

INTERIM RESULTS 2023



Kerry Logistics
Network Limited
嘉里物流聯網有限公司

0636.HK

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FINANCIAL HIGHLIGHTS (in HK\$'M)

REVENUE
25,315
-47%

CORE OPERATING PROFIT
568
-84%

CORE NET PROFIT
368
-85%

IL
718
+0.2%

SEGMENT PROFIT
E&E
(505)
N/A

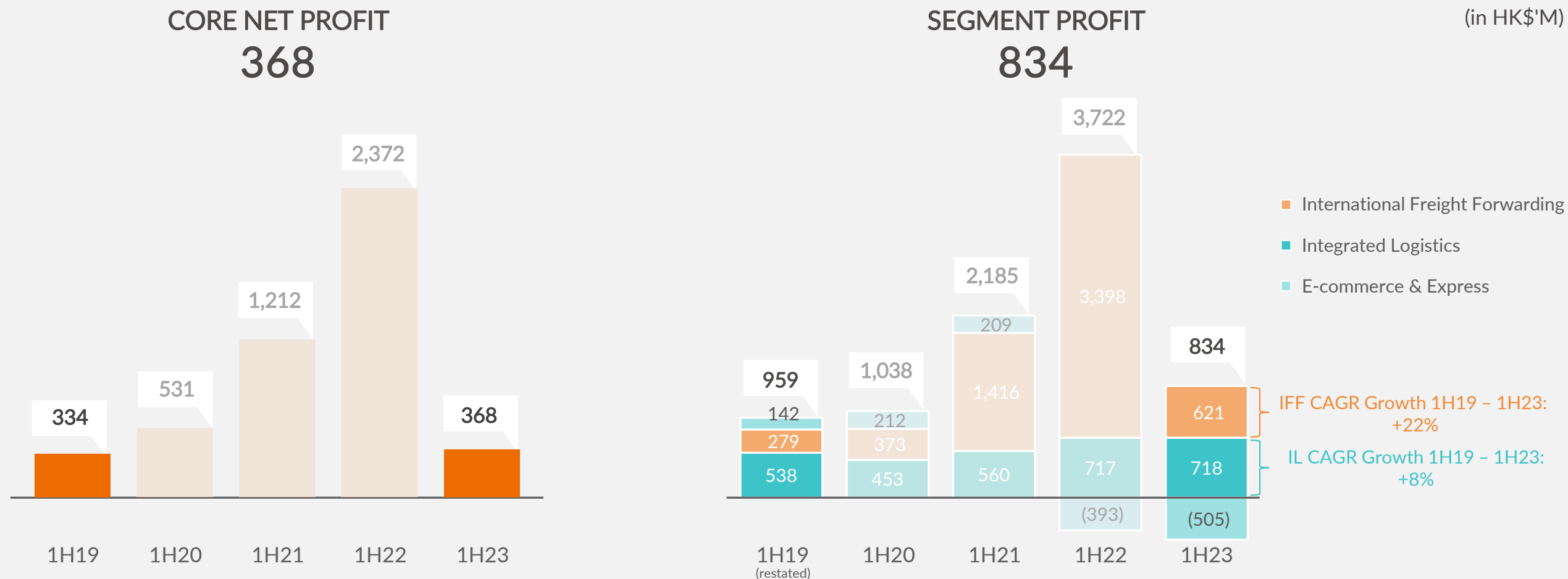
IFF
621
-82%

PROFIT ATTRIBUTABLE
TO THE SHAREHOLDERS
368
-85%

INTERIM DIVIDEND
9
HK CENTS PER SHARE

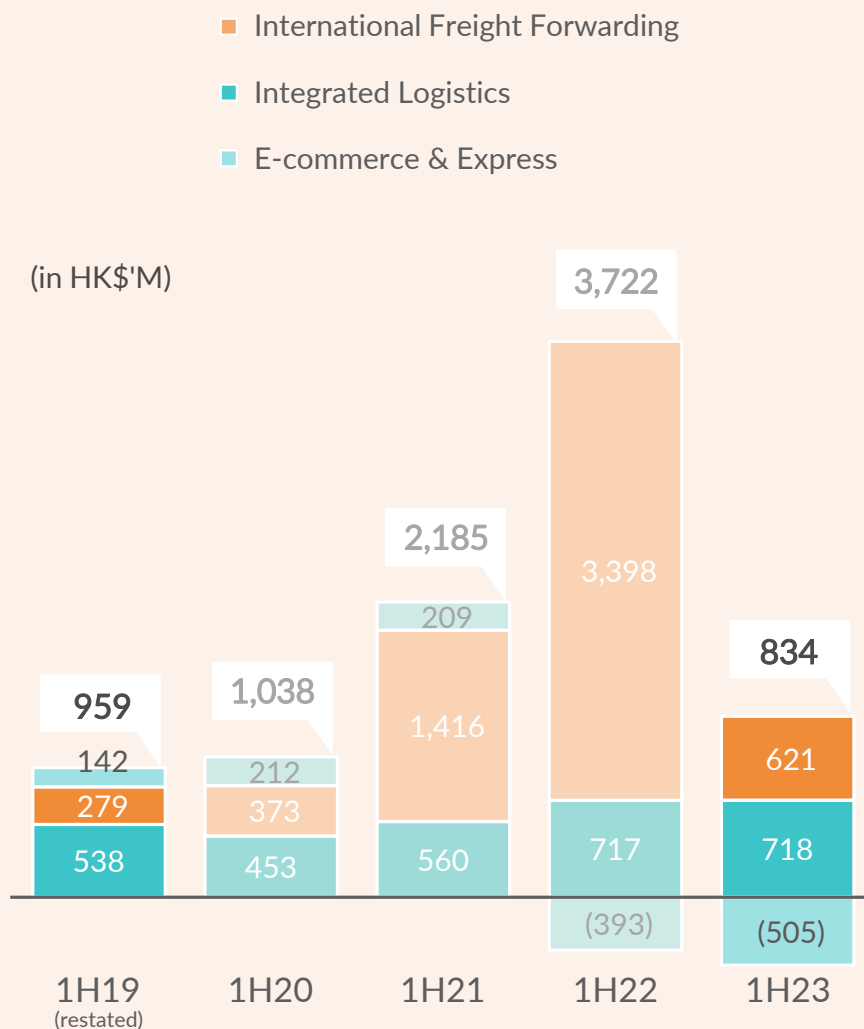
GEARING
44.5% **2.6%**
GROSS NET

CORE NET PROFIT & SEGMENT PROFIT



For continuing operations only

SEGMENT PROFIT



For continuing operations only

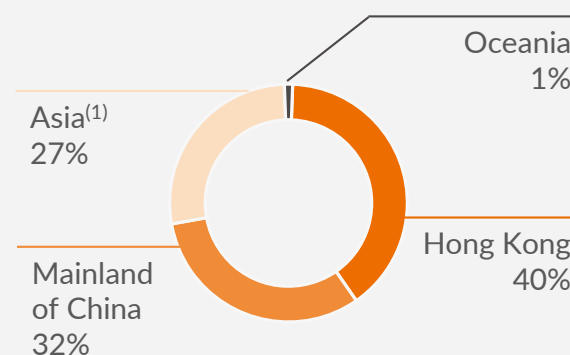
(in HK\$'M)	IL			E&E			IFF			Consolidated		
	1H22	1H23	YoY	1H22	1H23	YoY	1H22	1H23	YoY	1H22	1H23	YoY
Hong Kong	393	286	-27%	12	2	-82%	178	9	-95%	583	297	-49%
Mainland of China	159	229	+44%	-	-	-	768	229	-70%	927	458	-51%
Asia ⁽¹⁾	161	195	+22%	(411)	(511)	N/A	602	135	-78%	352	(181)	-152%
Americas	-	-	-	-	(1)	-	1,613	126	-92%	1,613	125	-92%
EMEA	-	-	-	6	6	+2%	180	81	-55%	186	87	-53%
Oceania	4	8	+93%	-	(1)	-	57	41	-28%	61	48	-21%
Total	717	718	+0.2%	(393)	(505)	N/A	3,398	621	-82%	3,722	834	-78%

⁽¹⁾ Asia ex-Greater China

SEGMENT PROFIT INTEGRATED LOGISTICS

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	1H22	1H23	YoY	1H19 (restated)	CAGR
Hong Kong	393	286	-27%	183	+12%
Mainland of China	159	229	+44%	111	+20%
Asia ⁽¹⁾	161	195	+22%	159	+5%
Oceania	4	8	+93%	(0)	+116%
Sub-total	717	718	+0.2%	453	+12%
Gain on disposals [#]	-	-	-	85	-
Total	717	718	+0.2%	538	+8%

By Region



IL Business Remained Stable in 1H23

- Economic activities in Asia have gradually picked up
- Hong Kong IL business did not grow due to a sharp decline in the demand of pandemic-related services
- Expecting Hong Kong IL business to improve riding on the economic reopening, further rebound in retail sales and new customer wins

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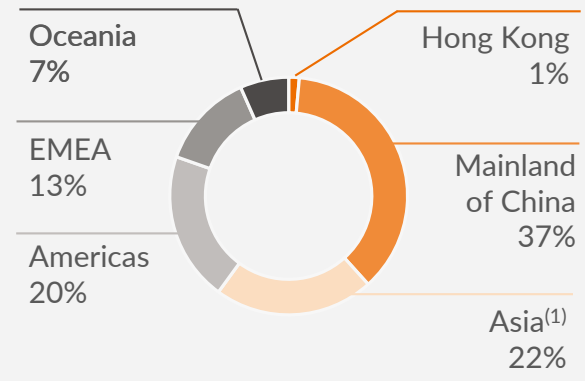
⁽¹⁾ Asia ex-Greater China

[#] Included HK\$45m gain on disposal of logistics facilities and HK\$40m gain on disposal of financial assets at fair value in Mainland of China & Asia respectively

SEGMENT PROFIT INTERNATIONAL FREIGHT FORWARDING

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	1H22	1H23	YoY	1H19	CAGR
Hong Kong	178	9	-95%	29	-25%
Mainland of China	768	229	-70%	90	+26%
Asia ⁽¹⁾	602	135	-78%	68	+18%
Americas	1,613	126	-92%	97	+7%
EMEA	180	81	-55%	(11)	+74%
Oceania	57	41	-28%	6	+59%
Total	3,398	621	-82%	279	+22%

By Region



Weak Global Demand + Plunged Freight Rate → Profit Decline

- Both air and ocean freight rates have been going down since 2022 Q3 from the historical highs in 2022 1H

New Market Opportunities

- Emerging trade lanes leveraging the synergies with S.F. Holding
- Launched global LCL programme from key Asian gateways to capture small-volume cargo

Leading NVOCC to USA⁽²⁾



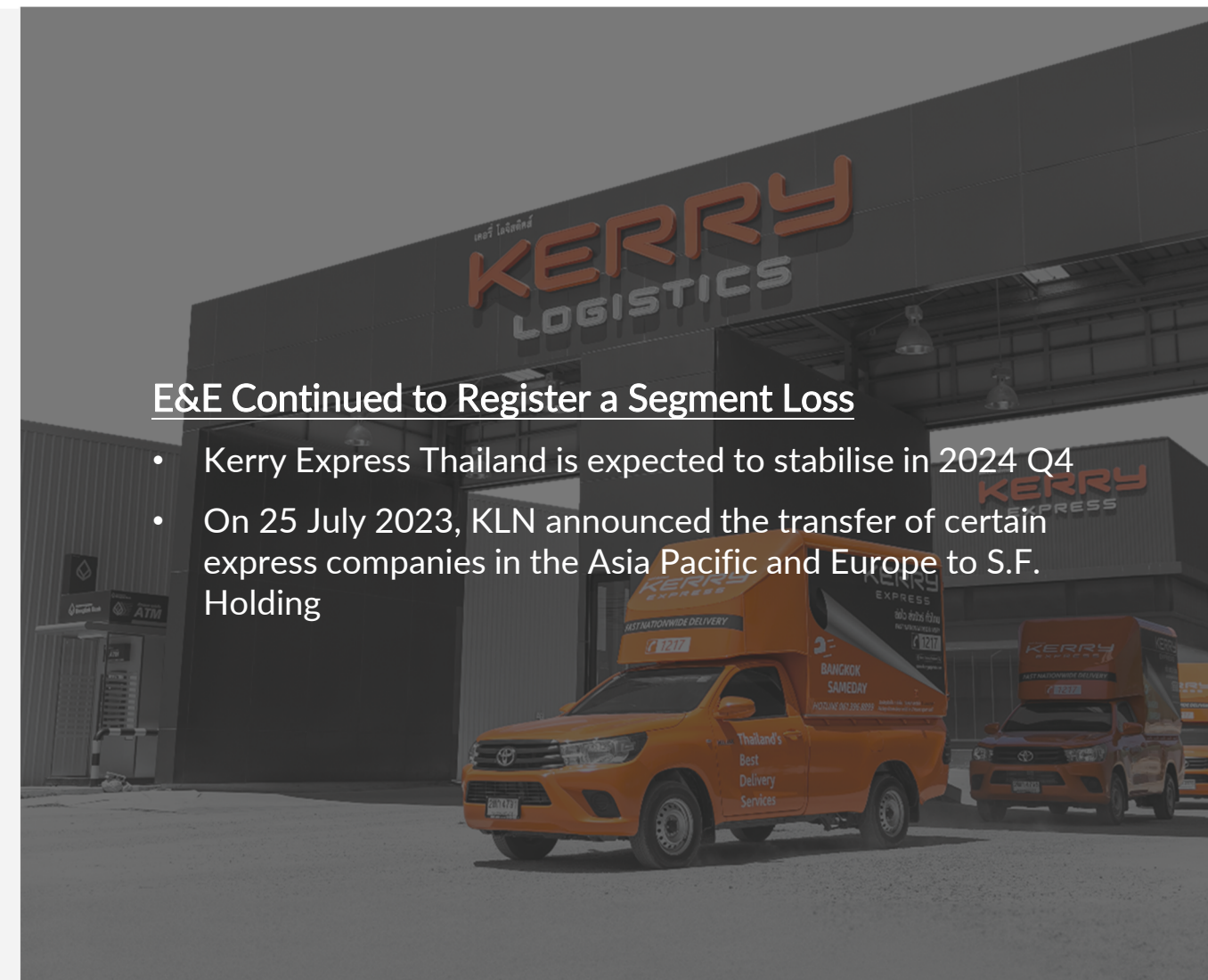
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⁽¹⁾ Asia ex-Greater China
⁽²⁾ From Datamyne - NVOCC Ranking

SEGMENT PROFIT E-COMMERCE & EXPRESS

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	1H22	1H23	YoY	1H19 (restated)	CAGR
Hong Kong	12	2	-82%	16	-41%
Asia ⁽¹⁾	(411)	(511)	N/A	126	N/A
Americas	-	(1)	-	-	-
EMEA	6	6	+2%	-	-
Oceania	-	(1)	-	-	-
Total	(393)	(505)	N/A	142	N/A

E&E Continued to Register a Segment Loss

- Kerry Express Thailand is expected to stabilise in 2024 Q4
- On 25 July 2023, KLN announced the transfer of certain express companies in the Asia Pacific and Europe to S.F. Holding

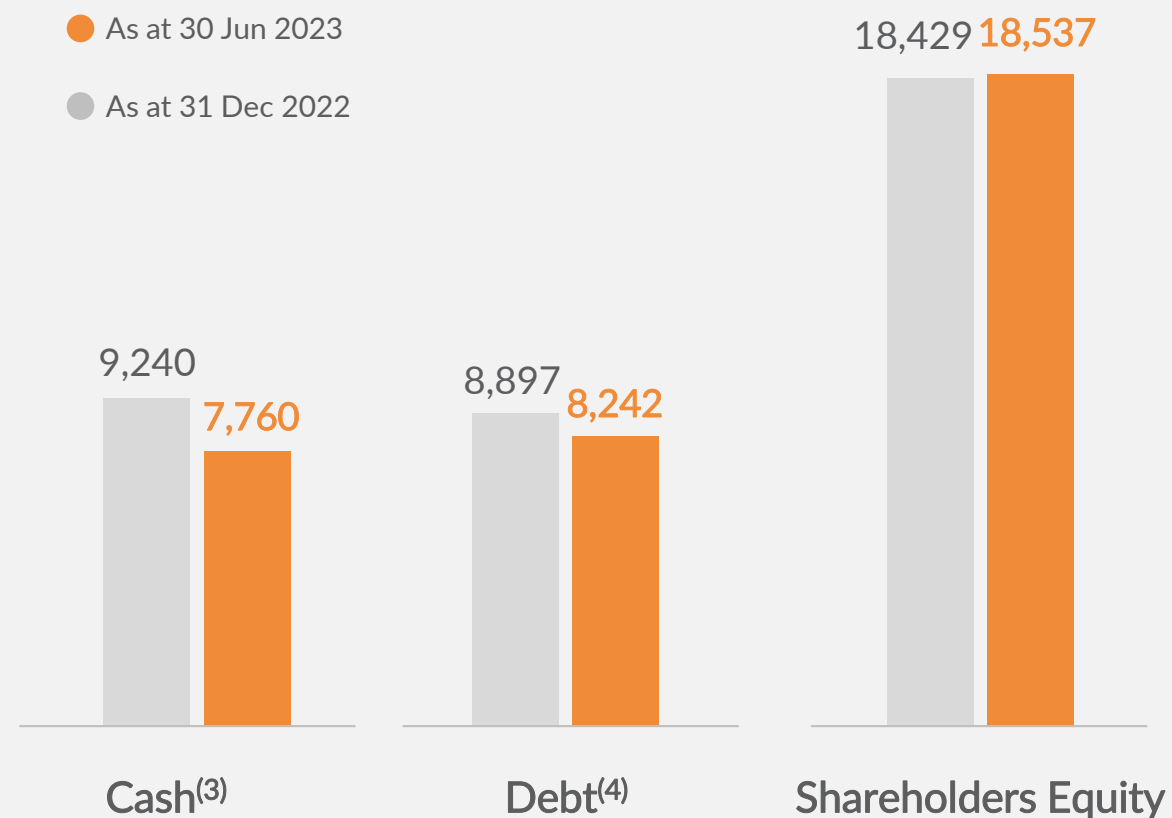


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 (1) Asia ex-Greater China

CASH, DEBT & EQUITY

(in HK\$'M)

- As at 30 Jun 2023
- As at 31 Dec 2022



	31 Dec 2022	30 Jun 2023
Debt Ratios⁽⁵⁾		
EBITDA / Bank Interest	23.4x	9.6x
Debt / EBITDA	1.27x	1.99x
Gearing Ratio		
Gross	48.3%	44.5%
Net	Net Cash	2.6%

⁽³⁾ Cash and bank balances

⁽⁴⁾ Total bank loans and overdrafts

⁽⁵⁾ Debt ratios on LTM basis

OUTLOOK

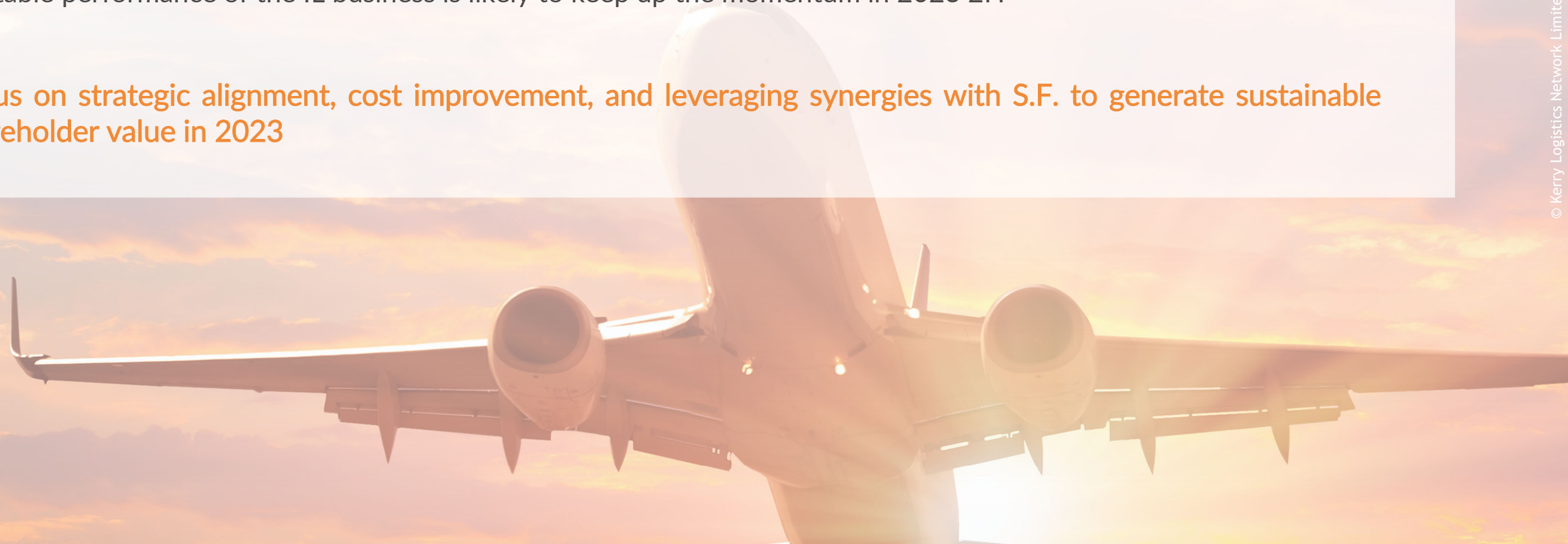
Extreme circumstances are gradually fading in global logistics activities

- Signs of improvement in both freight rates and volumes in key markets

Expect a sustainable CAGR growth in IL & IFF using pre-pandemic 2019 as the base

- Stable performance of the IL business is likely to keep up the momentum in 2023 2H

Focus on strategic alignment, cost improvement, and leveraging synergies with S.F. to generate sustainable shareholder value in 2023



COMMITMENT TO ENHANCING ENVIRONMENTAL AND SOCIAL SUSTAINABILITY PERFORMANCE



Following the release of the first ISSB standards in Jun 2023, KLN is undergoing a feasibility study to strengthen governance practices and to align sustainability disclosures with the ISSB standards.

Following TCFD recommendations, KLN is conducting assessments to disclose climate-related financial impacts in 2024.

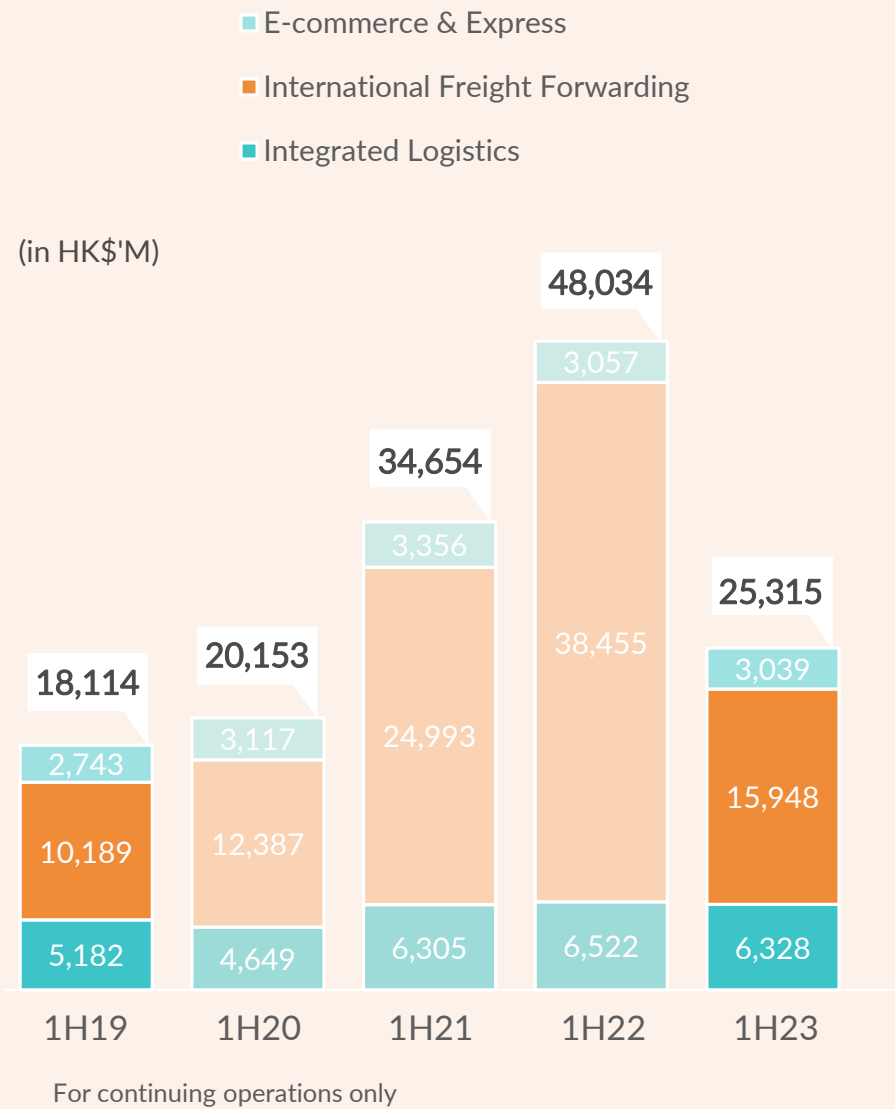
KLN will continue to collaborate with partners to launch programs designed to create positive social impact.

THANK YOU



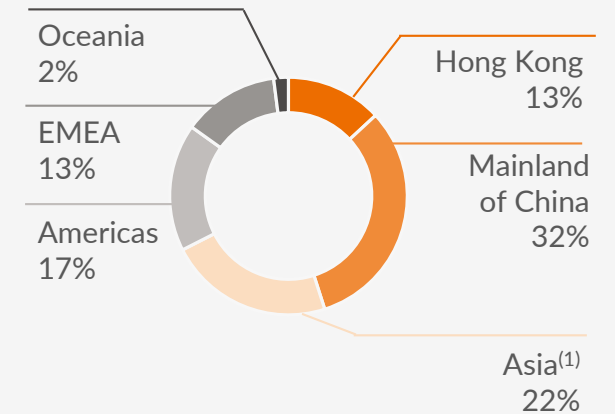
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Appendix I : Revenue Analysis



(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	1H22	1H23	YoY	1H19	CAGR
Hong Kong	4,616	3,318	-28%	2,705	+5%
Mainland of China	12,651	8,089	-36%	5,217	+12%
Asia ⁽¹⁾	8,434	5,688	-33%	5,173	+2%
Americas	16,457	4,386	-73%	2,648	+13%
EMEA	5,057	3,325	-34%	2,131	+12%
Oceania	819	509	-38%	240	+21%
Total	48,034	25,315	-47%	18,114	+9%

By Region



For continuing operations only
⁽¹⁾ Asia ex-Greater China

Appendix II : Condensed Consolidated Interim Income Statement

	For the six months ended 30 Jun	
	Unaudited 2023 HK\$'000	Unaudited 2022 HK\$'000
Revenue	25,314,623	48,034,324
Direct operating expenses	(23,185,834)	(42,746,293)
Gross profit	2,128,789	5,288,031
Other income and net gains	49,391	162,412
Administration expenses	(1,572,513)	(1,838,500)
Operating profit before fair value change of investment properties	605,667	3,611,943
Change in fair value of investment properties	4	6,706
Operating profit	605,671	3,618,649
Finance costs	(275,643)	(150,592)
Share of results of associates and joint ventures	82,596	92,458
Profit before taxation	412,624	3,560,515
Taxation	(112,445)	(865,923)
Profit for the period	300,179	2,694,592
Profit attributable to:		
Company's shareholders	367,619	2,376,815
Non-controlling interests	(67,440)	317,777
	300,179	2,694,592
Earnings per share		
- Basic	HK\$0.2	HK\$1.32
- Diluted	HK\$0.2	HK\$1.31

Appendix III : Condensed Consolidated Interim Statement of Financial Position

	Unaudited As at 30 Jun 2023 HK\$'000	Audited As at 31 Dec 2022 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Intangible assets	5,893,965	5,855,895
Investment properties	1,782,704	1,819,589
Property, plant and equipment	7,761,821	7,869,412
Right-of-use assets	3,327,441	3,221,273
Associates and joint ventures	1,600,812	1,642,761
Financial assets at fair value through other comprehensive income	398,137	554,962
Investment in convertible bonds	5,864	5,538
Deferred taxation	666,287	463,169
Other non-current assets	198,583	-
	21,635,614	21,432,599
Current assets		
Financial assets at fair value through profit or loss	428	38,137
Inventories	509,479	482,035
Accounts receivable, prepayments and deposits	11,982,859	13,406,909
Tax recoverable	499,092	721,645
Amounts due from fellow subsidiaries	25,068	-
Amounts due from associates	9,340	-
Restricted and pledged bank deposits	12,850	12,383
Cash and bank balances	7,759,501	9,240,365
	20,798,617	23,901,474
Current liabilities		
Lease liabilities	1,257,691	1,196,141
Accounts payable, deposits received and accrued charges	8,761,724	10,695,071
Amounts due to fellow subsidiaries	-	278,252
Amounts due to related companies	137,131	166,063
Taxation	318,151	492,536
Short-term bank loans and current portion of long-term bank loans	2,890,010	2,226,402
Loans from non-controlling interests	6,862	6,862
Bank overdrafts	45,996	83,801
	13,417,565	15,145,128

Appendix III : Condensed Consolidated Interim Statement of Financial Position (Cont'd)

	Unaudited As at 30 Jun 2023 HK\$'000	Audited As at 31 Dec 2022 HK\$'000
Non-current liabilities		
Loans from non-controlling interests	237,875	209,144
Long-term bank loans	5,305,914	6,586,447
Lease liabilities	1,499,093	1,453,234
Deferred taxation	683,378	614,209
Retirement benefit obligations	56,379	52,110
Other non-current liabilities	-	24,096
	7,782,639	8,939,240
ASSETS LESS LIABILITIES	21,234,027	21,249,705
EQUITY		
Capital and reserves attributable to the Company's shareholders		
Share capital	903,715	903,712
Share premium	4,074,218	4,074,169
Retained profits and other reserves	13,558,921	13,451,213
	18,536,854	18,429,094
Non-controlling interests	2,697,173	2,820,611
TOTAL EQUITY	21,234,027	21,249,705