

2015 INTERIM RESULTS

KERRY

LOGISTICS

Stock code: 636

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CORE NET PROFIT (HK\$)

542
million
+11%

CORE OPERATING
PROFIT

+16%



IL
SEGMENT PROFIT

+15%

IFF
SEGMENT PROFIT

+22%

TURNOVER (HK\$)

10,135
million
+2%

PROFIT ATTRIBUTABLE TO
THE SHAREHOLDERS (HK\$)

701
million
+11%

INTERIM
DIVIDEND
6 HK CENTS
PER SHARE

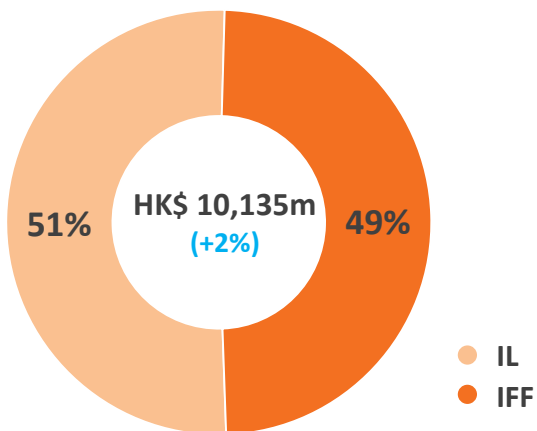
NET ASSET
VALUE PER
SHARE (HK\$)

8.90

GROSS
GEARING

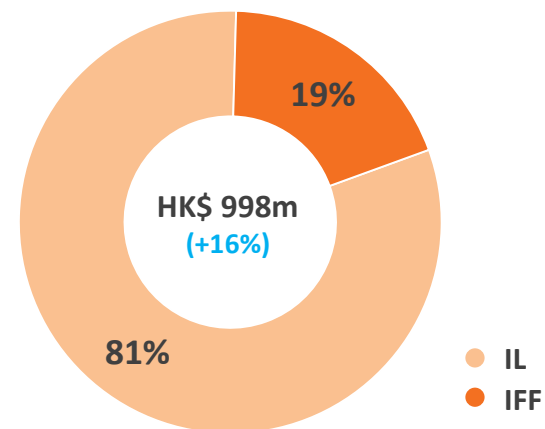
33.9%

Turnover⁽¹⁾

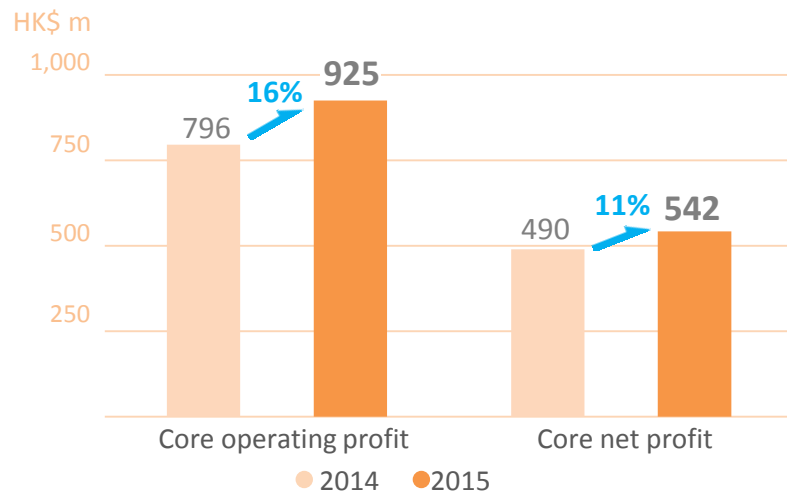


Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

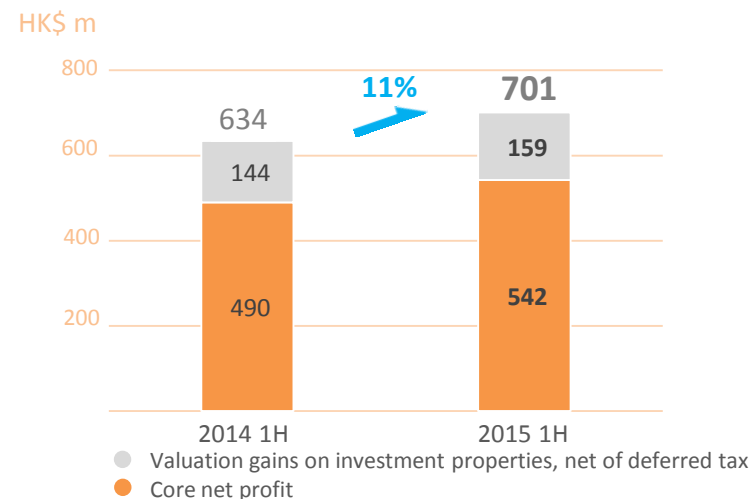
Segment Profit



Core Profits



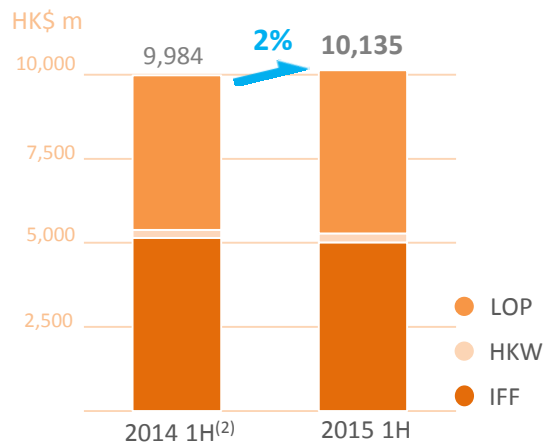
Profit Attributable to Shareholders



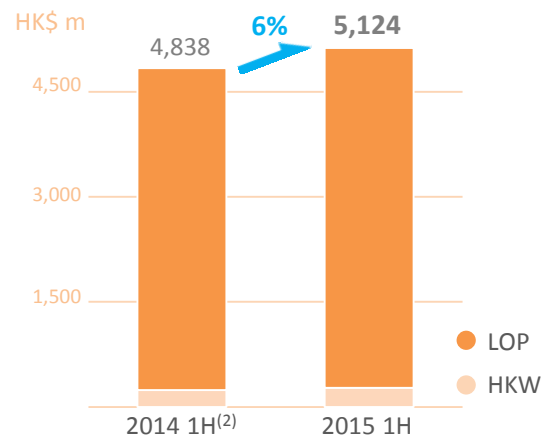
⁽¹⁾ Turnover after elimination of inter-segment transactions

⁽²⁾ Certain 2014 comparatives were restated to conform to the 2015 presentation

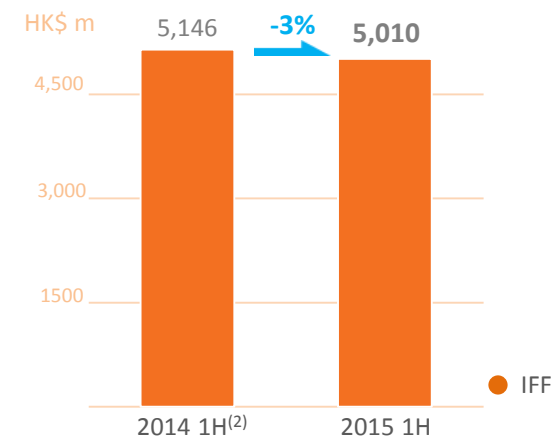
Turnover⁽¹⁾



IL

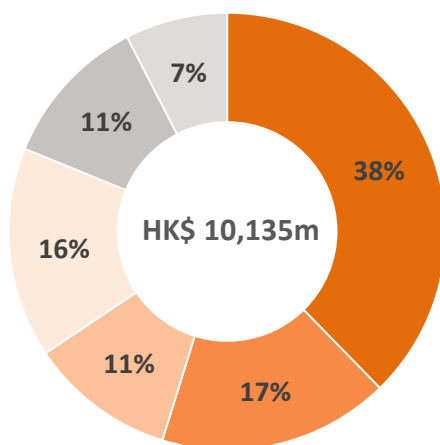


IFF



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

Turnover⁽¹⁾ by Geographical Area



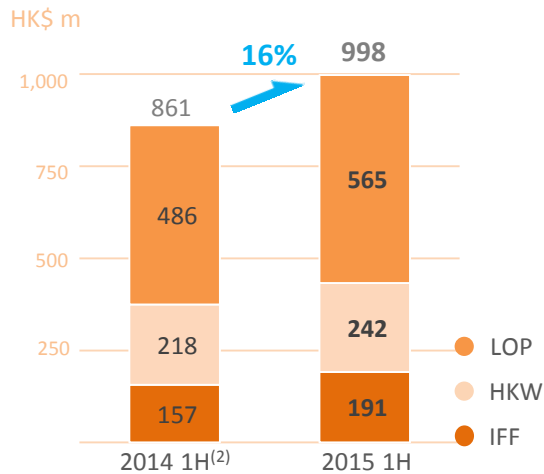
HK\$ M	2014 1H ⁽²⁾	2015 1H	YoY
Mainland China	4,086	3,821	- 6%
Hong Kong	1,528	1,732	+ 13%
Taiwan	1,059	1,096	+ 3%
South & SE Asia	1,492	1,578	+ 6%
Europe	1,459	1,141	- 22%
Others ⁽³⁾	360	767	+ 113%

⁽¹⁾ Turnover after elimination of inter-segment transactions

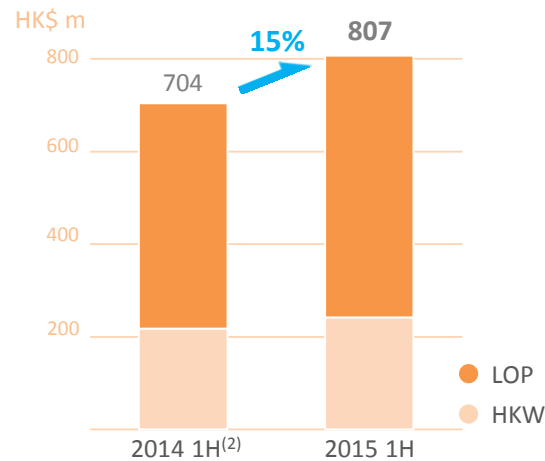
⁽²⁾ Certain 2014 comparatives were restated to conform to the 2015 presentation

⁽³⁾ Others includes Oceania, Middle East, Americas, Japan, Korea, Russia and Senegal

Segment Profit

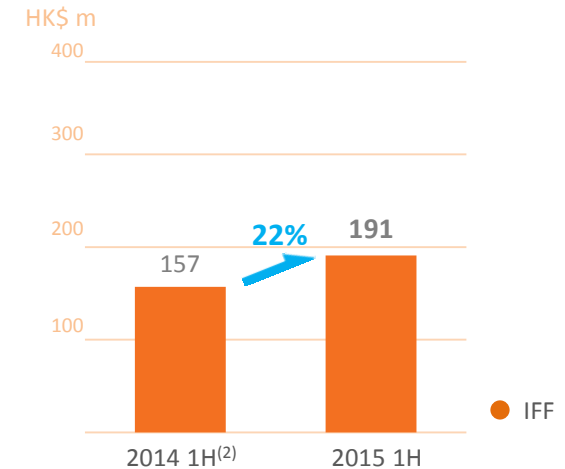


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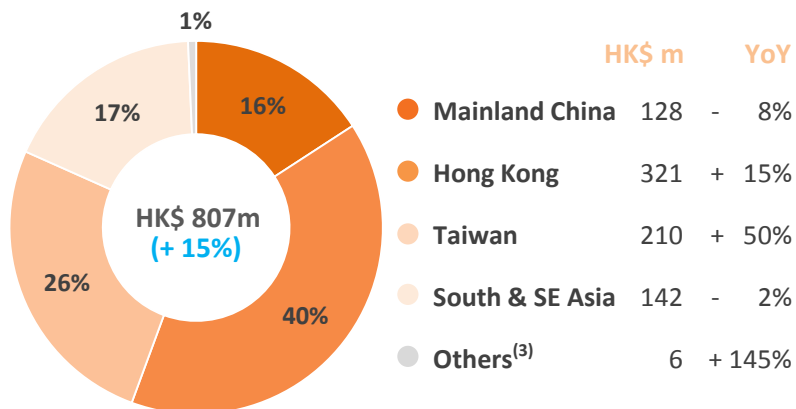


Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

IFF

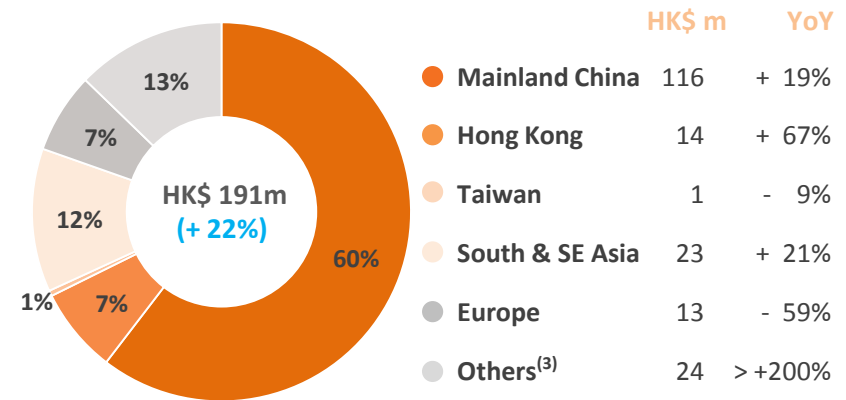


IL - Geographical Area



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

IFF – Geographical Area

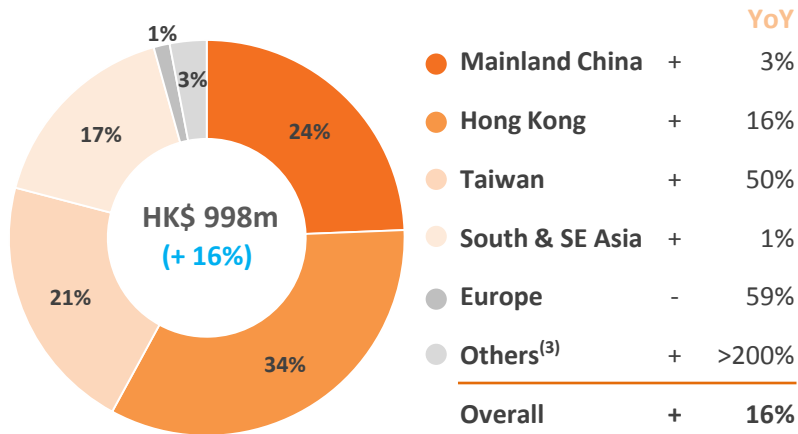


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Segment Profit and Core Net Profit

Segment Profit – Geographical Area



Segment Profit Margin

	2014 1H ⁽²⁾	2015 1H
LOP	10.3%	11.4%
HKW	56.6%	56.8%
IFF	2.8%	3.5%

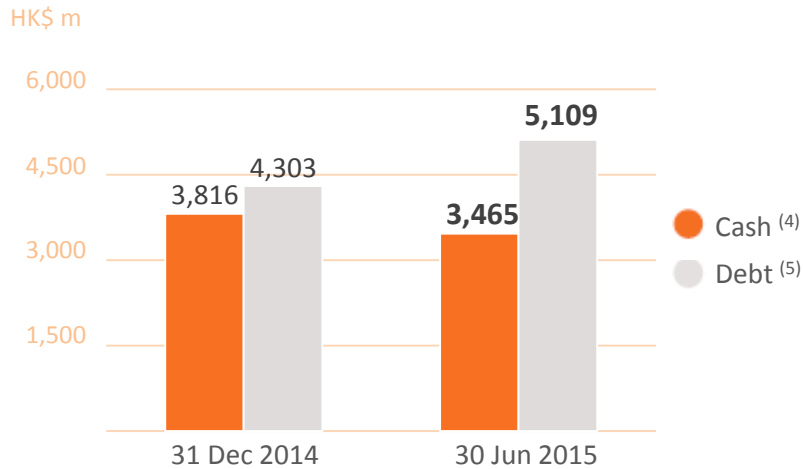
Core Net Profit

	HK\$ m	YoY
Segment Profit	998	+ 16%
Less Unallocated Expenses	(73)	+ 12%
Core Operating Profit	925	+ 16%
Net finance costs	(54)	+ 41%
Results of Associates	56	+ 27%
Profit before taxation	927	+ 16%
Taxation	(209)	+ 28%
Profit after taxation	718	+ 12%
Non-controlling interests	(176)	+ 18%
Core Net Profit	542	+ 11%

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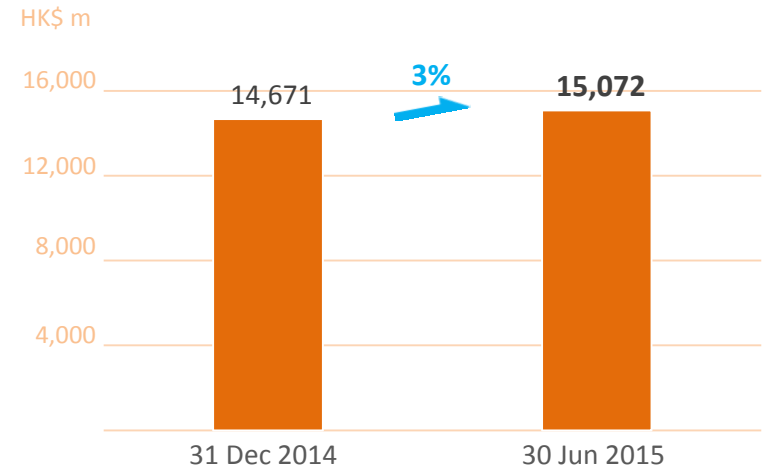
Cash & Debt



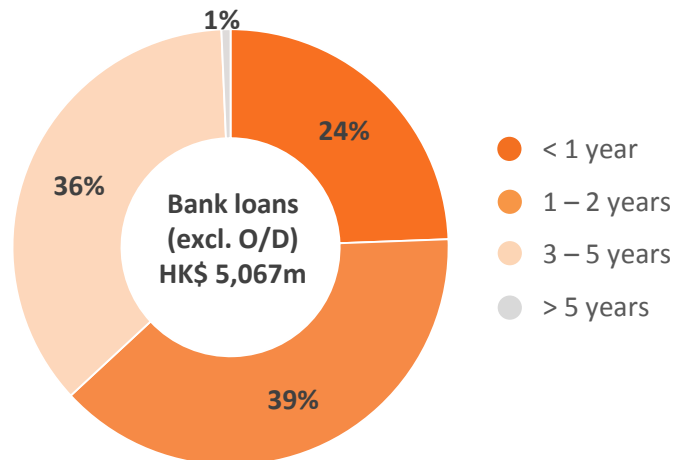
⁽⁴⁾ Cash and bank balances

⁽⁵⁾ Total bank loans and overdrafts

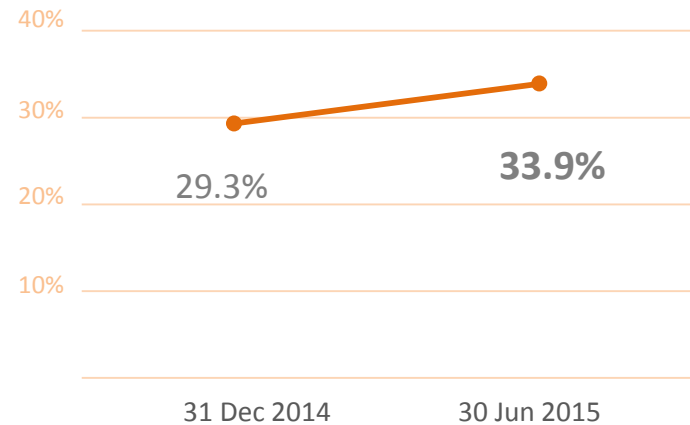
Shareholders' Equity

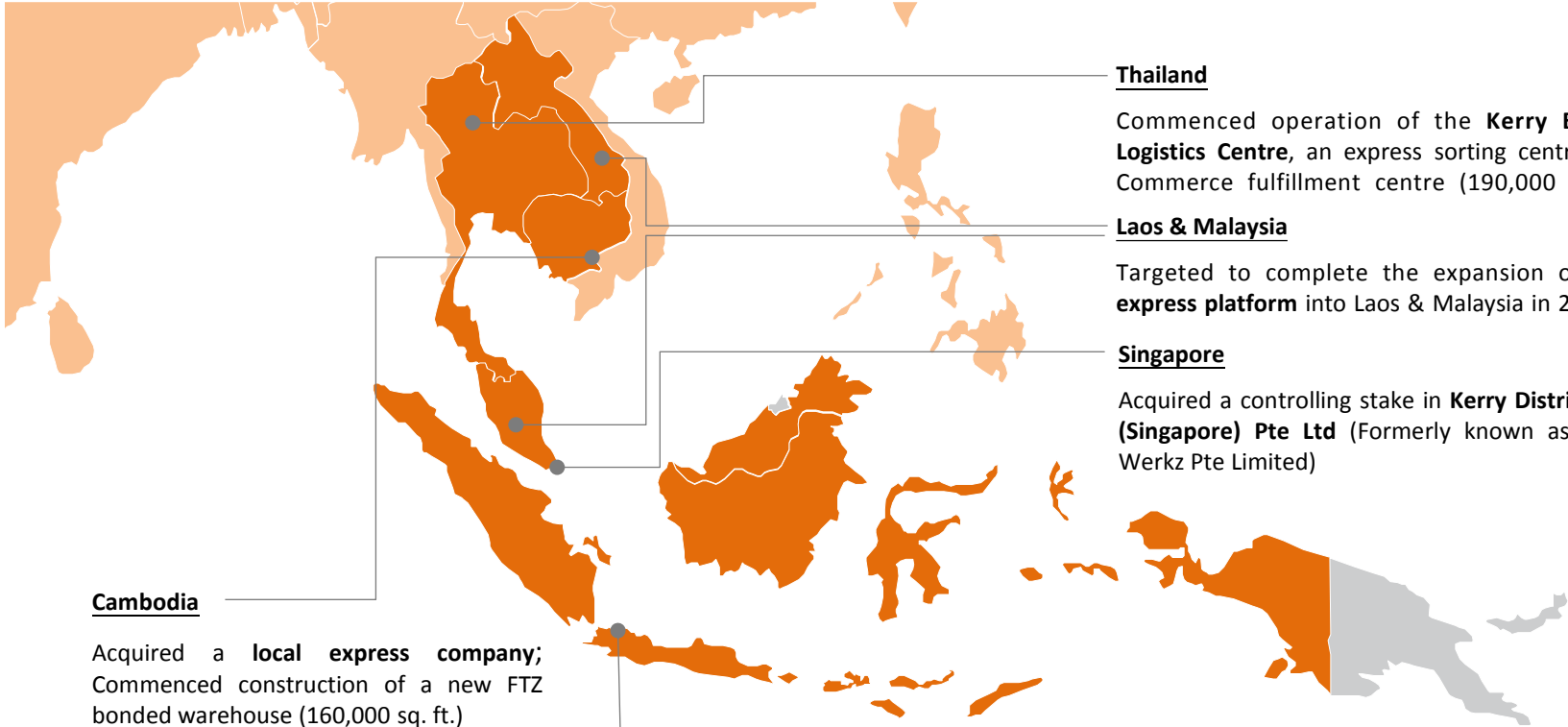


Debt Maturity



Gearing Ratio





Thailand

Commenced operation of the **Kerry Bangna Logistics Centre**, an express sorting centre & e-Commerce fulfillment centre (190,000 sq. ft.)

Laos & Malaysia

Targeted to complete the expansion of **local express platform** into Laos & Malaysia in 2015 2H

Singapore

Acquired a controlling stake in **Kerry Distribution (Singapore) Pte Ltd** (Formerly known as Move Werkz Pte Limited)

Cambodia

Acquired a **local express company**;
Commenced construction of a new FTZ bonded warehouse (160,000 sq. ft.)

Indonesia

Invested in **PT Puninar Saranaraya**, one of Indonesia's largest logistics company

AEC leads to an increase in intra-ASEAN trade

Manufacturing will continue to expand into ASEAN countries

E-commerce is growing in ASEAN countries

Significant opportunities for government-backed New Silk Road projects

Domestic consumption creates growing logistics demand for cross border eCommerce

Increasing demand for sophisticated supply chains good for KLN

Beijing

Signed a strategic cooperation agreement with **China Railway** to crystalize the potential of “**One Belt One Road**” strategy

Xi’an

Constructing a logistics facility with 279,000 sq. ft.

Shanghai

Developing the largest facility of the Group in Mainland China with **1.1m sq. ft.**

Chengdu

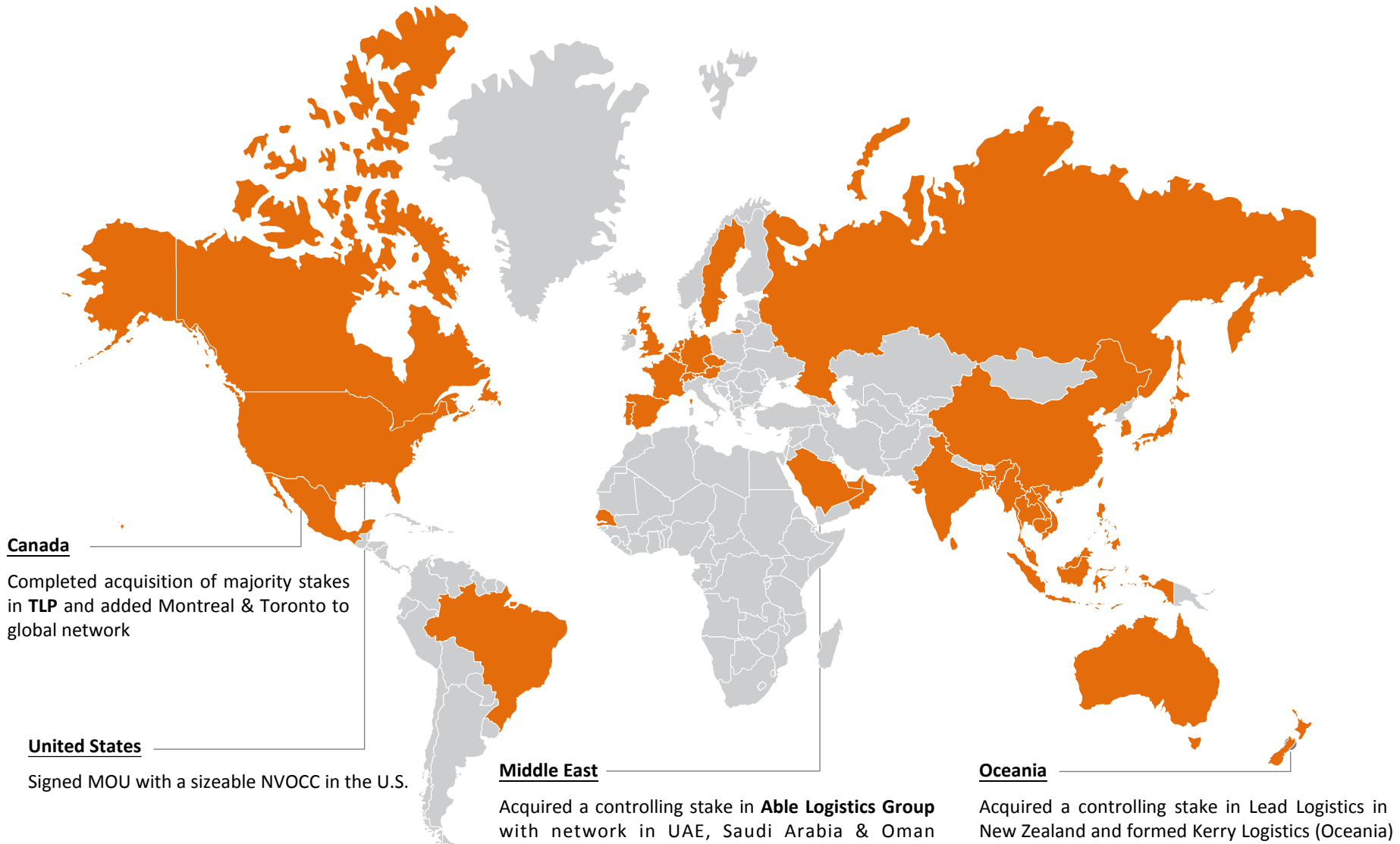
Completing a logistics facility with 592,000 sq. ft.

Ningbo

Launched a cross-border eCommerce fulfillment center in FTZ

Hong Kong

Submitted application to the **Town Planning Board** to convert Chai Wan warehouse into a columbarium



1

Considerable caution in near term view but continued optimism for longer term

2

Growth potential in China and between China and its neighbors esp. ASEAN

3

New sources of growth in South Asia, the Middle East, Africa and Latin America

4

M&A opportunities in Trans-Pacific and Europe

5

Cautious and disciplined approach in light of current market conditions

APPENDIX

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Appendix I – Condensed Consolidated Interim Income Statement

	Six months ended 30 Jun	
	Unaudited 2015 HK\$'000	Unaudited 2014 HK\$'000
Turnover	10,134,594	9,984,310
Direct operating expenses	(8,450,862)	(8,491,594)
Gross profit	1,683,732	1,492,716
Other income and net gains	78,258	50,799
Administrative expenses	(823,575)	(732,970)
Operating profit before fair value change of investment properties	938,415	810,545
Change in fair value of investment properties	165,161	149,730
Operating profit	1,103,576	960,275
Finance costs	(68,040)	(53,322)
Share of results of associates	56,285	44,484
Profit before taxation	1,091,821	951,437
Taxation	(212,246)	(165,022)
Profit for the period	879,575	786,415
Profit attributable to:		
Company's shareholders	701,007	634,497
Non-controlling interests	178,568	151,918
	879,575	786,415
Interim dividend	101,643	101,444
Interim dividend per share	6 HK cents	6 HK cents
Earnings per share		
- Basic	HK\$0.41	HK\$0.38
- Diluted	HK\$0.41	HK\$0.37

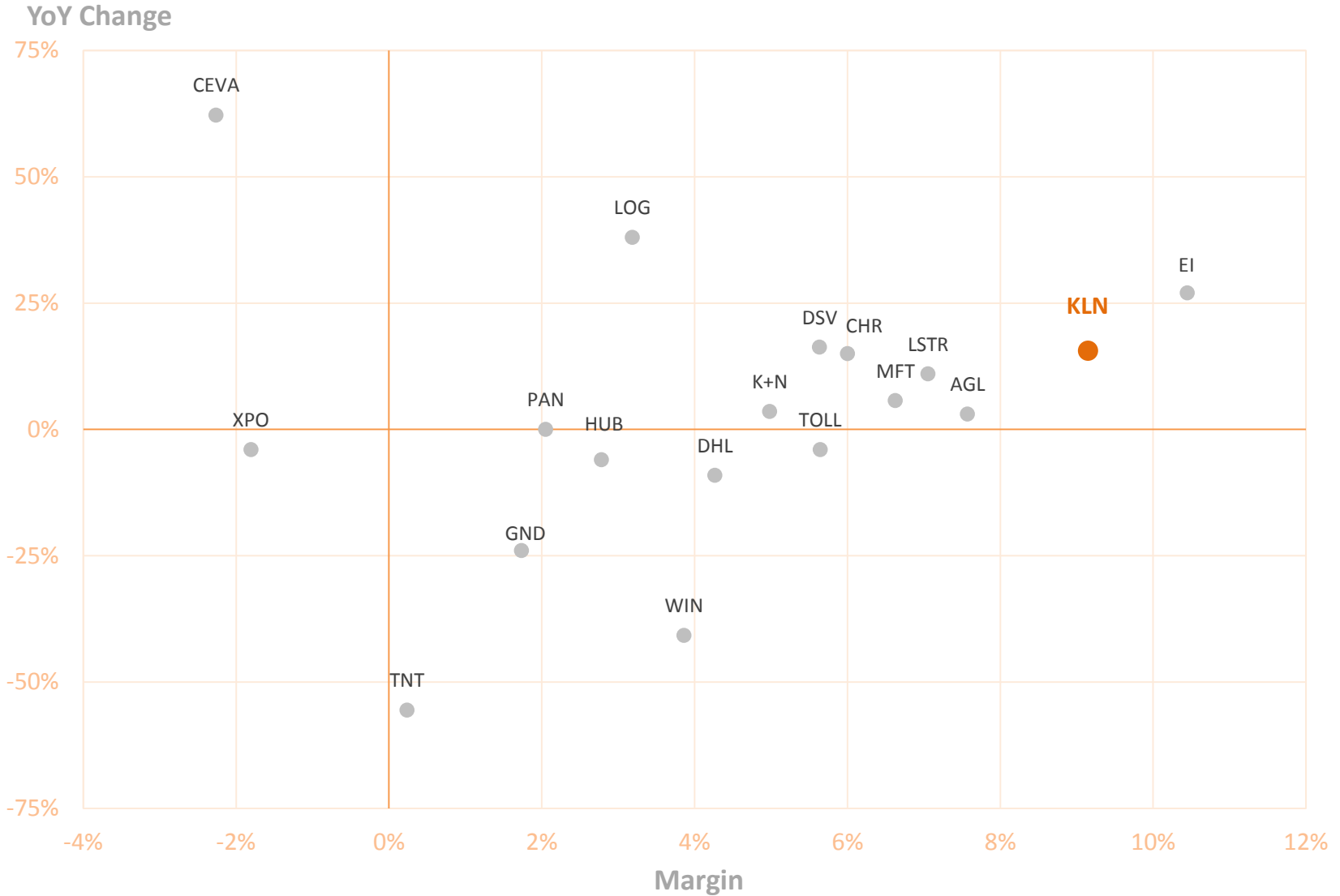
Appendix II – Condensed Consolidated Interim Statement of Financial Position

ASSETS AND LIABILITIES	Unaudited	Audited
	As at 30 Jun 2015	As at 31 Dec 2014
	HK\$'000	HK\$'000
Non-current assets		
Intangible assets	2,161,186	1,834,776
Investment properties	7,630,181	7,456,242
Leasehold land and land use rights	560,732	580,941
Property, plant and equipment	6,930,003	6,652,889
Associates	1,067,331	1,059,662
Available-for-sale investments	113,108	94,477
Investment in convertible bond	349,021	-
Long-term receivables	20,420	-
	<u>18,831,982</u>	<u>17,678,987</u>
Current assets		
Inventories	320,135	333,866
Accounts receivable, prepayments and deposits	4,864,973	4,734,507
Tax recoverable	20,822	21,963
Amounts due from fellow subsidiaries	3,828	2,117
Restricted and pledged bank deposits	39,243	25,422
Cash and bank balances	3,464,668	3,816,198
	<u>8,713,669</u>	<u>8,934,073</u>
Current liabilities		
Accounts payable, deposits received and accrued charges	3,311,683	3,659,485
Amounts due to fellow subsidiaries	9,916	8,581
Amounts due to related companies	55,516	14,646
Taxation	191,177	166,381
Short-term bank loans and current portion of long-term bank loans	1,236,859	1,245,442
Bank overdrafts	41,833	47,857
	<u>4,846,984</u>	<u>5,142,392</u>
Net current assets	<u>3,866,685</u>	<u>3,791,681</u>
Total assets less current liabilities	<u>22,698,667</u>	<u>21,470,668</u>

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

	Unaudited As at 30 Jun 2015 HK\$'000	Audited As at 31 Dec 2014 HK\$'000
Non-current liabilities		
Loans from non-controlling interests	237,772	248,342
Long-term bank loans	3,830,603	3,010,101
Deferred taxation	549,541	541,527
Retirement benefit obligations	279,618	283,032
Other non-current liabilities	32,993	34,890
	4,930,527	4,117,892
ASSETS LESS LIABILITIES	17,768,140	17,352,776
EQUITY		
Capital and reserves attributable to the Company's shareholders		
Share capital	846,960	845,620
Share premium	2,985,028	2,955,547
Retained profits		
- Proposed dividends	101,643	135,299
- Others	11,018,758	10,422,922
Other reserves	119,605	311,401
	15,071,994	14,670,789
Non-controlling interests	2,696,146	2,681,987
TOTAL EQUITY	17,768,140	17,352,776

Global 3PLs 2015 Performance – Operating Profit



*Comparatives picked are based on the 2014 Top 50 Global 3PLs prepared by Armstrong & Associates, Inc.