

# DEEPENING & WIDENING

ANNUAL RESULTS 2017



Kerry Logistics Network

0636.HK



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# 2017 FINANCIAL HIGHLIGHTS



30,788

TURNOVER (HK\$ M)

+28%

IL  
1,846

SEGMENT PROFIT (HK\$ M)

+12%

IFF  
511

SEGMENT PROFIT (HK\$ M)

+14%

2,128

CORE OPERATING PROFIT  
(HK\$ M)

+13%



+7%

1,183

CORE NET PROFIT (HK\$ M)



2,116

PROFIT ATTRIBUTABLE TO  
THE SHAREHOLDERS (HK\$ M)

+13%

FINAL  
DIVIDEND  
14  
HK CENTS  
PER SHARE

GROSS  
GEARING  
43.1%

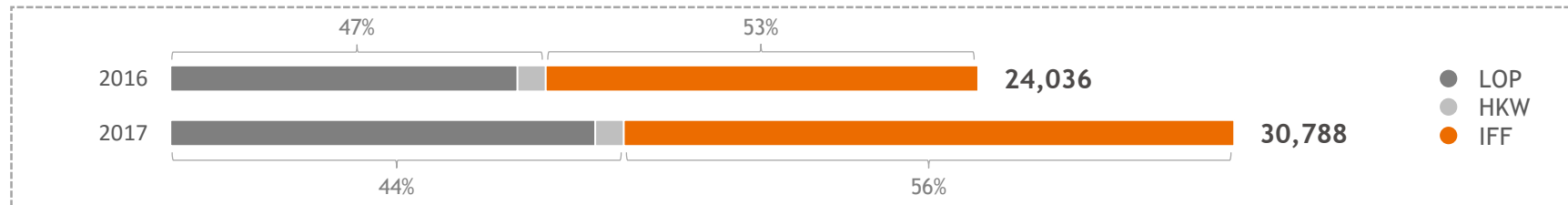
<p>HK\$ M</p> <p><b>+28%</b></p> <p><b>30,788</b></p> <p>TURNOVER</p>	<ul style="list-style-type: none"><li>▲ Increased freight rates</li><li>▲ Synergised business development</li></ul>
<p><b>+13%</b></p> <p><b>2,128</b></p> <p>CORE OPERATING PROFIT</p>	<ul style="list-style-type: none"><li>▲ Strong growth in Asia and steady growth in HK</li><li>▼ Higher overheads in China and rising competition</li><li>▼ IFF operating margin squeezed due to the time lapse in passing sharp increase of freight rates to customers</li></ul>
<p><b>+7%</b></p> <p><b>1,183</b></p> <p>CORE NET PROFIT</p>	<ul style="list-style-type: none"><li>▼ Poor performance of associates (-36% YoY)</li></ul>

# 2017 RESULTS - SUMMARY

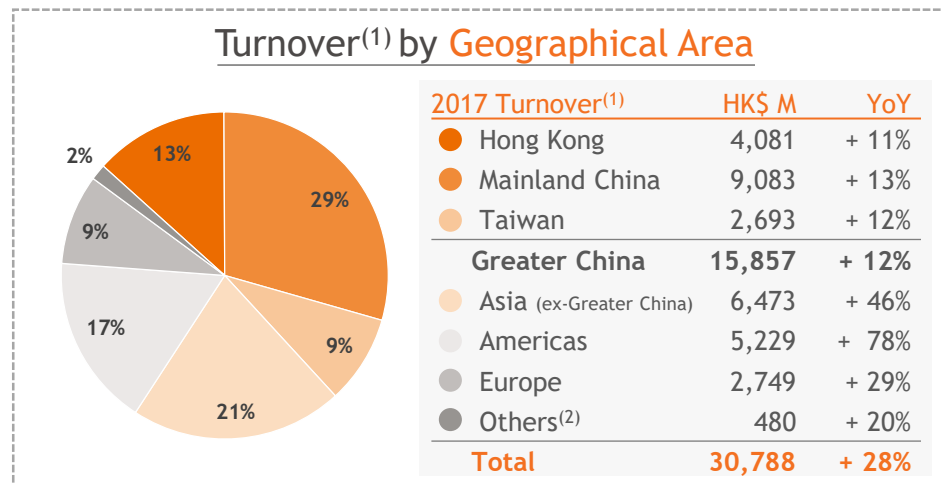


HK\$ M	2017	2016	YoY
<b>Segment profit</b>			
IL	1,846	1,653	+ 12%
- Logistics Operations	1,301	1,131	+ 15%
- Hong Kong Warehouse	545	522	+ 4%
IFF	511	448	+ 14%
<b>Total segment profit</b>	<b>2,357</b>	<b>2,101</b>	<b>+ 12%</b>
Unallocated administrative expenses	(229)	(223)	
<b>Core operating profit</b>	<b>2,128</b>	<b>1,878</b>	<b>+ 13%</b>
<b>Core net profit</b>	<b>1,183</b>	<b>1,104</b>	<b>+ 7%</b>
Change in fair values of investment properties, net of deferred tax	918	773	
Change in fair value of financial instruments	65	-	
Goodwill impairment	(50)	-	
<b>Profit attributable to the Shareholders</b>	<b>2,116</b>	<b>1,877</b>	<b>+ 13%</b>

## TURNOVER<sup>(1)</sup> **HK\$ 30,788M** +28% YoY



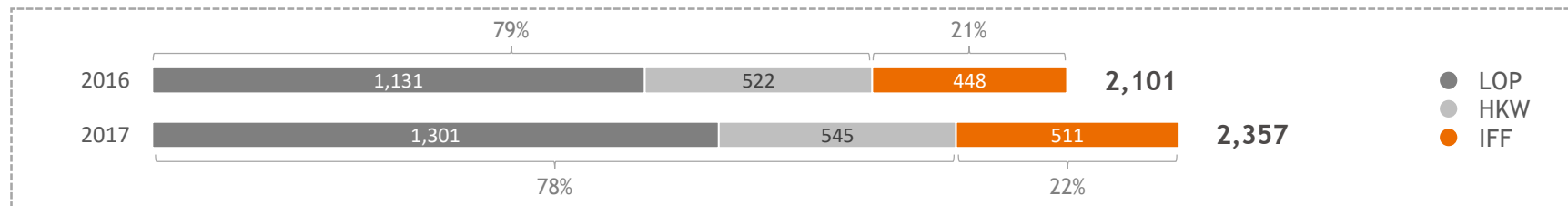
2017 Turnover <sup>(1)</sup>	HK\$ M	YoY
● IL	13,612	+ 20%
● LOP	13,124	+ 21%
● HKW	488	- 9%
● IFF	17,176	+ 35%



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

<sup>(2)</sup> Include Oceania and Senegal

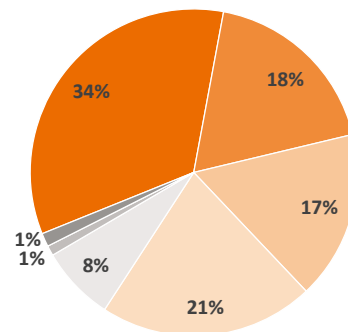
## SEGMENT PROFIT **HK\$ 2,357M** +12% YoY



### 2017 Segment Profit HK\$ M YoY

● IL	1,846	+ 12%
● LOP	1,301	+ 15%
● HKW	545	+ 4%
● IFF	511	+ 14%

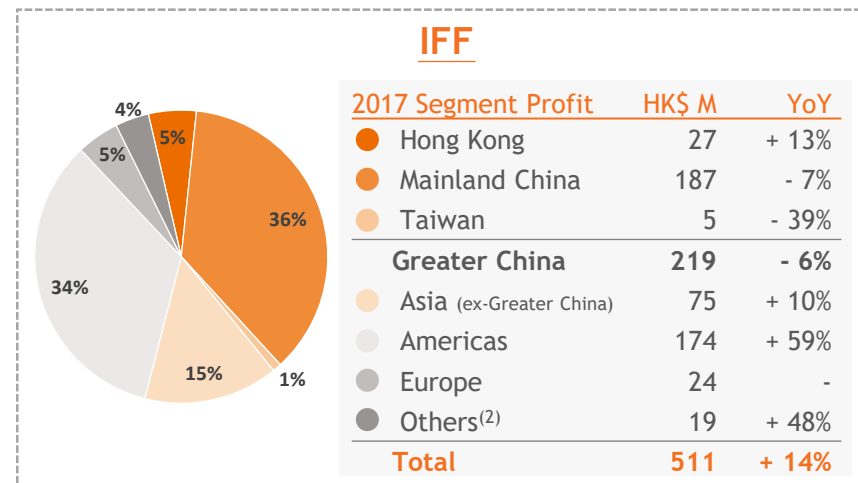
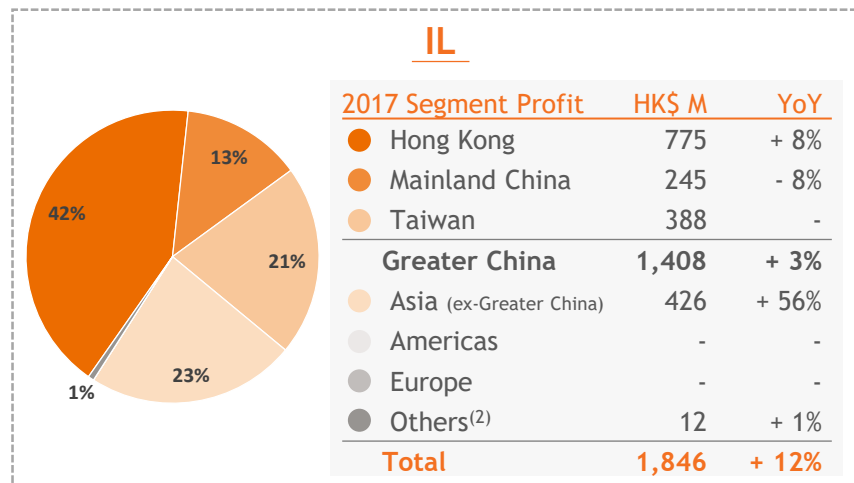
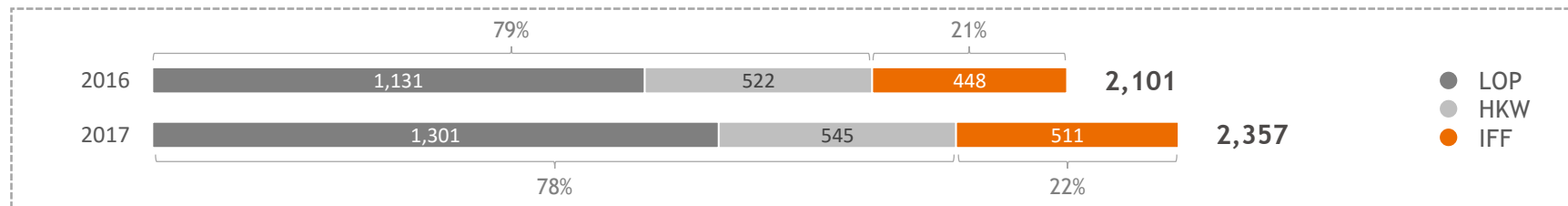
### Segment Profit by Geographical Area



2017 Segment Profit	HK\$ M	YoY
● Hong Kong	802	+ 8%
● Mainland China	432	- 7%
● Taiwan	393	-
<b>Greater China</b>	<b>1,627</b>	<b>+ 2%</b>
● Asia (ex-Greater China)	501	+ 47%
● Americas	174	+ 59%
● Europe	24	-
● Others <sup>(2)</sup>	31	+ 26%
<b>Total</b>	<b>2,357</b>	<b>+ 12%</b>

<sup>(2)</sup> Include Oceania and Senegal

## SEGMENT PROFIT **HK\$ 2,357M** +12% YoY

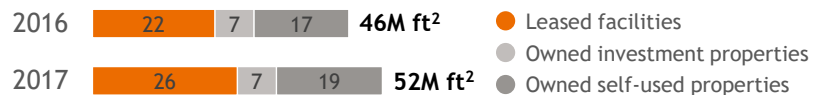


<sup>(2)</sup> Include Oceania and Senegal

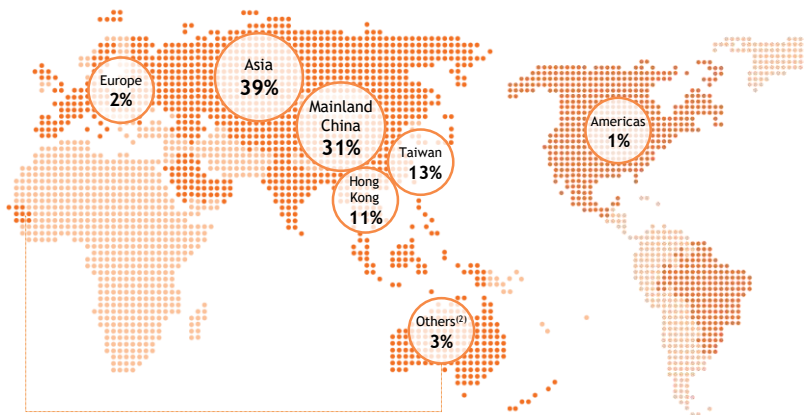


## GFA 52M ft<sup>2</sup>

### GFA under Management

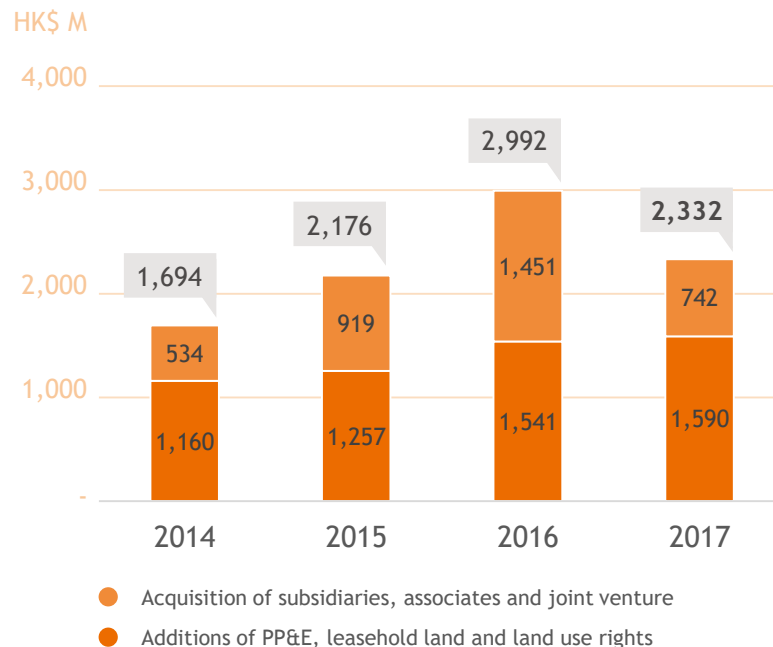


### GFA by Geographical Area

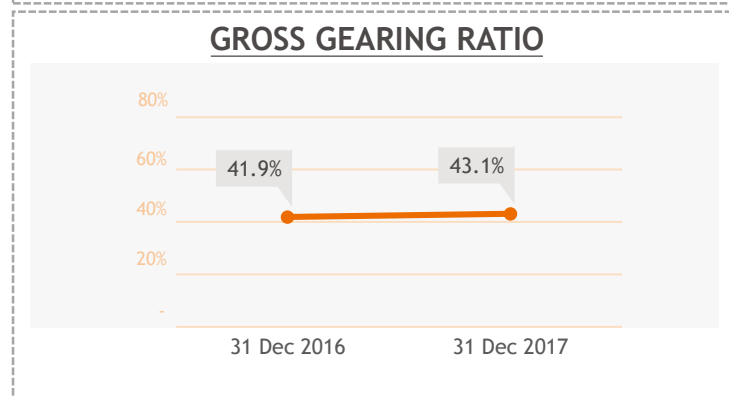
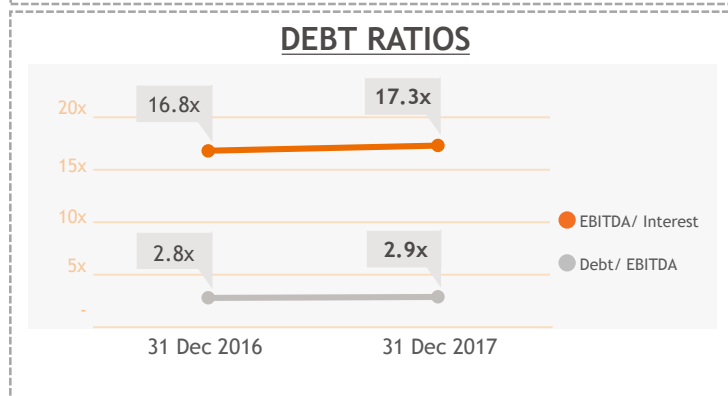
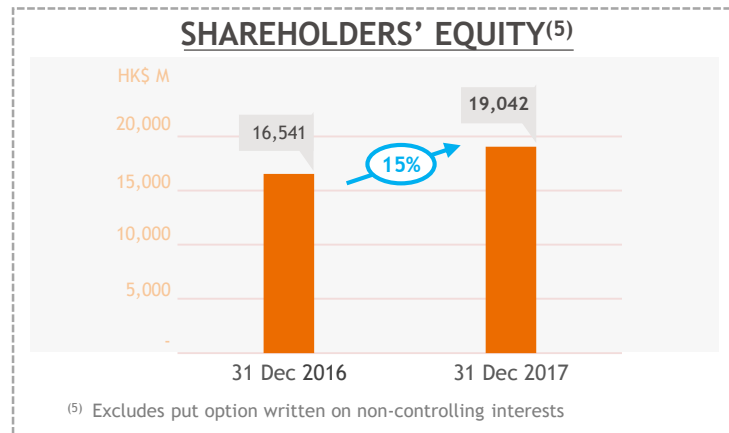
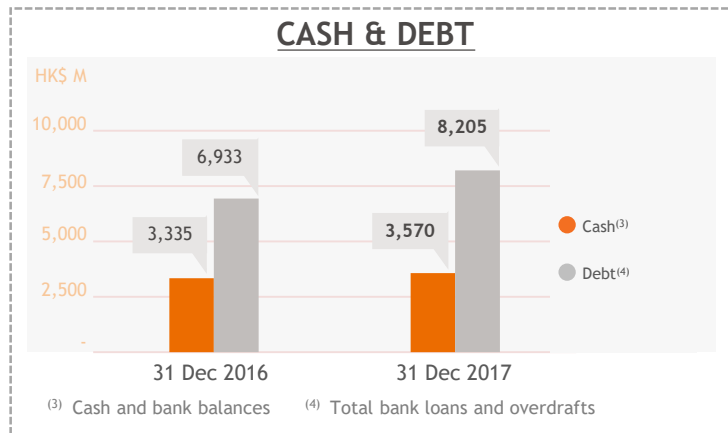


## CAPEX HK\$ 2,332M

### CAPEX




<sup>(2)</sup> Include Oceania and Senegal



## NETWORK EXPANSION

CHINA



51

countries & territories

- + Italy
- + Kazakhstan
- + Uzbekistan

CIS<sup>(6)</sup>

- + Kyrgyzstan
- + Tajikistan
- + Turkmenistan

ITALY

- + Georgia
- + Armenia
- + Azerbaijan
- + Ukraine

## ASSET OPTIMISATION

### Expansion

### Divestment

Completed

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China : Shanghai, Wuxi

Cambodia : Phnom Penh

In Progress

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China : Changsha, Wuhan

Taiwan : Guanyin

Thailand : KSSP, Bangna

Myanmar : Dry Port

Disposed

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Australia : Rail Terminal, Adelaide

In Progress

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Hong Kong : AAT

<sup>(6)</sup> The Commonwealth of Independent States

**1 DEEPENING IN BELT & ROAD**

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**2 CAPITALISING ON E-COMMERCE BOOM**

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**3 KEEPING MOMENTUM IN IFF**

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# Q & A



# Appendix I - Consolidated Income Statement



	For the year ended 31 Dec	
	Audited 2017 HK\$'000	Audited 2016 HK\$'000
Turnover	30,787,654	24,035,567
Direct operating expenses	(26,606,662)	(20,423,980)
Gross profit	4,180,992	3,611,587
Other income and net gains	160,011	166,907
Administrative expenses	(2,178,782)	(1,871,749)
Operating profit before fair value change of investment properties	2,162,221	1,906,745
Change in fair value of investment properties	901,632	770,615
Operating profit	3,063,853	2,677,360
Finance costs	(159,825)	(145,209)
Share of results of associates and joint ventures	64,784	101,003
Profit before taxation	2,968,812	2,633,154
Taxation	(469,350)	(397,596)
Profit for the year	2,499,462	2,235,558
Profit attributable to:		
Company's shareholders	2,115,897	1,877,202
Non-controlling interests	383,565	358,356
	2,499,462	2,235,558
Earnings per share		
- Basic	HK\$1.25	HK\$1.11
- Diluted	HK\$1.25	HK\$1.11

# Appendix II - Consolidated Statement of Financial Position



ASSETS AND LIABILITIES	Audited As at 31 Dec 2017 HK\$'000	Audited As at 31 Dec 2016 HK\$'000
<b>Non-current assets</b>		
Intangible assets	3,884,482	3,224,599
Investment properties	9,892,482	8,836,851
Leasehold land and land use rights	625,550	560,983
Property, plant and equipment	9,423,181	7,868,952
Associates and joint ventures	1,409,486	1,185,520
Available-for-sale investments	100,811	97,988
Investment in convertible bonds	564,397	474,306
Deferred taxation	98,432	118,527
	25,998,821	22,367,726
<b>Current assets</b>		
Financial assets at fair value through profit or loss	109,841	112,708
Inventories	333,758	282,694
Accounts receivable, prepayments and deposits	7,568,472	5,802,531
Tax recoverable	41,236	43,079
Amounts due from fellow subsidiaries	5,641	2,886
Restricted and pledged bank deposits	22,926	18,929
Cash and bank balances	3,569,626	3,334,729
	11,651,500	9,597,556
<b>Current liabilities</b>		
Accounts payable, deposits received and accrued charges	5,565,831	4,366,493
Amounts due to fellow subsidiaries	451	641
Amounts due to related companies	34,375	34,768
Taxation	246,348	164,564
Short-term bank loans and current portion of long-term bank loans	3,955,722	1,427,399
Bank overdrafts	51,006	21,595
	9,853,733	6,015,460

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



	Audited As at 31 Dec 2017 HK\$'000	Audited As at 31 Dec 2016 HK\$'000
<b>Non-current liabilities</b>		
Loans from non-controlling interests	166,826	194,715
Long-term bank loans	4,198,758	5,483,632
Deferred taxation	662,629	635,192
Retirement benefit obligations	137,054	142,853
Other non-current liabilities	1,364,443	1,403,253
	6,529,710	7,859,645
<b>ASSETS LESS LIABILITIES</b>	<b>21,266,878</b>	<b>18,090,177</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's shareholders</b>		
Share capital	848,044	847,711
Share premium and other reserves	2,793,363	2,012,832
Retained profits	15,400,585	13,680,087
	19,041,992	16,540,630
Put option written on non-controlling interests	(1,218,331)	(1,240,727)
	17,823,661	15,299,903
Non-controlling interest	3,443,217	2,790,274
<b>TOTAL EQUITY</b>	<b>21,266,878</b>	<b>18,090,177</b>



# THANK YOU

VALUE CREATION  
OPENNESS  
INTEGRITY  
COMMITMENT  
EXCELLENCE

