

# RESILIENCE IN TIMES OF ADVERSITY

ANNUAL RESULTS 2019



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

0636.HK



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# FINANCIAL HIGHLIGHTS (HK\$'M)



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

▲ **8%**  
41,139

## SEGMENT PROFIT

IL ▲ **15%**  
2,435

## SEGMENT PROFIT

IFF ▲ **13%**  
622

## CORE OPERATING PROFIT

▲ **17%**  
2,765

## CORE NET PROFIT

▲ **4%**  
1,374

## ADJUSTED CORE NET PROFIT (w/o IFRS16)

▲ **8%**  
1,429

## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

▲ **55%**  
3,788

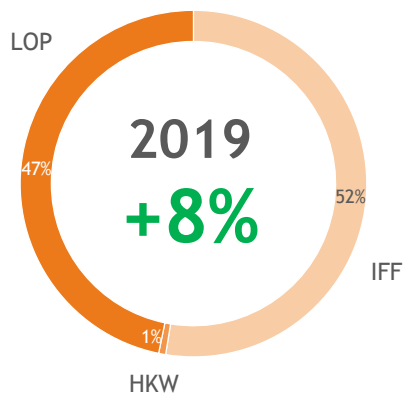
## DIVIDEND (HK CENTS PER SHARE)

SPECIAL  
(PAID)  
**35**

INTERIM  
(PAID)  
**9**

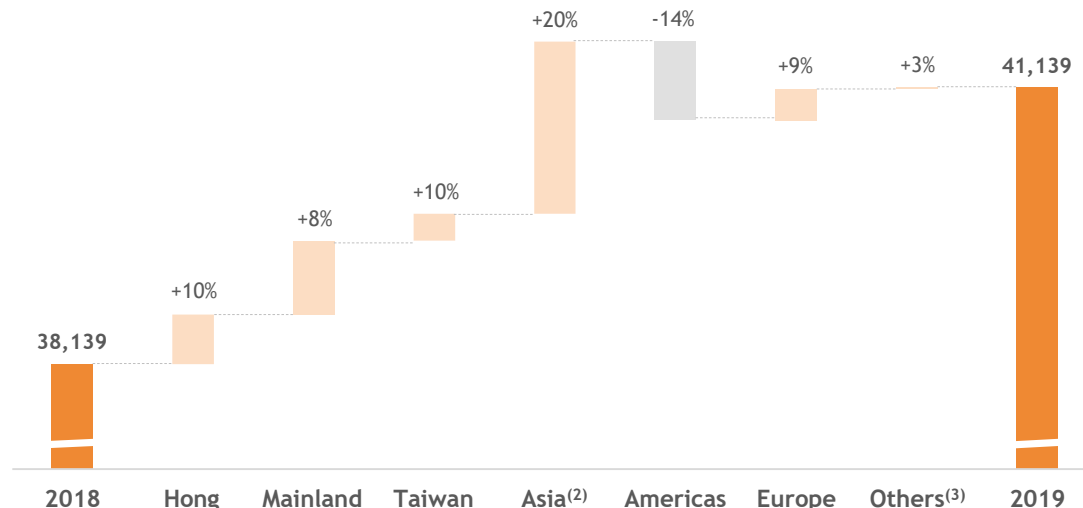
FINAL  
(DECLARED)  
**18**

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



## Revenue Change by Region

(in HK\$'M, comparable growth in %)



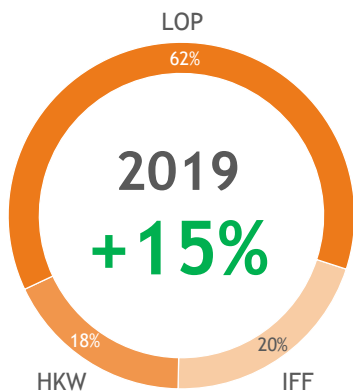
	HK\$' M	YoY
<b>IL</b>	<b>19,512</b>	<b>+16%</b>
- Logistics Operations	19,244	+ 16%
- HK Warehouse	268	- 21%
<b>IFF</b>	<b>21,627</b>	<b>+2%</b>
<b>Total</b>	<b>41,139</b>	<b>+ 8%</b>

	Hong Kong	Mainland China	Taiwan	Asia <sup>(2)</sup>	Americas	Europe	Others <sup>(3)</sup>	2019
<b>Contribution</b>	<b>14%</b>	<b>26%</b>	<b>8%</b>	<b>28%</b>	<b>13%</b>	<b>10%</b>	<b>1%</b>	<b>100%</b>
Revenue <sup>(1)</sup> (HK\$'M)	5,678	10,790	3,266	11,420	5,453	3,919	613	41,139

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

<sup>(2)</sup> Asia ex-Greater China.

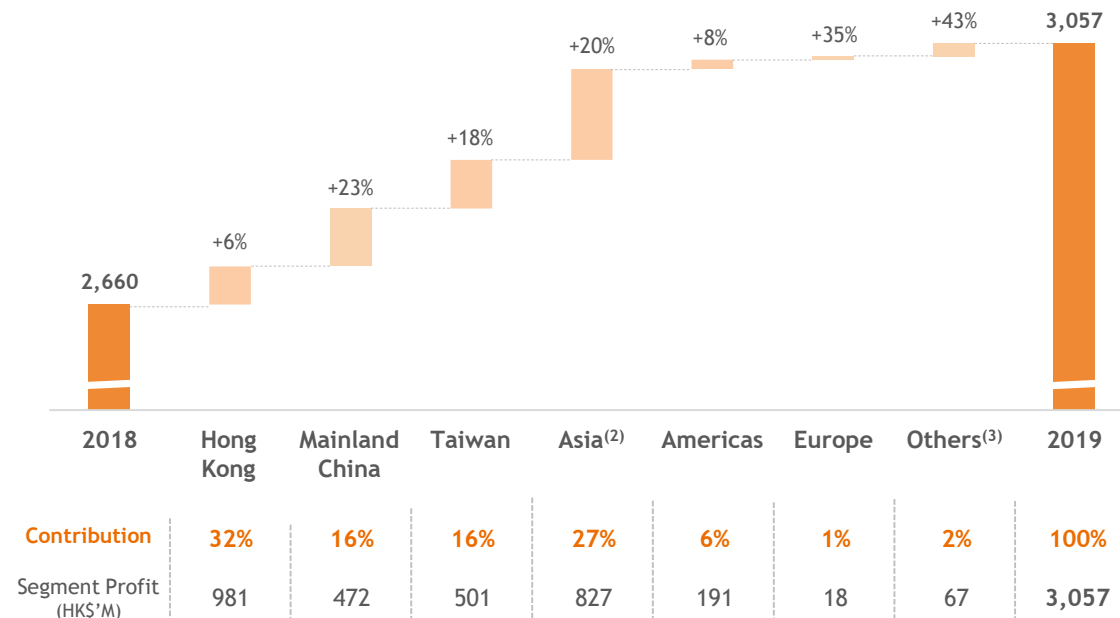
<sup>(3)</sup> Includes Oceania, Senegal and South Africa.



	HK\$' M	YoY
<b>IL</b>	<b>2,435</b>	<b>+15%</b>
- Logistics Operations	1,894	+ 22%
- HK Warehouse	541	- 3%
<b>IFF</b>	<b>622</b>	<b>+13%</b>
<b>Total</b>	<b>3,057</b>	<b>+ 15%</b>

## Segment Profit Change by Region

(in HK\$'M, comparable growth in %)



<sup>(2)</sup> Asia ex-Greater China.

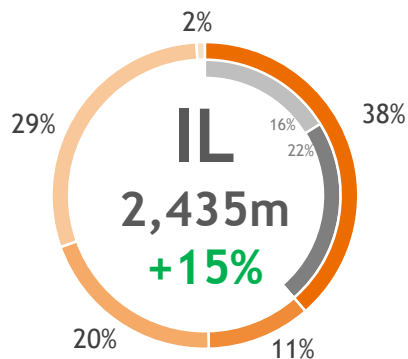
<sup>(3)</sup> Includes Oceania, Senegal and South Africa.

## PnL Impact

	Reported		IFRS16 Impact	Results w/o IFRS16	
	HK\$'M	YoY%	HK\$'M	HK\$'M	YoY%
<b>Segment Profit</b>	<b>3,057</b>	<b>15%</b>	20	<b>3,037</b>	<b>14%</b>
Unallocated expenses	(292)			(292)	
<b>Core Operating Profit</b>	<b>2,765</b>	<b>17%</b>		<b>2,745</b>	<b>16%</b>
Net finance costs	(317)		(112)	(205)	
Share of results of associates & JVs	85			85	
Profit before taxation	2,533			2,625	
Taxation	(605)			(605)	
Profit for the year	1,928			2,020	
Non-controlling interests	(554)		37	(591)	
<b>Core Net Profit</b>	<b>1,374</b>	<b>4%</b>	<b>(55)</b>	<b>1,429</b>	<b>8%</b>

## B/S Impact

<b>Non-current Assets</b>	HK\$'M
As of 31.12.2018	28,149
IFRS16 Impact	2,506
As of 1.1.2019	30,655
<b>Current Liabilities</b>	HK\$'M
As of 31.12.2018	12,319
IFRS16 Impact	673
As of 1.1.2019	12,992
<b>Long-term Liabilities</b>	HK\$'M
As of 31.12.2018	7,046
IFRS16 Impact	1,833
As of 1.1.2019	8,879



Segment Profit	HK\$ M	YoY
● Hong Kong	931	+ 6%
● LOP	390	+ 23%
● HKW	541	- 3%
● Mainland China	265	+ 22%
● Taiwan	480	+ 19%
● <b>Greater China</b>	<b>1,676</b>	<b>+ 12%</b>
● Asia <sup>(2)</sup>	713	+ 22%
● Others <sup>(3)</sup>	46	+ 55%
<b>Total</b>	<b>2,435</b>	<b>+ 15%</b>

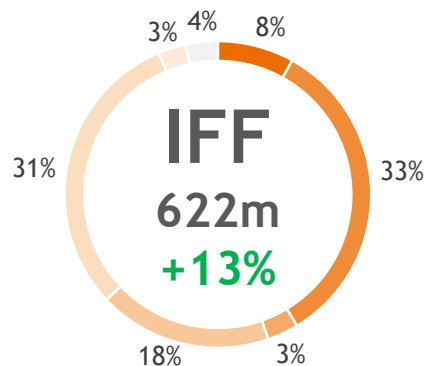
- With the resilient business model, recorded growth from expanding e-commerce exposure and new customer wins in Food & Beverage, Pharmaceutical & General Services divisions

- Enhanced the efficiency of the ground transportation network

- Benefited from the repatriation of semi conductor sector from China

- Operations in Thailand continue taking the lead  
Financed HK\$ 70m in Kerry Express Network (Malaysia, Vietnam & Indonesia)





Segment Profit	HK\$ M	YoY
● Hong Kong	50	+ 5%
● Mainland China	207	+ 23%
● Taiwan	21	- 6%
● <b>Greater China</b>	<b>278</b>	<b>+ 17%</b>
● Asia <sup>(2)</sup>	114	+ 9%
● Americas	191	+ 8%
● Europe	18	+ 35%
● Others <sup>(3)</sup>	21	+ 23%
<b>Total</b>	<b>622</b>	<b>+ 13%</b>

## Network Expansion

- Our global network coverage extends to 55 countries and territories
- ASAV in Turkey joined with strong airfreight capabilities for our EMEA connections

## Project Logistics & Rail Services

- Strengthening the project logistics capabilities and rail services

## Rankings



Worldwide

Armstrong & Associates  
Top 25 Global Freight Forwarders



Hong Kong

IATA  
Top 10 Freight Forwarders

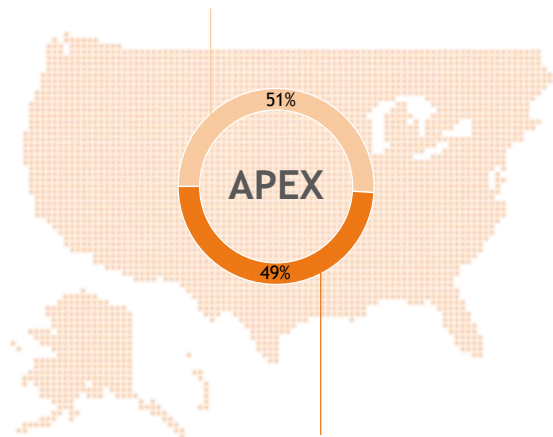


Transpacific

Datamyne  
Asia to USA NVOCC Ranking

## Acquisition of Remaining 49% in Apex US

Acquired by the Group in 2016



Acquisition completed on 31 Mar 2020

**US\$176m**

70% in newly issued KLN Shares<sup>(4)</sup>  
30% in Cash

## Proposed Spin-off of Kerry Express Thailand

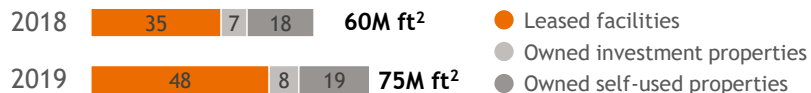
**Feb 2020** Submitted IPO application to Securities and Exchange Commission, Thailand.

**Today** State of Emergency declared until 30 April  
Delay in the IPO process is expected.

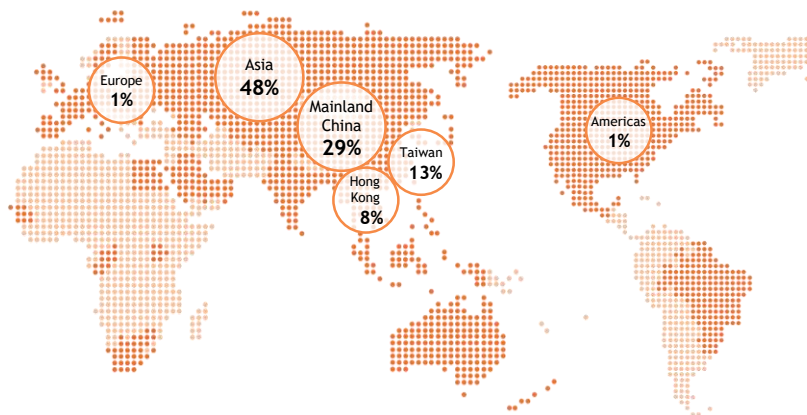


## GFA 75M ft<sup>2</sup>

### GFA under Management

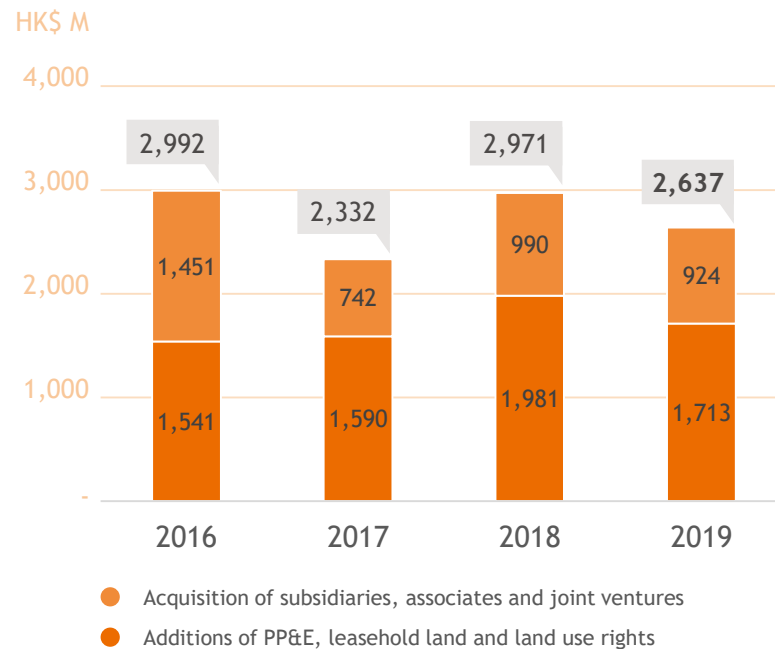


### GFA by Geographical Area

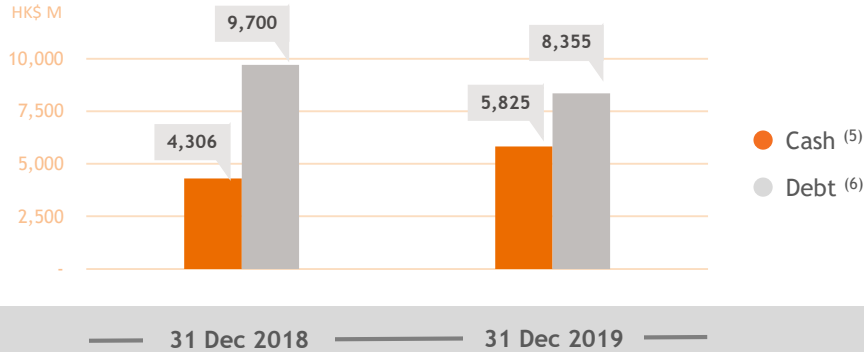


## CAPEX HK\$ 2,637M

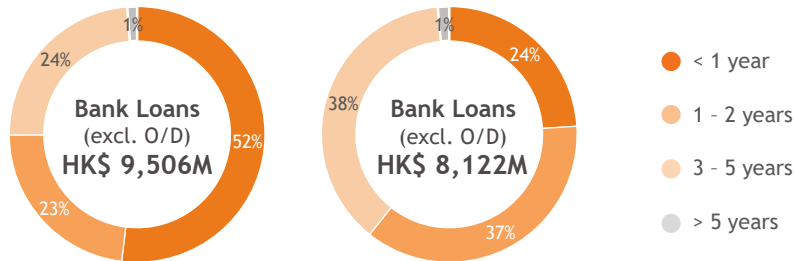
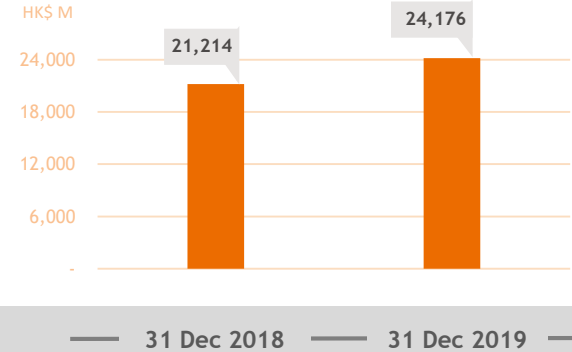
### CAPEX



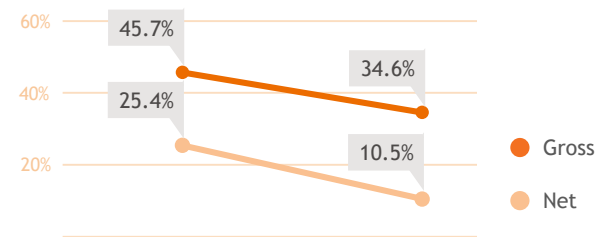
## CASH & DEBT



## SHAREHOLDERS EQUITY



## DEBT MATURITY



## GEARING RATIO

## Survival needs to Aftermath Chaos

### Domestic



**Essential & Medical**

**Domestic demand in Hong Kong,  
Taiwan, Thailand and Asia**

### Global



**Uncertainty for  
non-essential consumer goods**

**Solid diversified capabilities to help  
reestablish global supply chains**

# APPENDICES

# Appendix I: Consolidated Income Statement



	For the year ended 31 Dec	
	2019 HK\$'000	2018 HK\$'000
Revenue	41,139,102	38,138,528
Direct operating expenses	(35,736,601)	(33,382,961)
Gross profit	5,402,501	4,755,567
Other income and net gains	199,801	176,462
Administrative expenses	(2,841,723)	(2,538,268)
Operating profit before gain on disposal of warehouses and fair value change of investment properties	2,760,579	2,393,761
Gain on disposal of warehouses	1,957,540	-
Change in fair value of investment properties	482,873	1,097,933
Operating profit	5,200,992	3,491,694
Finance costs	(358,171)	(224,245)
Share of results of associates and joint ventures	85,530	110,734
Profit before taxation	4,928,351	3,378,183
Taxation	(588,951)	(506,561)
Profit for the year	4,339,400	2,871,622
Profit attributable to:		
Company's shareholders	3,788,323	2,439,775
Non-controlling interests	551,077	431,847
	4,339,400	2,871,622
Earnings per share		
- Basic	HK\$2.21	HK\$1.44
- Diluted	HK\$2.21	HK\$1.43

## Appendix II: Consolidated Statement of Financial Position



ASSETS AND LIABILITIES	As at 31 Dec 2019 HK\$'000	As at 31 Dec 2018 HK\$'000
<b>Non-current assets</b>		
Intangible assets	4,764,904	4,250,877
Investment properties	10,308,139	11,039,020
Leasehold land and land use rights	-	590,450
Property, plant and equipment	11,343,539	10,347,048
Right-of-use assets	3,985,642	-
Associates and joint ventures	1,386,733	1,472,268
Financial assets at fair value through other comprehensive income	150,843	170,799
Investment in convertible bonds	191,789	192,710
Deferred taxation	73,878	85,580
	32,205,467	28,148,752
<b>Current assets</b>		
Financial assets at fair value through profit or loss	119,731	261,884
Investment in convertible bond	349,194	351,052
Inventories	504,671	425,217
Accounts receivable, prepayments and deposits	10,148,966	9,502,889
Tax recoverable	24,849	15,281
Amounts due from fellow subsidiaries	5,223	1,508
Restricted and pledged bank deposits	20,622	20,148
Cash and bank balances	5,825,246	4,305,949
	16,998,502	14,883,928
<b>Current liabilities</b>		
Lease liabilities	961,585	-
Accounts payable, deposits received and accrued charges	7,387,785	6,795,738
Amounts due to fellow subsidiaries	9,788	-
Amounts due to related companies	28,729	24,795
Taxation	411,331	368,407
Short-term bank loans and current portion of long-term bank loans	1,947,820	4,936,902
Bank overdrafts	233,750	193,076
	10,980,788	12,318,918



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



	As at 31 Dec 2019 HK\$'000	As at 31 Dec 2018 HK\$'000
<b>Non-current liabilities</b>		
Loans from non-controlling interests	223,805	177,833
Long-term bank loans	6,173,790	4,569,564
Lease liabilities	2,545,880	-
Deferred taxation	656,212	673,955
Retirement benefit obligations	124,389	112,921
Other non-current liabilities	1,424,610	1,511,941
	11,148,686	7,046,214
<b>ASSETS LESS LIABILITIES</b>	<b>27,074,495</b>	<b>23,667,548</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's shareholders</b>		
Share capital	858,102	852,632
Share premium and other reserves	2,992,215	3,140,183
Retained profits	20,325,662	17,221,259
	24,175,979	21,214,074
Put option written on non-controlling interests	(1,162,630)	(1,170,801)
	23,013,349	20,043,273
Non-controlling interests	4,061,146	3,624,275
<b>TOTAL EQUITY</b>	<b>27,074,495</b>	<b>23,667,548</b>

# THANK YOU



VALUE CREATION  
 OPENNESS  
 INTEGRITY  
 COMMITMENT  
 EXCELLENCE