

ANNUAL RESULTS 2015

RIDING THE WAVES
WITH CLEAR DIRECTION

KERRY
LOGISTICS

Stock code: 636

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CORE NET PROFIT (HK\$)

1,061
million
+9%



CORE OPERATING PROFIT

+12%



IL
SEGMENT PROFIT

+13%

IFF
SEGMENT PROFIT

+7%

TURNOVER (HK\$)

21,079
million

PROFIT ATTRIBUTABLE TO
THE SHAREHOLDERS (HK\$)

1,804
million
+9%

DIVIDEND
PAYOUT
RATIO

26%

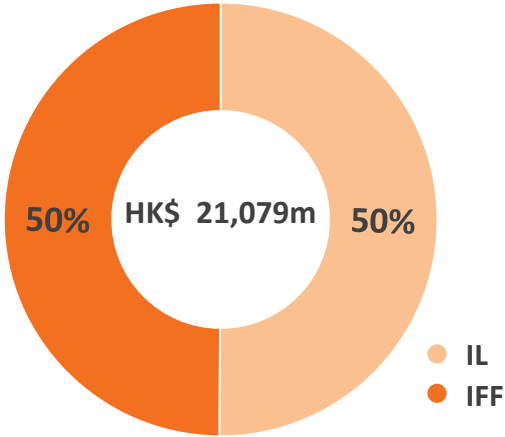
NET ASSET
VALUE PER
SHARE (HK\$)

9.11

FINAL
DIVIDEND
10 HK CENTS
PER SHARE

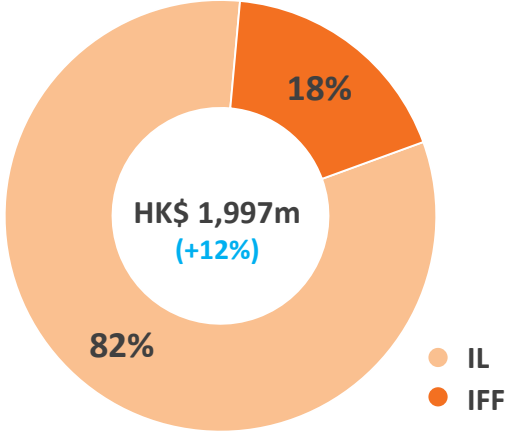
GROSS
GEARING
33.8%

Turnover⁽¹⁾

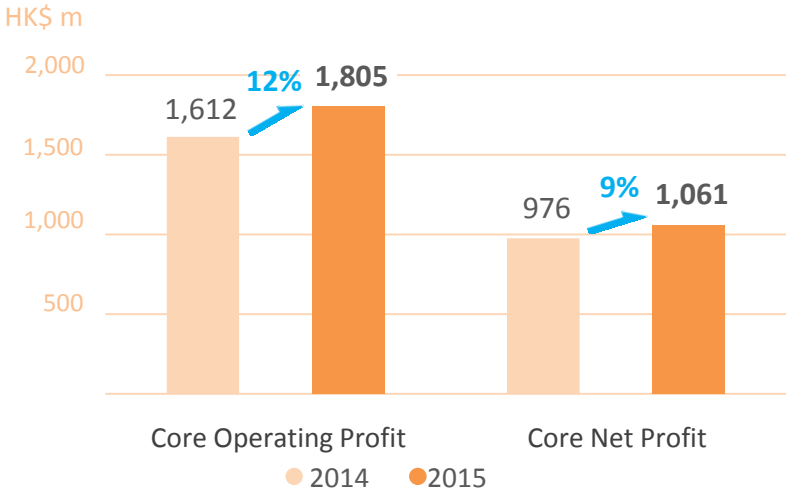


Integrated Logistics (IL) consists of Logistics Operations (LOP) and Hong Kong Warehouse (HKW)

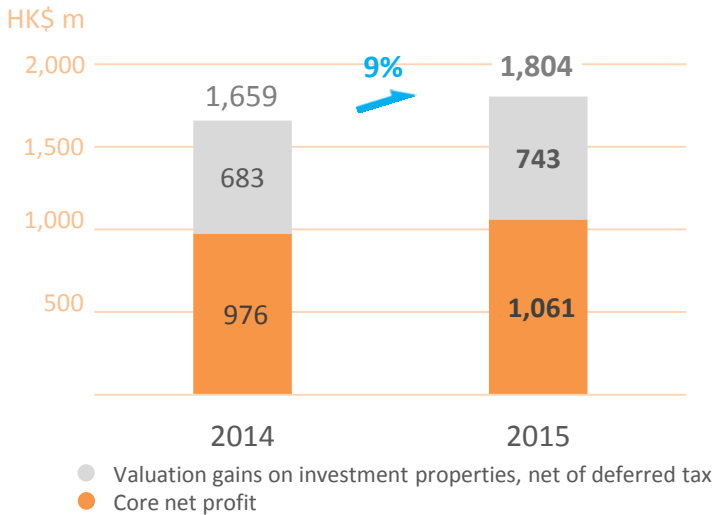
Segment Profit



Core Profits

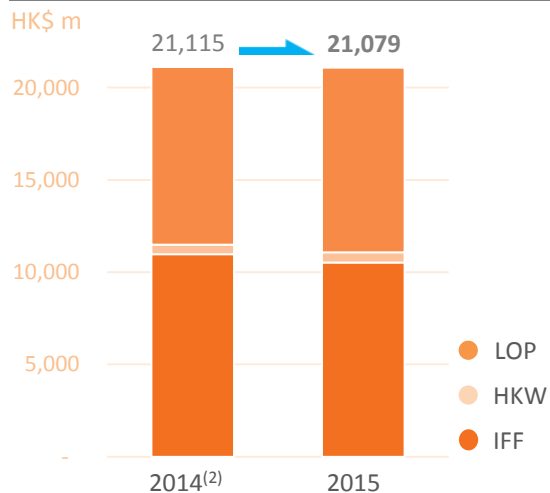


Profit Attributable to Shareholders

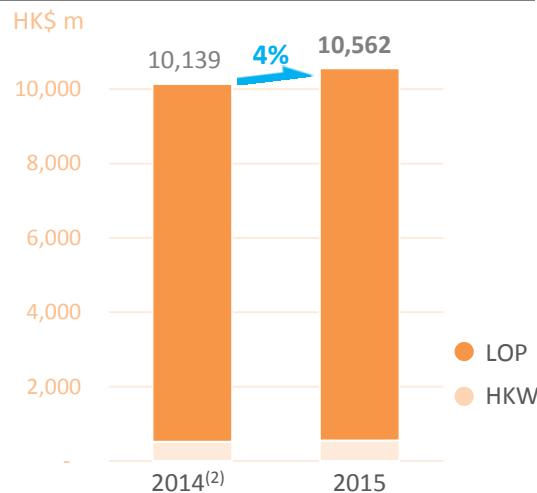


⁽¹⁾ Turnover after elimination of inter-segment transactions

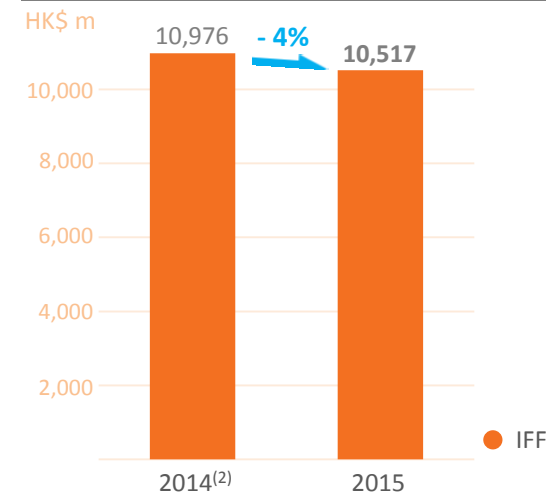
Turnover⁽¹⁾



IL

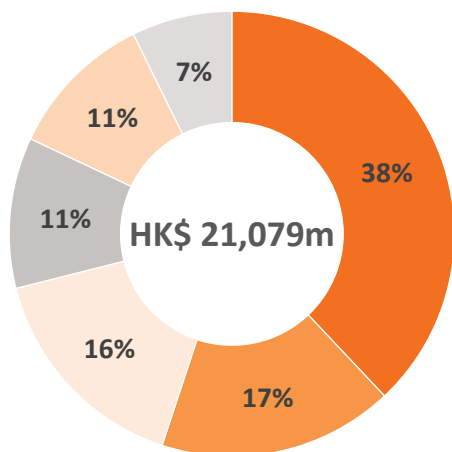


IFF



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

Turnover⁽¹⁾ by Geographical Area



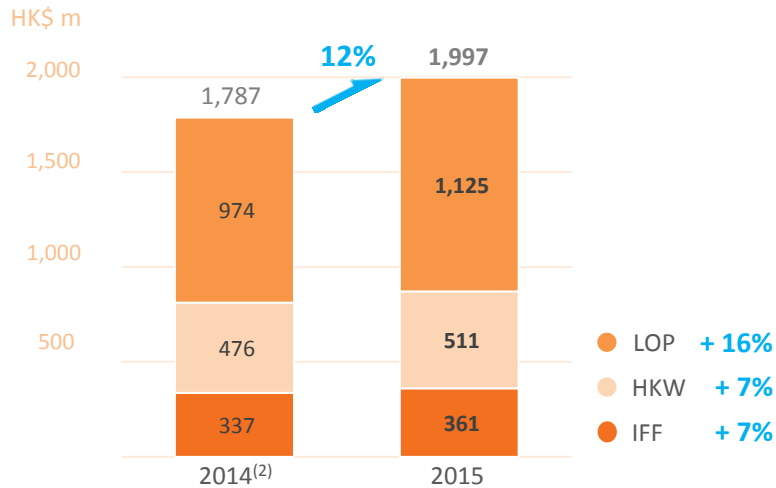
HK\$ M	2014 ⁽²⁾	2015	YoY
● Mainland China	8,753	8,005	- 9%
● Hong Kong	3,221	3,604	+ 12%
● South & SE Asia	3,117	3,370	+ 8%
● Europe	2,959	2,310	- 22%
● Taiwan	2,219	2,253	+ 2%
● Others ⁽³⁾	846	1,537	+ 82%

⁽¹⁾ Turnover after elimination of inter-segment transactions

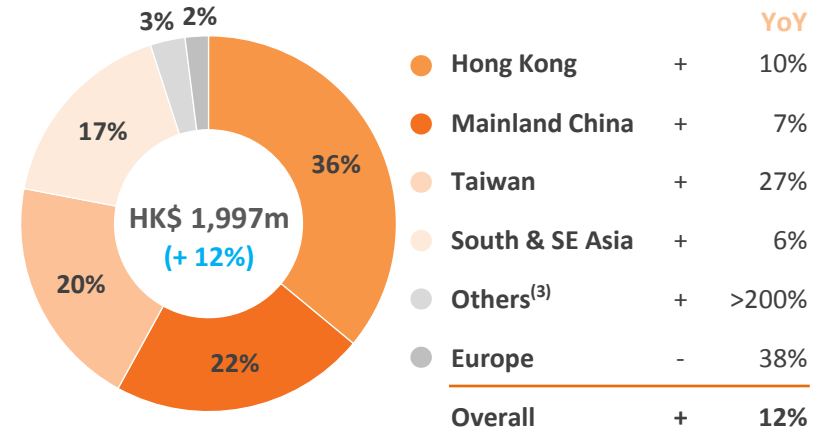
⁽²⁾ Certain 2014 comparatives were restated to conform to the 2015 presentation

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

Segment Profit

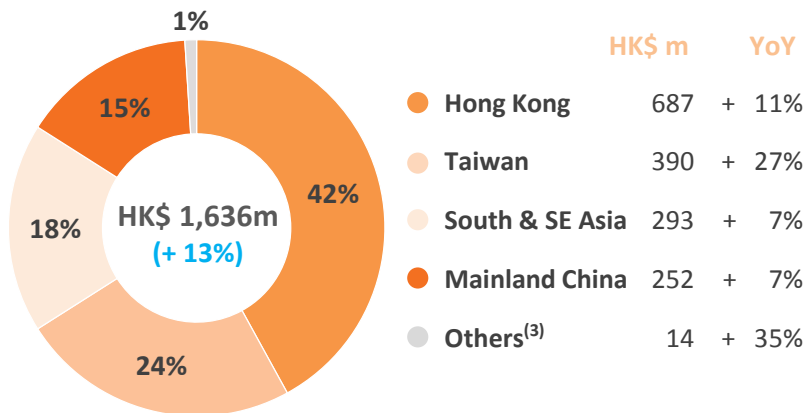


Segment Profit – By Area



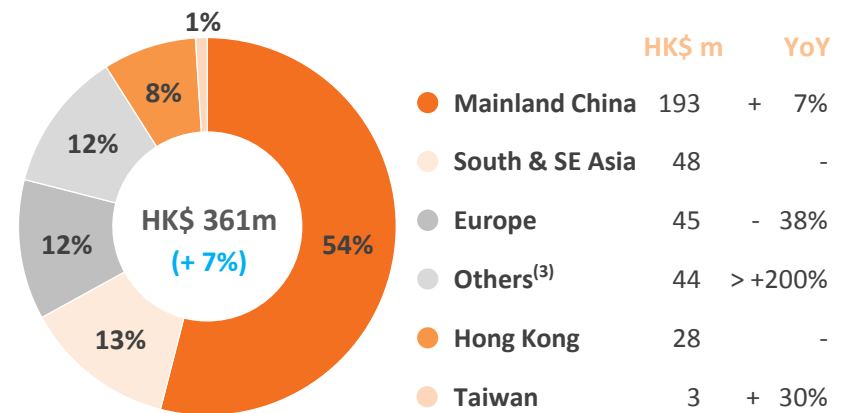
82%

IL - By Area



18%

IFF – By Area



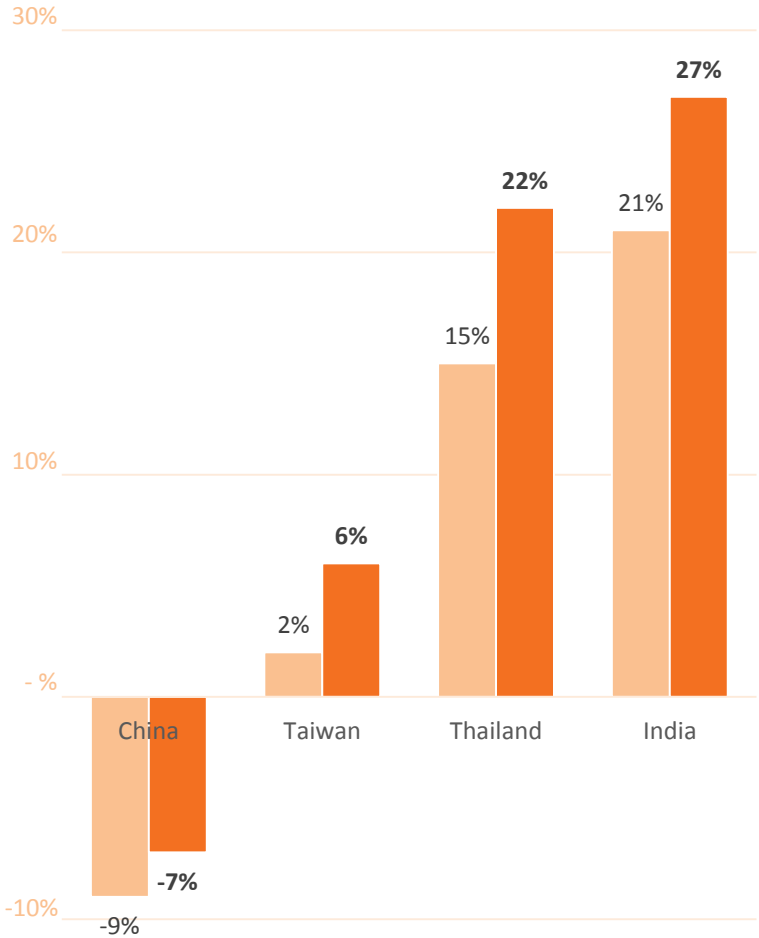
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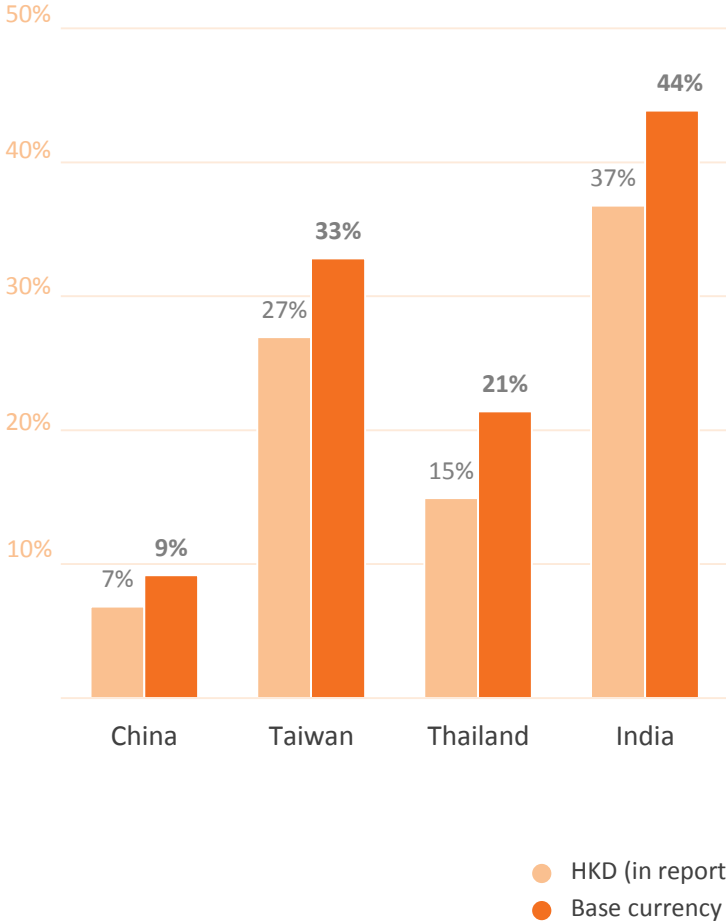
⁽³⁾ Others includes mainly Oceania, Middle East, Americas, Japan and Korea

Dilutive Impact of FX Fluctuations

Turnover Growth



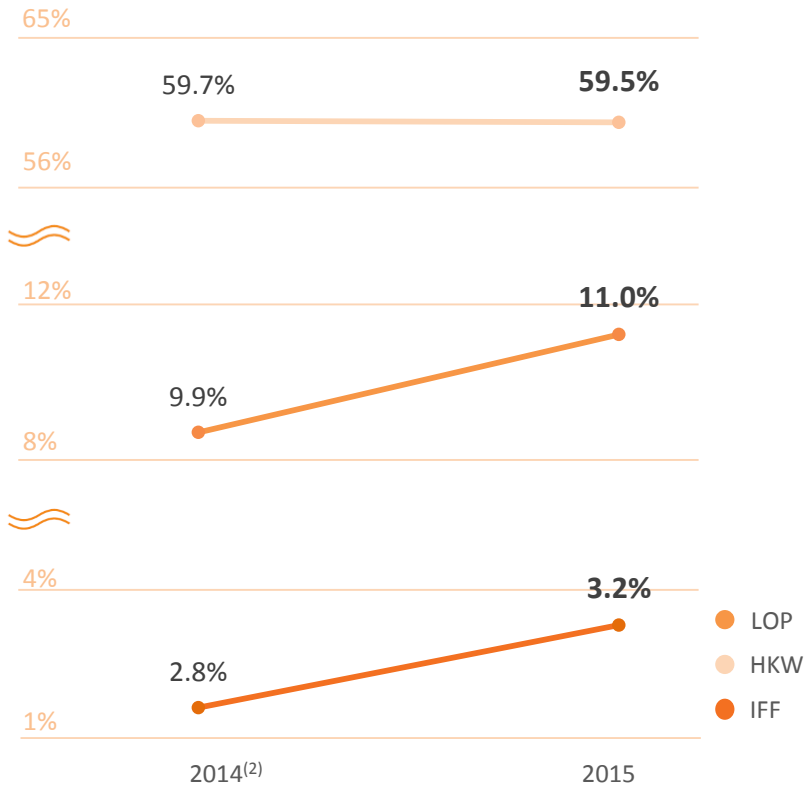
Segment Profit Growth



● HKD (in reporting)
● Base currency

Segment Profit Margin & Core Net Profit

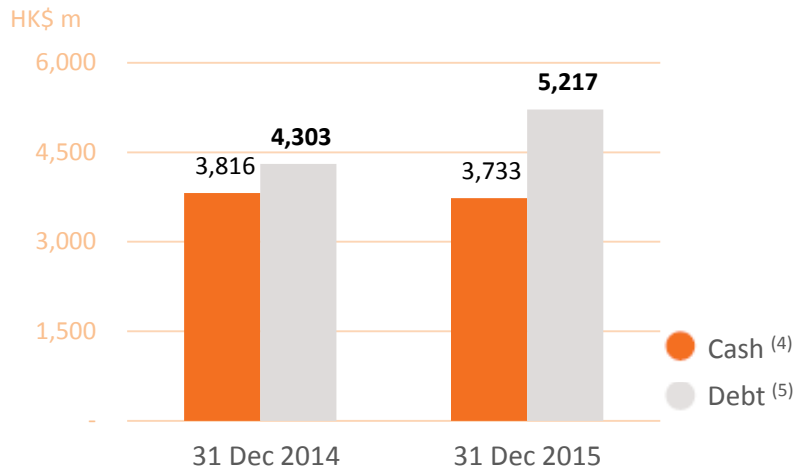
Segment Profit Margin



Core Net Profit

	HK\$ m	YoY
Segment Profit	1,997	+ 12%
Less Unallocated Expenses	(192)	+ 10%
Core Operating Profit	1,805	+ 12%
Net finance costs	(106)	+ 47%
Results of Associates	103	+ 13%
Profit before taxation	1,802	+ 11%
Taxation	(401)	+ 15%
Profit after taxation	1,401	+ 9%
Non-controlling interests	(340)	+ 12%
Core Net Profit	1,061	+ 9%

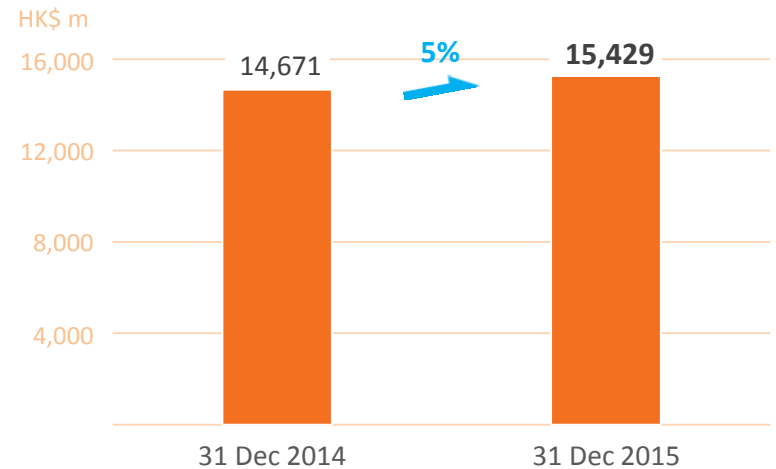
Cash & Debt



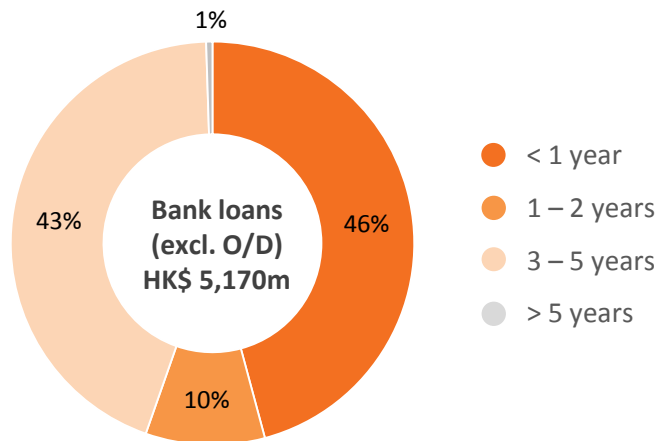
⁽⁴⁾ Cash and bank balances

⁽⁵⁾ Total bank loans and overdrafts

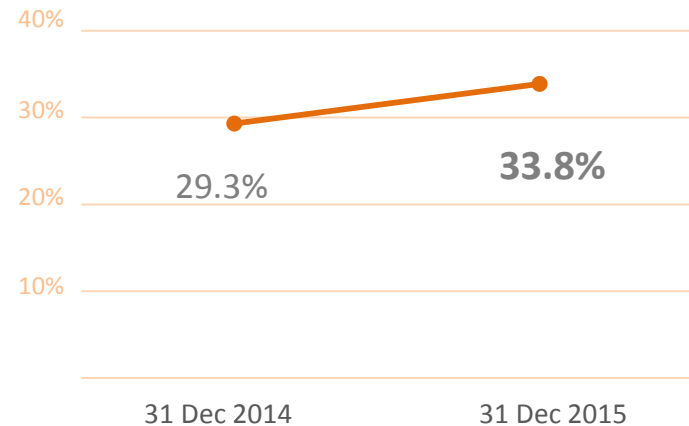
Shareholders' Equity



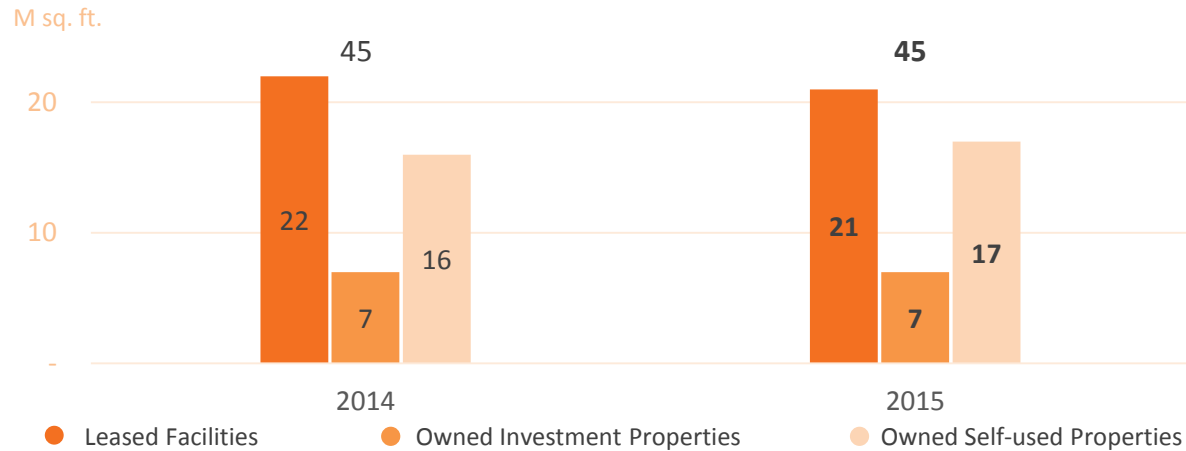
Debt Maturity



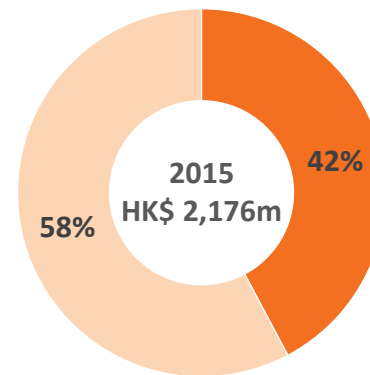
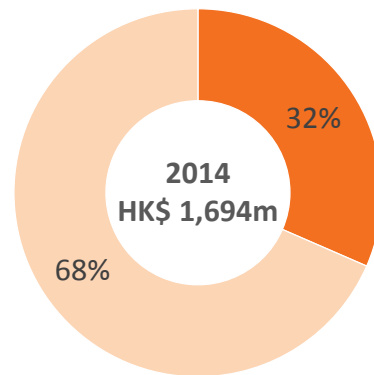
Gearing Ratio



GFA Under Management



CAPEX



● Additions of PPE, investment properties, leasehold land and land use rights

● Acquisition of subsidiaries and associates

Myanmar

Awarded concession to operate **inland ports** in Yangon and Mandalay

Cambodia

Acquired majority stakes in a **local express company**;

Commenced construction of a **new FTZ bonded warehouse** (213,000 sq. ft.)

Indonesia

Invested in one of the largest logistics companies in Indonesia

Thailand

Commenced operation of **Kerry Bangna Logistics Centre** (191,000 sq. ft.) as central hub and e-commerce fulfillment centre for Kerry Express

Commenced phase 4 expansion of **Kerry Siam Seaport**

Malaysia

Acquired majority stakes in a **local express company**

Manufacturing continues to shift from China into ASEAN countries

AFTA leads to an increase in cross-border traffic

E-commerce opportunities continue to emerge in ASEAN countries

Upward trend in import of consumer goods

Increasing demand of sophisticated supply chains services

Significant opportunities of government backed “Belt and Road” initiatives

Beijing

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

Xi’an

Xi’an Logistics Centre under construction (279,000 sq. ft.)

Wuxi

Wuxi Logistics Centre under construction (197,000 sq. ft.)

Shanghai

China flagship facility under construction (1,100,000 sq. ft.)

Chengdu

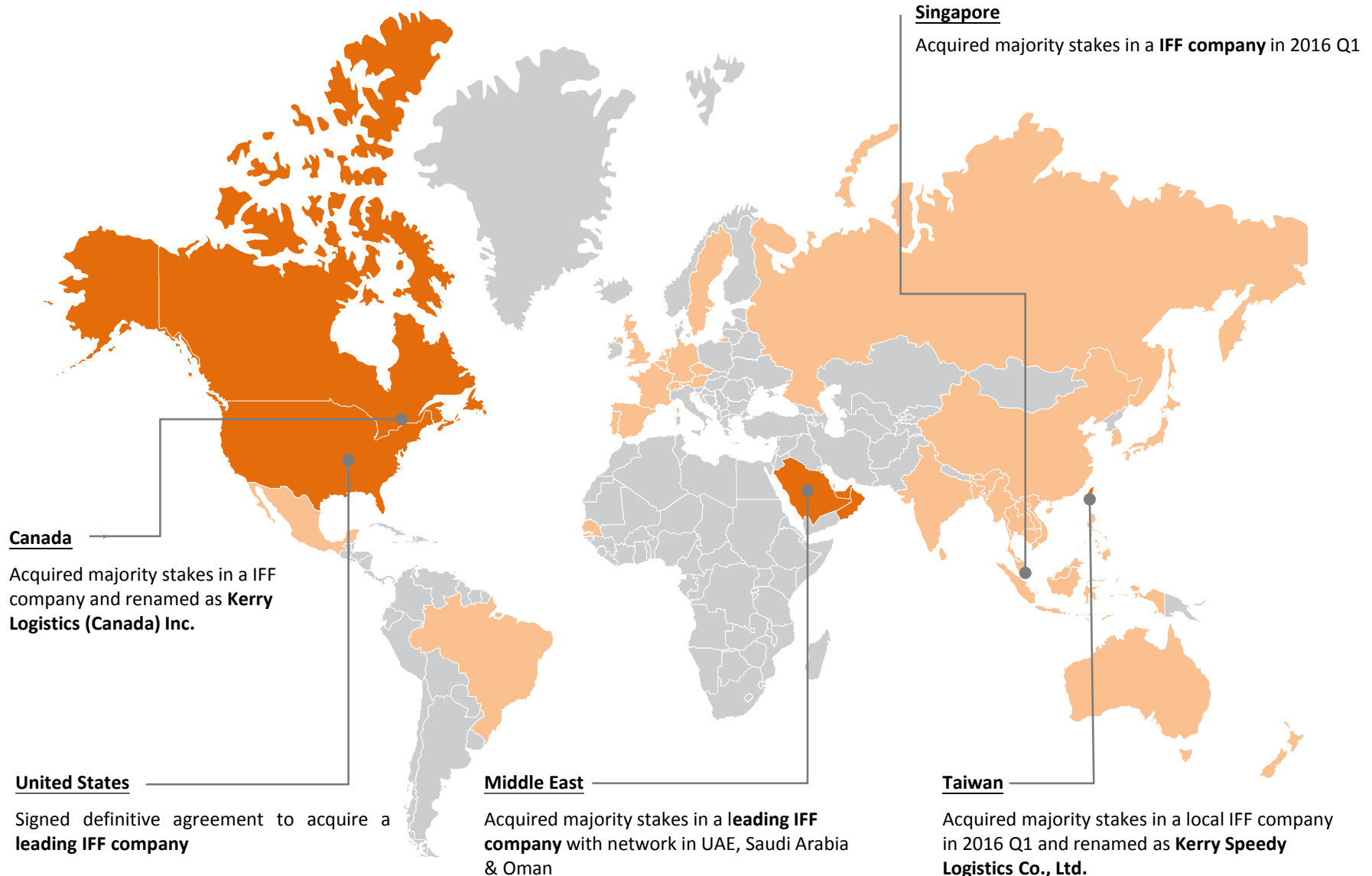
Completed a logistics facility with 592,000 sq. ft. and is now under operation

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

Greater China remains to be key contributor generating sustainable growth

2

Slowdown in China's export brings fair share of challenges and opportunities

3

ASEAN continues to be a strategic area of growth riding on its economic integration

4

Networks in Europe, the Americas and Africa continue to widen systematically

5

E-commerce remains an important constituent of growth in coming years

Q & A

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APPENDIX

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Appendix I – Consolidated Income Statement

	For the year ended 31 December	
	Audited 2015 HK\$'000	Audited 2014 HK\$'000
Turnover	21,079,494	21,115,249
Direct operating expenses	(17,658,619)	(17,975,806)
Gross profit	3,420,875	3,139,443
Other income and net gains	132,903	89,452
Administrative expenses	(1,720,070)	(1,587,063)
Operating profit before fair value change of investment properties	1,833,708	1,641,832
Change in fair value of investment properties	744,306	686,523
Operating profit	2,578,014	2,328,355
Finance costs	(134,650)	(102,419)
Share of results of associates	103,125	91,377
Profit before taxation	2,546,489	2,317,313
Taxation	(401,323)	(352,981)
Profit for the year	2,145,166	1,964,332
Profit attributable to:		
Company's shareholders	1,804,445	1,658,830
Non-controlling interests	340,721	305,502
	2,145,166	1,964,332
Earnings per share		
- Basic	HK\$1.07	HK\$0.98
- Diluted	HK\$1.06	HK\$0.98

Appendix II – Consolidated Statement of Financial Position

	Audited As at 31 Dec 2015	Audited As at 31 Dec 2014
	HK\$'000	HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Intangible assets	2,144,064	1,834,776
Investment properties	8,118,602	7,456,242
Leasehold land and land use rights	538,443	580,941
Property, plant and equipment	7,028,223	6,652,889
Associates	1,136,543	1,059,662
Available-for-sale investments	105,617	94,477
Investment in convertible bond	351,689	-
Long-term receivables	7,755	-
	19,430,936	17,678,987
Current assets		
Inventories	317,381	333,866
Accounts receivable, prepayments and deposits	4,891,331	4,734,507
Tax recoverable	3,248	21,963
Amounts due from fellow subsidiaries	2,505	2,117
Restricted and pledged bank deposits	33,638	25,422
Cash and bank balances	3,733,357	3,816,198
	8,981,460	8,934,073
Current liabilities		
Accounts payable, deposits received and accrued charges	3,814,011	3,659,485
Amounts due to fellow subsidiaries	12,272	8,581
Amounts due to related companies	40,664	14,646
Taxation	158,374	166,381
Short-term bank loans and current portion of long-term bank loans	2,368,773	1,245,442
Bank overdrafts	46,613	47,857
	6,440,707	5,142,392

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

	Audited As at 31 Dec 2015 HK\$'000	Audited As at 31 Dec 2014 HK\$'000
Non-current liabilities		
Loans from non-controlling interests	249,311	248,342
Long-term bank loans	2,801,152	3,010,101
Deferred taxation	560,369	541,527
Retirement benefit obligations	265,265	283,032
Other non-current liabilities	115,080	34,890
	<u>3,991,177</u>	<u>4,117,892</u>
ASSETS LESS LIABILITIES	<u>17,980,512</u>	<u>17,352,776</u>
EQUITY		
Capital and reserves attributable to the Company's shareholders		
Share capital	847,207	845,620
Share premium and other reserves	2,463,344	3,266,948
Retained profits	12,118,669	10,558,221
	<u>15,429,220</u>	<u>14,670,789</u>
Non-controlling interest	2,551,292	2,681,987
TOTAL EQUITY	<u>17,980,512</u>	<u>17,352,776</u>