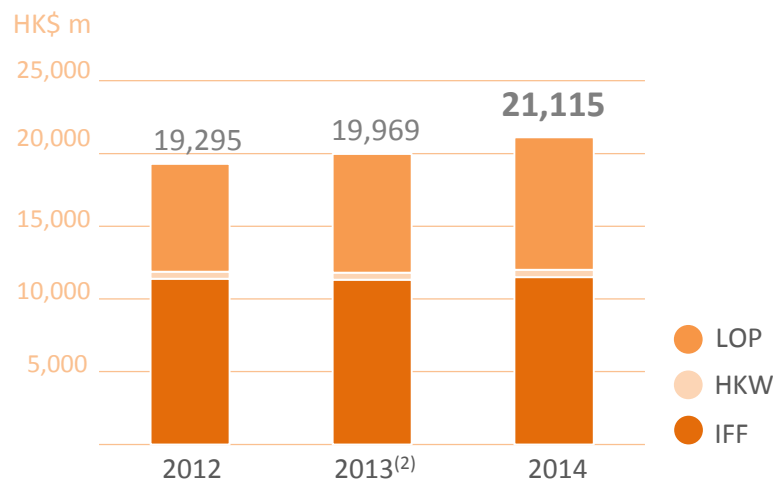


## Segment Profit

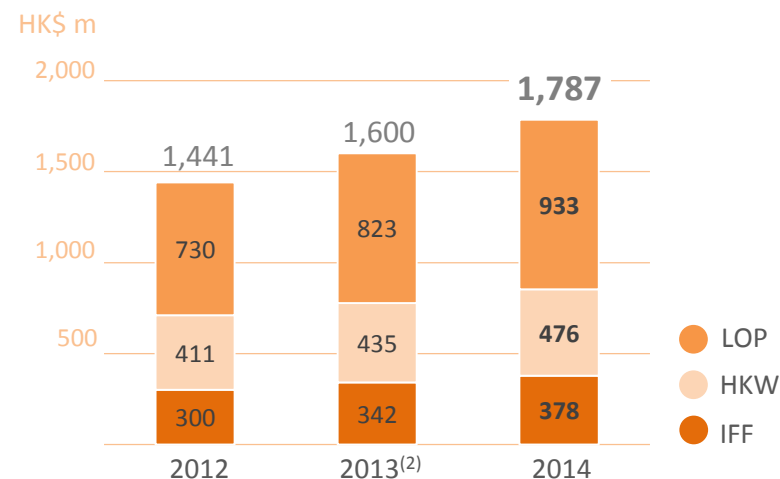


<sup>(1)</sup> Turnover after elimination of inter-segment transactions

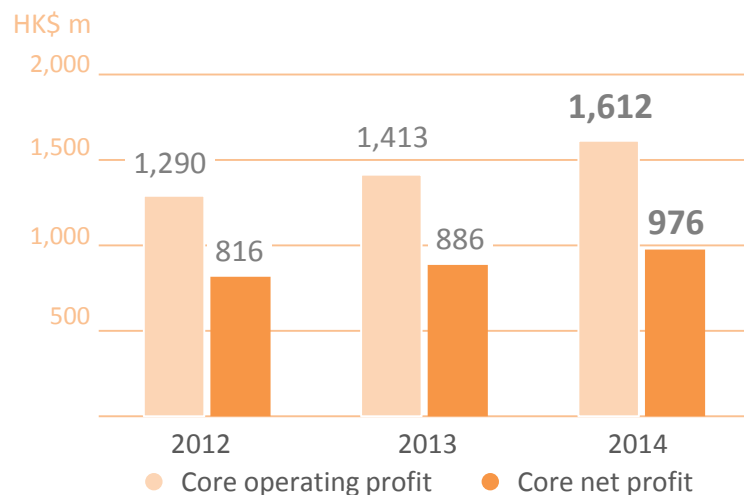
## Turnover<sup>(1)</sup>



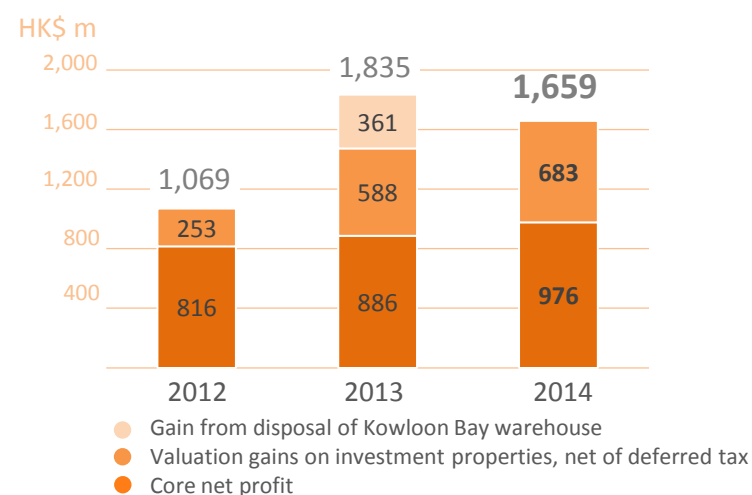
## Segment Profit



## Core Profits



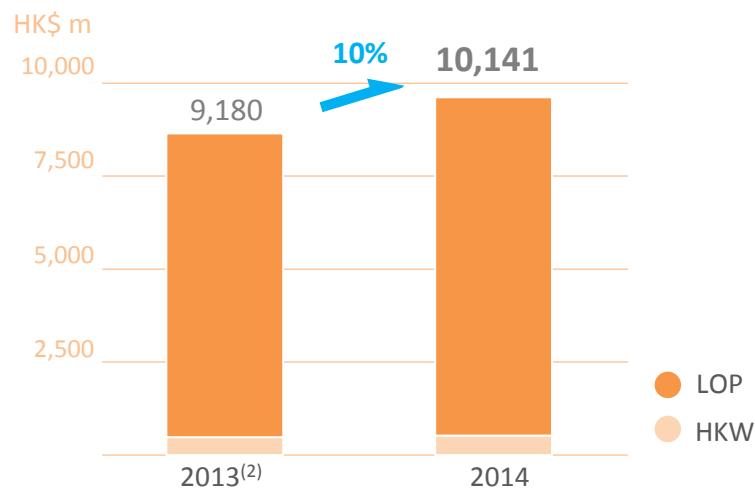
## Profit Attributable to Shareholders



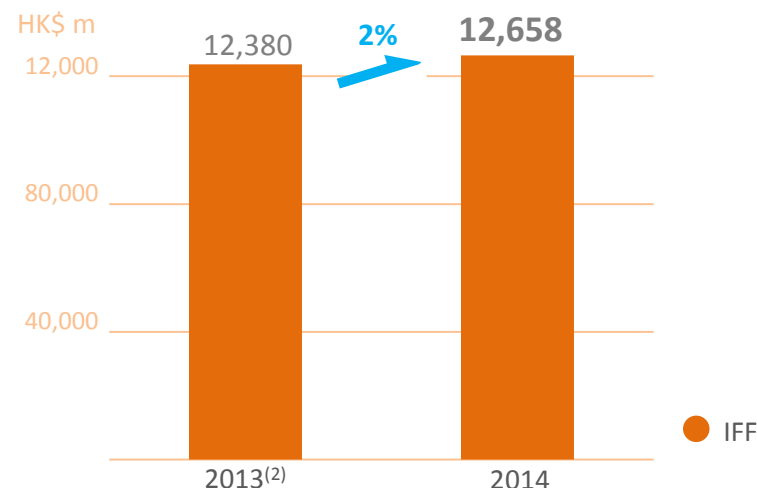
<sup>(1)</sup> Turnover after elimination of inter-segment transactions

<sup>(2)</sup> FY2013 figures had been reclassified to conform to 2014 presentation

## IL

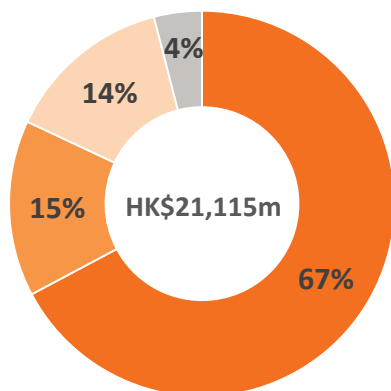


## IFF



Figures presented above are before elimination of inter-segment transactions, Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

## Turnover<sup>(1)</sup> by Geographical Area

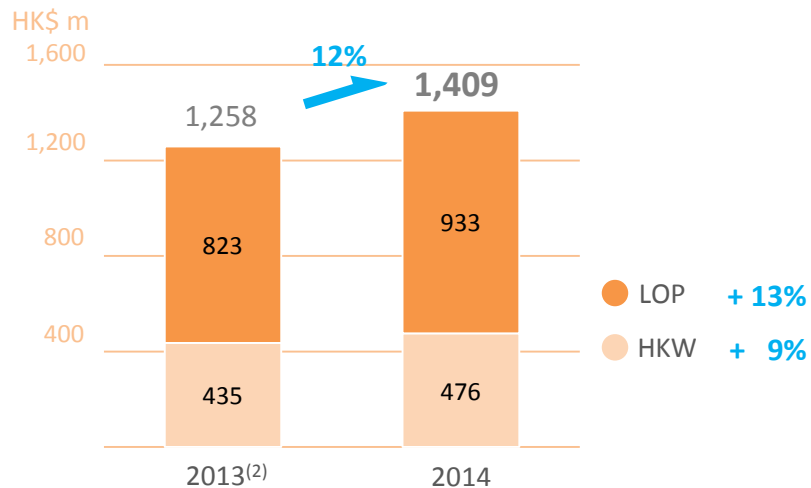


HK\$ m	2013 <sup>(2)</sup>	2014	YoY
Greater China	13,801	14,193	+ 3%
South & SE Asia	2,738	3,116	+ 14%
Europe	2,761	2,959	+ 7%
Others	669	847	+ 27%

<sup>(1)</sup> Turnover after elimination of inter-segment transactions

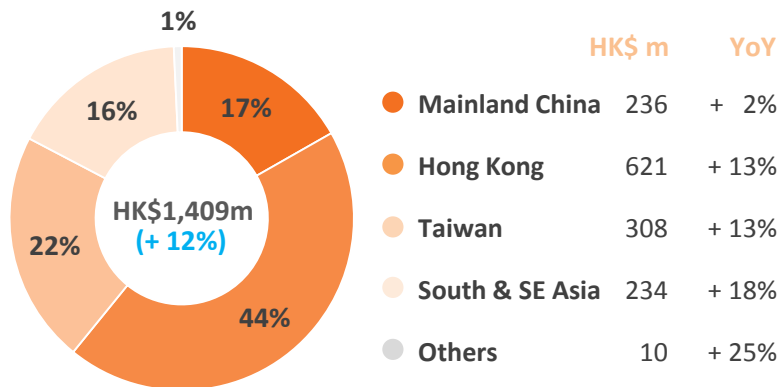
<sup>(2)</sup> FY2013 figures had been reclassified to conform to 2014 presentation

## IL



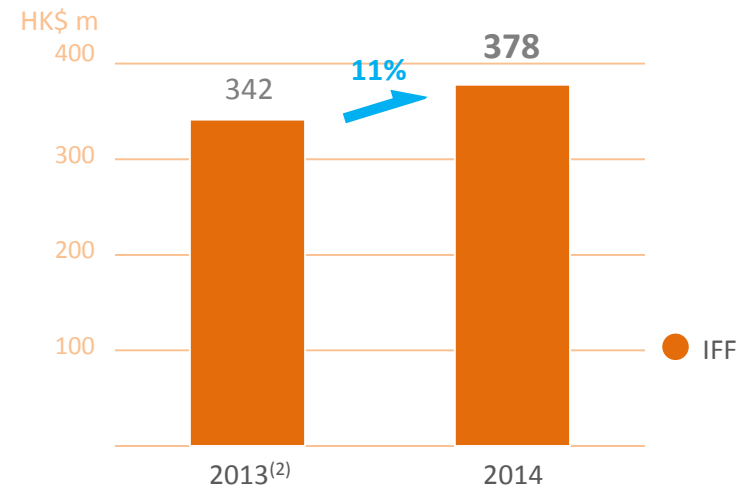
Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

## IL - Geographical Area

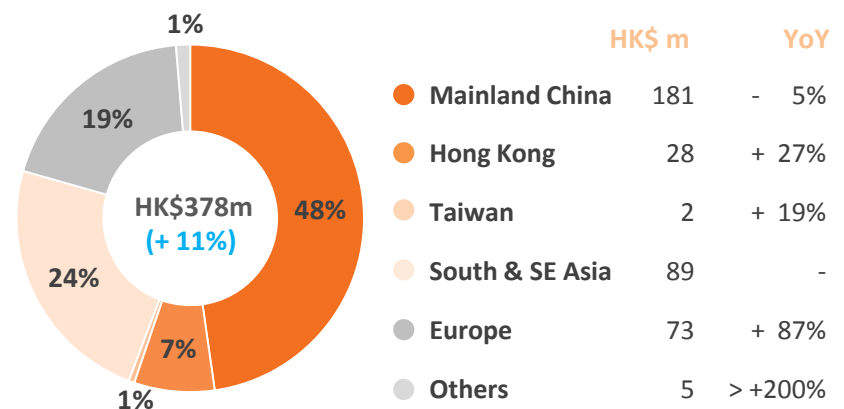


Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

## IFF



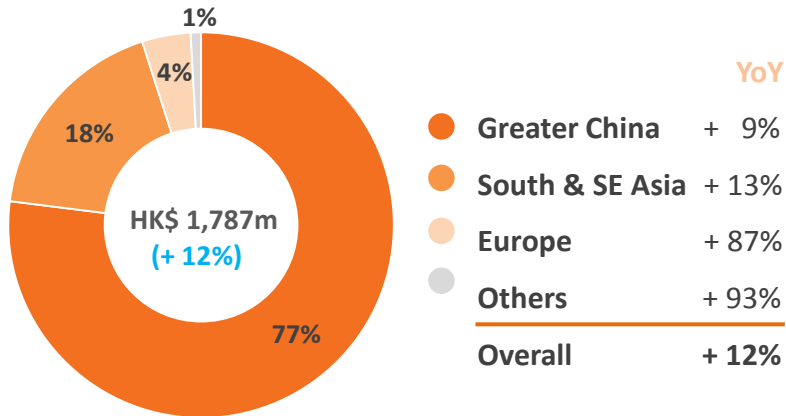
## IFF - Geographical area



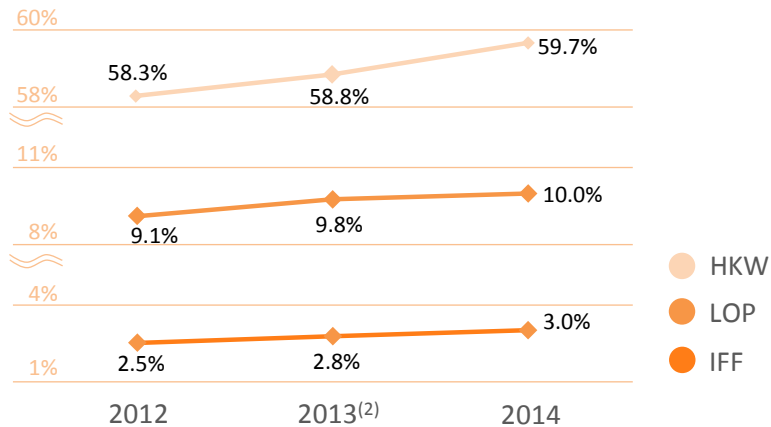
<sup>(2)</sup> FY2013 figures had been reclassified to conform to 2014 presentation

# Segment Profit and Core Net Profit

## Segment Profit – Geographical Area



## Segment Profit Margin



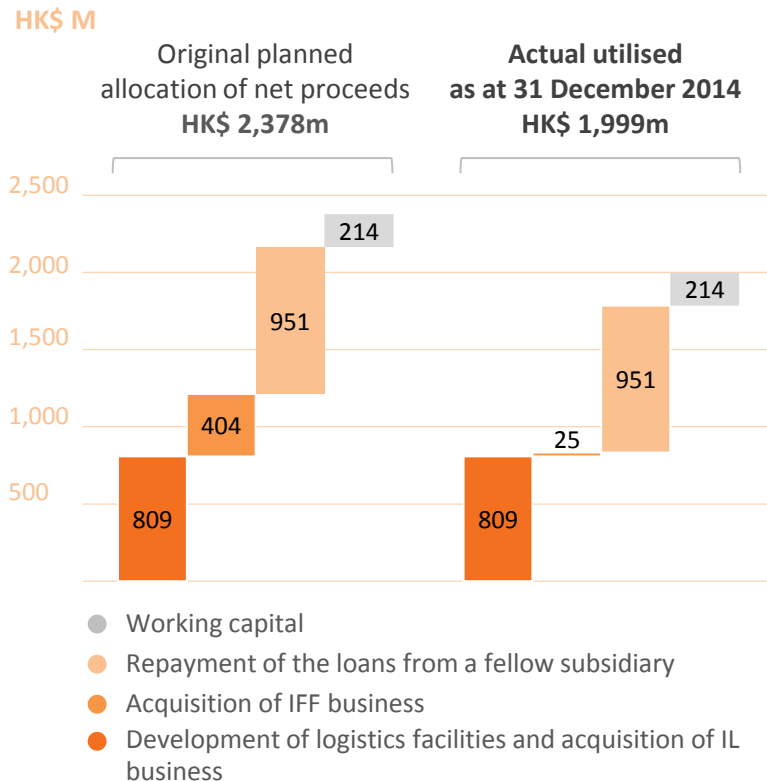
## Core Net Profit

	HK\$ m	YoY
<b>Segment Profit</b>	<b>1,787</b>	<b>+ 12%</b>
Less Unallocated Expenses	(175)	- 7%
<b>Core Operating Profit</b>	<b>1,612</b>	<b>+ 14%</b>
Net finance costs	(72)	+ 20%
Results of Associates	91	- 29%
<b>Profit before taxation</b>	<b>1,631</b>	<b>+ 10%</b>
Taxation	(350)	+ 19%
<b>Profit after taxation</b>	<b>1,281</b>	<b>+ 8%</b>
Non-controlling interests	(305)	+ 1%
<b>Core Net Profit</b>	<b>976</b>	<b>+ 10%</b>

<sup>(2)</sup> FY2013 figures had been reclassified to conform to 2014 presentation



## Use of IPO Proceeds



## Delivered Committed Performance in FY2014

### Sustain profitable growth



- Core operating profit and core net profit increased 14% and 10% respectively
- Margin expanded in all business segments

### Exceed/Meet market expectations



Segment Profit	Market Consensus	KLN FY2014
Overall	+ 8%	<b>+12%</b>
LOP	+14%	<b>+13%</b>
HKW	+ 2%	<b>+ 9%</b>
IFF	+ 2%	<b>+11%</b>

### Take on consistent M&A strategy



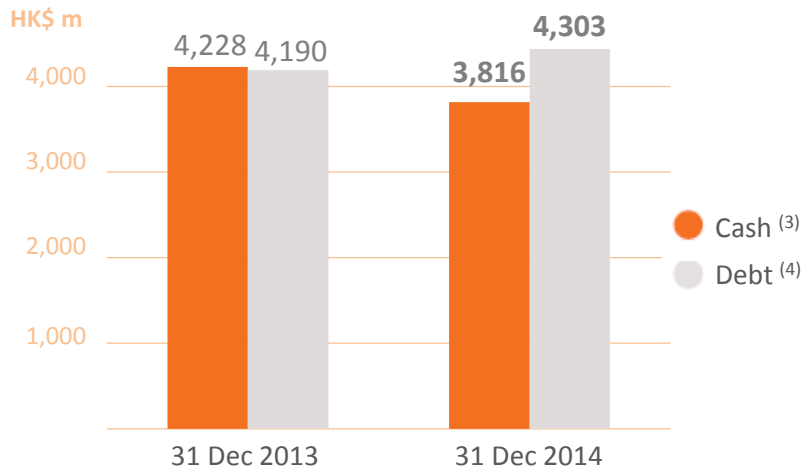
- IL- Vietnam, Cambodia, Indonesia, Thailand
- IFF - Malaysia, New Zealand, Canada and Middle East

### Enhance warehouse capacities



- GFA under management reached 45 million sq. ft, grew 15%
- A more balanced logistics facilities portfolio: 51% self-owned and 49% leased in terms of GFA

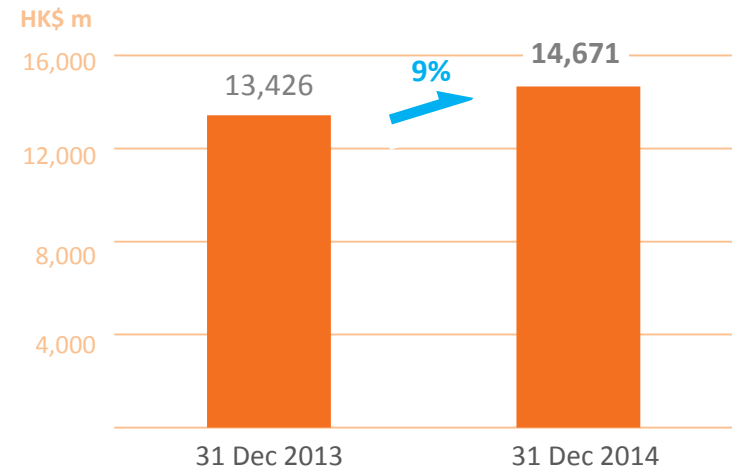
## Cash & Debt



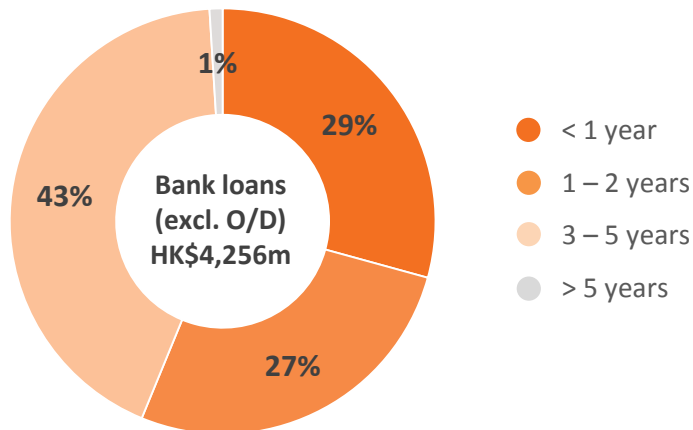
(3) Cash and bank balances

(4) Total bank loans and overdrafts

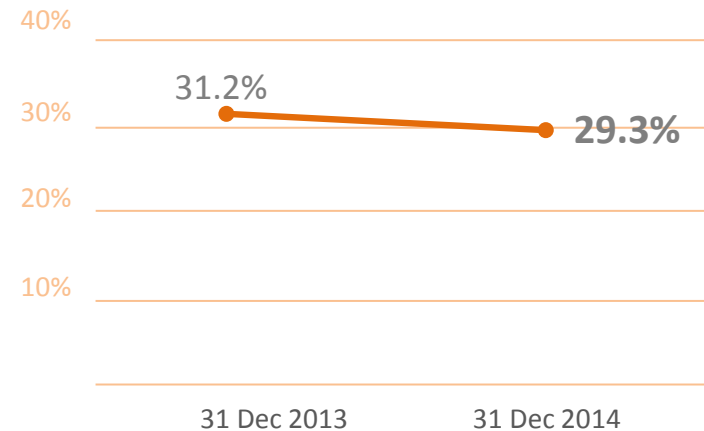
## Shareholders' Equity



## Debt Maturity



## Gearing Ratio



## IL

### GREATER CHINA

- Launched Kerry Pharma in Hong Kong
- Extended pharmaceutical logistics services to Taiwan
- Acquired a parcel of land in Shanghai
- Commenced construction works of logistics centres in Chengdu and Xian
- Completed logistics facilities in Zhengzhou and Kunshan and both are in operations

### ASEAN

- Formed new JVs in Cambodia and Indonesia
- Started building a regional express platform
- Completed phase two of Kerry Rayong Logistics Centre, Thailand
- Commenced construction works of phase one, Kerry Bangna Logistics Centre, Thailand
- Added a new inland container depot in Thailand
- Acquired a parcel of land in Phnom Penh, Cambodia

## IFF

### ASEAN

- Increased controlled interests in KART Malaysia and Thailand to 100%

### OCEANIA

- Formed Kerry Logistics (Oceania) in Australia and New Zealand

### MIDDLE EAST

- Acquired controlling stake in a leading IFF company

### EUROPE & THE AMERICAS

- Restructured operations in Europe
- Expanded coverage in Canada

### AFRICA

- Set up in Senegal

## CAPEX

HK\$ m	2013	2014
Additions of PPE, investment properties, leasehold land and land use rights	1,126	1,160
Acquisition of subsidiaries and associates	790	534
	<b>1,916</b>	<b>1,694</b>



**1** To deepen strengths for the New Silk Road

**2** To maintain sustainable growth despite stagnant global demand in 2015

**3** Greater China remains key contributor delivering strong growth with our leading position in HK and Taiwan

**4** ASEAN continues to post robust growth riding on the expanding regional platform

# APPENDIX

**KERRY**  
LOGISTICS

# Appendix I – Consolidated Income Statement

	Year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Turnover	21,115,249	19,968,743
Direct operating expenses	(17,975,806)	(17,090,773)
Gross profit	3,139,443	2,877,970
Other income and net gains	89,452	419,629
Administrative expenses	(1,587,063)	(1,491,252)
Operating profit before fair value change of investment properties	1,641,832	1,806,347
Change in fair value of investment properties	686,523	600,210
Operating profit	2,328,355	2,406,557
Finance costs	(102,419)	(93,668)
Share of results of associates	91,377	128,368
Profit before taxation	2,317,313	2,441,257
Taxation	(352,981)	(304,844)
Profit for the year	1,964,332	2,136,413
Profit attributable to:		
Company's shareholders	1,658,830	1,834,522
Non-controlling interests	305,502	301,891
	1,964,332	2,136,413
Dividends	236,747	182,310
Earnings per share		
- Basic and diluted	HK\$0.98	HK\$1.40

# Appendix II – Consolidated Statement of Financial Position

ASSETS AND LIABILITIES	As at 31 December	
	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>		
Intangible assets	1,834,776	1,968,950
Investment properties	7,456,242	6,379,282
Leasehold land and land use rights	580,941	541,348
Property, plant and equipment	6,652,889	6,531,990
Associates	1,059,662	1,122,576
Available-for-sale investments	94,477	59,052
	<b>17,678,987</b>	<b>16,603,198</b>
<b>Current assets</b>		
Inventories	333,866	164,016
Accounts receivable, prepayments and deposits	4,734,507	4,660,562
Tax recoverable	21,963	8,779
Amounts due from fellow subsidiaries	2,117	-
Restricted and pledged bank deposits	25,422	8,710
Cash and bank balances	3,816,198	4,228,367
	<b>8,934,073</b>	<b>9,070,434</b>
<b>Current liabilities</b>		
Accounts payable, deposits received and accrued charges	3,659,485	3,973,359
Amounts due to fellow subsidiaries	8,581	1,582
Amounts due to related companies	14,646	6,202
Taxation	166,381	156,983
Short-term bank loans and current portion of long-term bank loans	1,245,442	1,305,243
Bank overdrafts	47,857	20,391
	<b>5,142,392</b>	<b>5,463,760</b>
<b>Net current assets</b>	<b>3,791,681</b>	<b>3,606,674</b>
<b>Total assets less current liabilities</b>	<b>21,470,668</b>	<b>20,209,872</b>

# Appendix II – Consolidated Statement of Financial Position (cont'd)

	As at 31 December	
	2014	2013
	HK\$'000	HK\$'000
<b>Non-current liabilities</b>		
Loans from non-controlling interests	248,342	235,632
Long-term bank loans	3,010,101	2,864,332
Deferred taxation	541,527	508,138
Retirement benefit obligations	283,032	315,238
Other non-current liabilities	34,890	70,718
	<u>4,117,892</u>	<u>3,994,058</u>
<b>ASSETS LESS LIABILITIES</b>	<b><u>17,352,776</u></b>	<b><u>16,215,814</u></b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's shareholders</b>		
Share capital	845,620	828,682
Share premium	2,955,547	2,632,661
Retained profits		
- Proposed final dividends	135,299	182,310
- Others	10,422,922	9,018,829
Other reserves	311,401	763,904
	<u>14,670,789</u>	<u>13,426,386</u>
Non-controlling interests	2,681,987	2,789,428
<b>TOTAL EQUITY</b>	<b><u>17,352,776</u></b>	<b><u>16,215,814</u></b>