

INTERIM RESULTS ANNOUNCEMENT

2017



Kerry Logistics Network Limited

0636.HK

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+31%
13,705
 TURNOVER (HK\$'M)

IL
884
 SEGMENT PROFIT (HK\$'M)

+11%

IFF
222
 SEGMENT PROFIT (HK\$'M)

+7%

1,019
 CORE OPERATING PROFIT
 (HK\$'M)

+10%



+5%
576
 CORE NET PROFIT (HK\$'M)

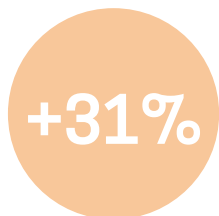
+11%

788
 PROFIT ATTRIBUTABLE TO
 THE SHAREHOLDERS (HK\$'M)



INTERIM
 DIVIDEND
 ■
 HK CENTS
 PER SHARE

GROSS GEARING
43.1%



13,705

TURNOVER
(HK\$'M)

- ▲ Increased freight rates
- ▲ Acquisition of Apex



1,019

CORE OPERATING PROFIT
(HK\$'M)

- ▲ Strong growth in Asia and steady growth in HK
- ▼ Higher overheads in China and Taiwan
- ▼ IFF operating margin squeezed due to the time lapse in passing sharp increase of freight rates to customers



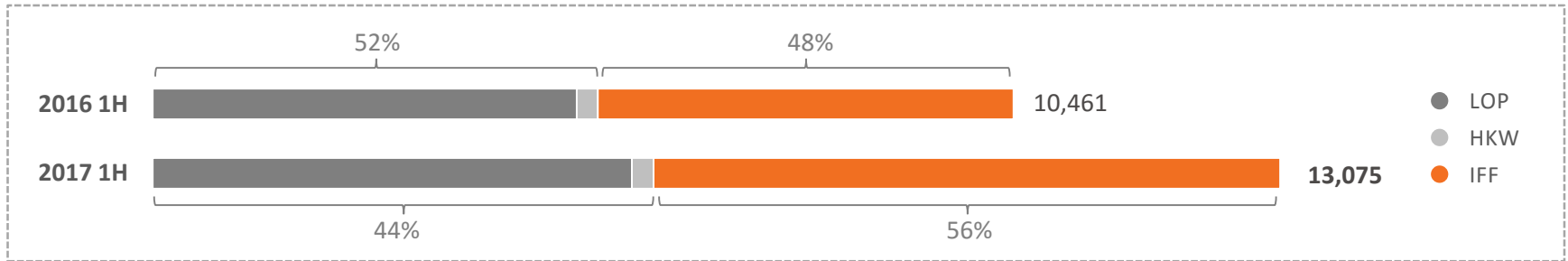
576

CORE NET PROFIT
(HK\$'M)

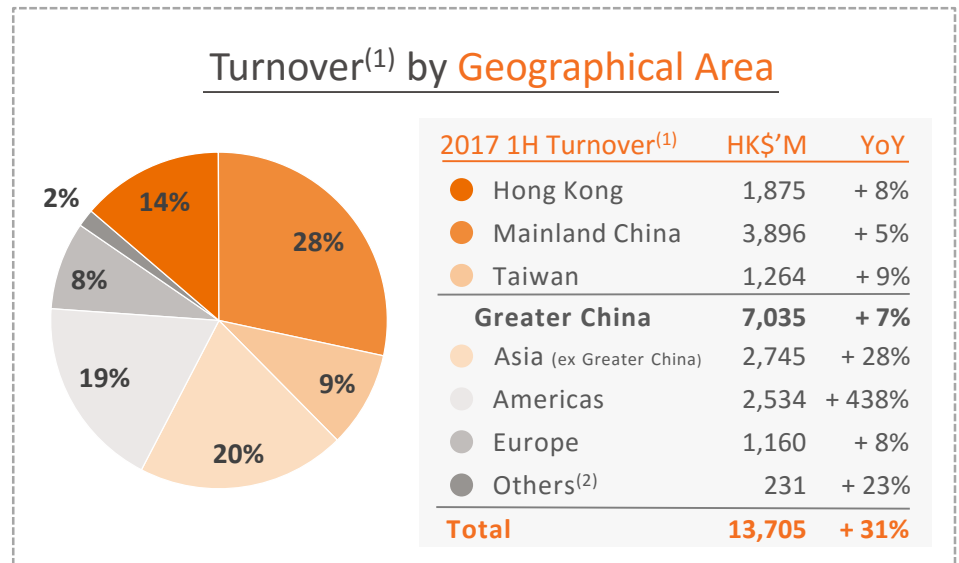
- ▼ Poor performance of associates (dropped by 52% YoY)

HK\$'M	2017 1H	2016 1H	YoY
Segment profit			
IL	884	799	+ 11%
- Logistics Operations	622	556	+ 12%
- Hong Kong Warehouse	262	243	+ 8%
IFF	222	208	+ 7%
Total segment profit	1,106	1,007	+ 10%
Unallocated administrative expenses	(87)	(79)	
Core operating profit	1,019	928	+ 10%
Core net profit	576	548	+ 5%
Change in fair value of investment properties, net of deferred tax	197	161	
Change in fair value of financial instruments	65	-	
Goodwill impairment	(50)	-	
Profit attributable to the Shareholders	788	709	+ 11%

TURNOVER⁽¹⁾ **HK\$ 13,705M** + 31% YoY



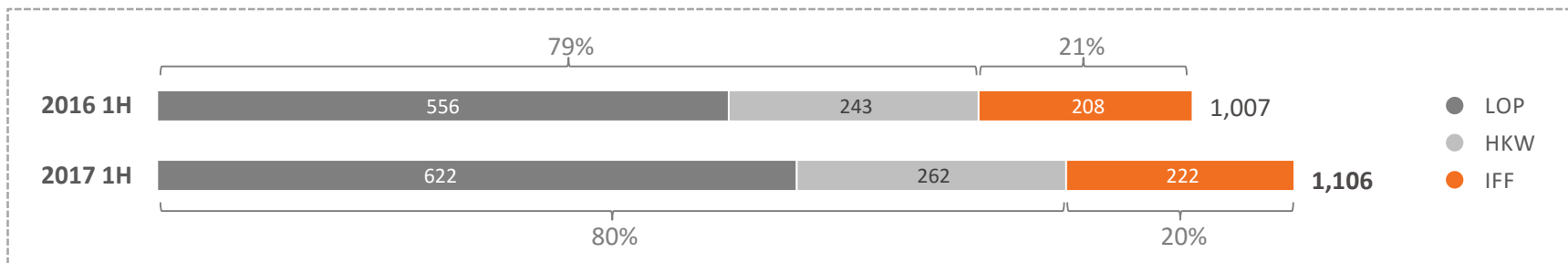
2017 1H Turnover ⁽¹⁾	HK\$ M	YoY
● IL	6,086	+ 13%
● LOP	5,823	+ 13%
● HKW	263	+ 3%
● IFF	7,619	+ 51%



⁽¹⁾ Turnover after elimination of inter-segment transactions

⁽²⁾ Include Oceania and Senegal

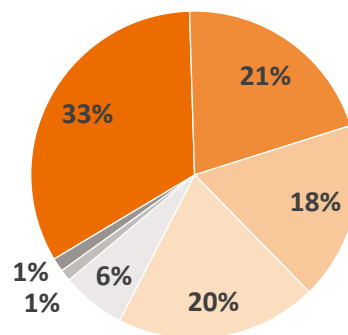
SEGMENT PROFIT **HK\$ 1,106M** + 10% YoY



2017 1H Segment Profit HK\$ M YoY

● IL	884	+ 11%
● LOP	622	+ 12%
● HKW	262	+ 8%
● IFF	222	+ 7%

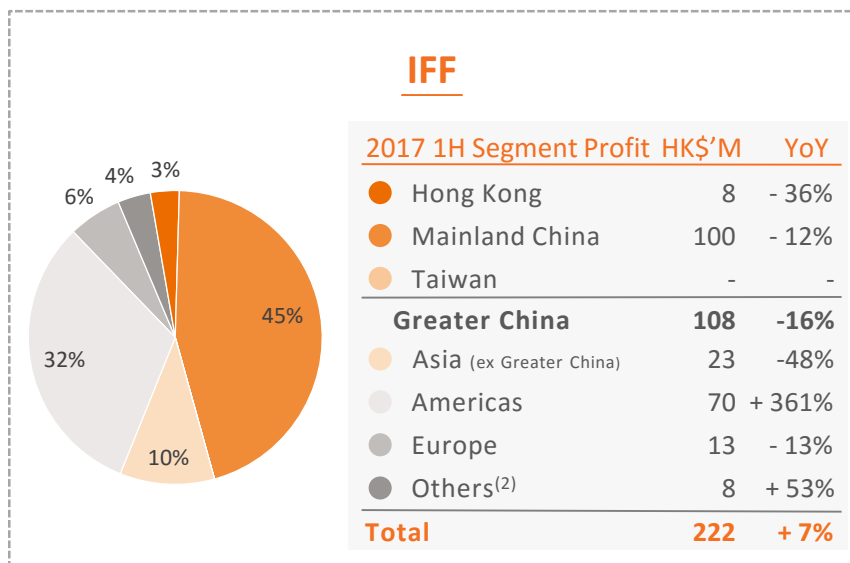
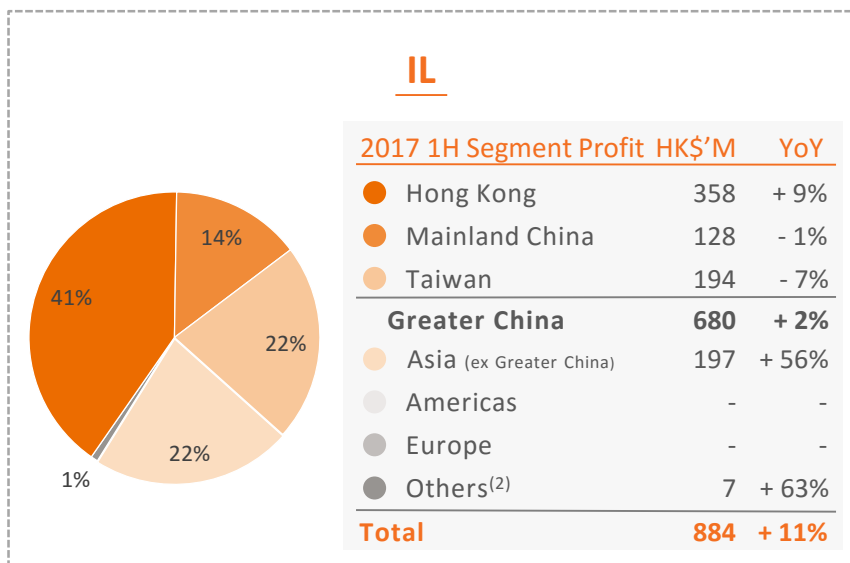
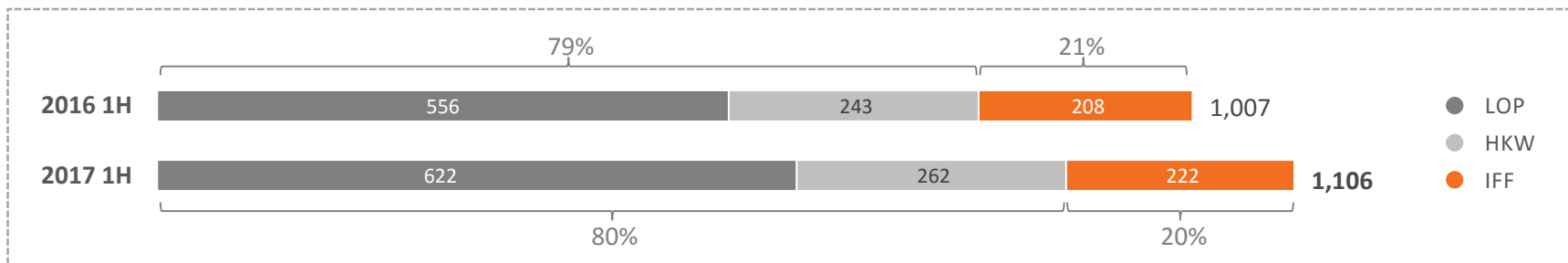
Segment Profit by Geographical Area



2017 1H Segment Profit	HK\$'M	YoY
● Hong Kong	366	+ 7%
● Mainland China	228	- 6%
● Taiwan	194	- 8%
Greater China	788	-1%
● Asia (ex Greater China)	220	+ 29%
● Americas	70	+ 361%
● Europe	13	- 13%
● Others ⁽²⁾	15	+ 58%
Total	1,106	+ 10%

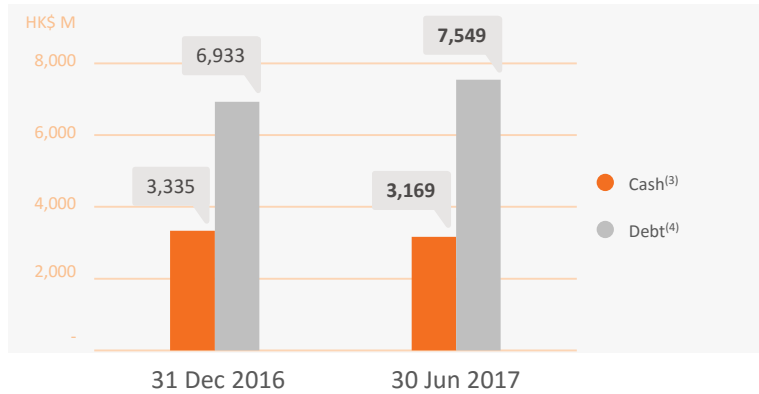
⁽²⁾ Include Oceania and Senegal

SEGMENT PROFIT **HK\$ 1,106M** + 10% YoY



⁽²⁾ Include Oceania and Senegal

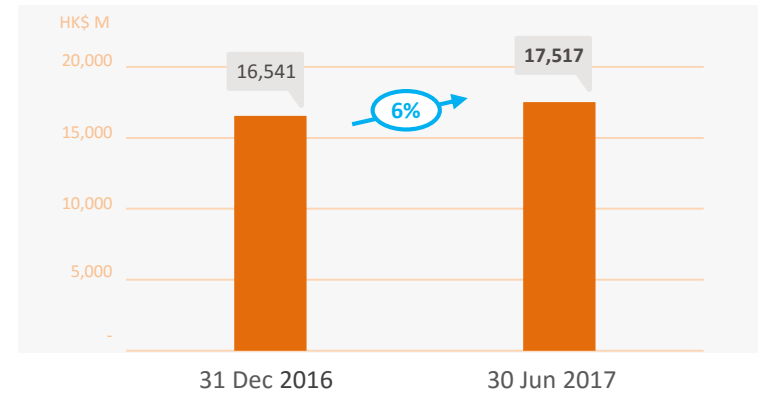
CASH & DEBT



⁽³⁾ Cash and bank balances

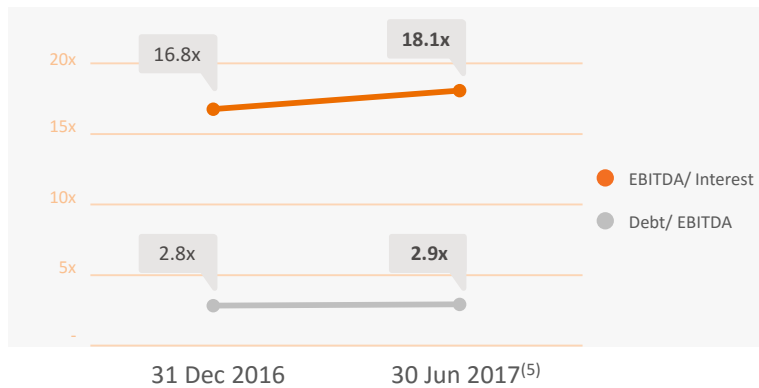
⁽⁴⁾ Total bank loans and overdrafts

SHAREHOLDERS' EQUITY⁽⁶⁾



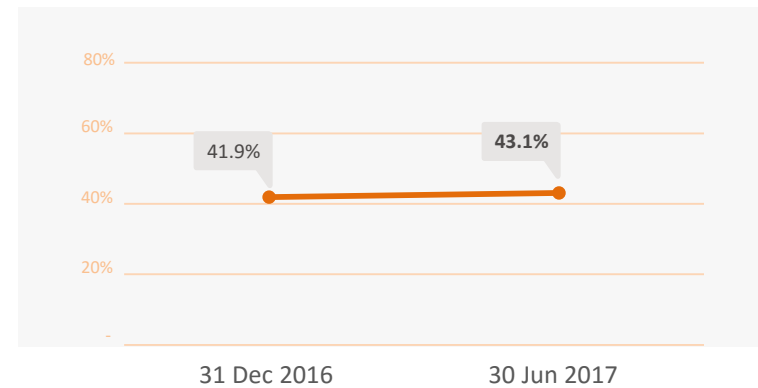
⁽⁶⁾ Excludes put option written on non-controlling interests

DEBT RATIOS



⁽⁵⁾ Rolling twelve months

GEARING RATIO





51 countries & territories

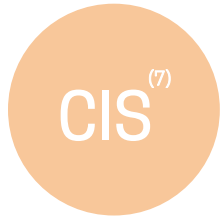
+ Kazakhstan
+ Uzbekistan

+ Kyrgyzstan
+ Tajikistan

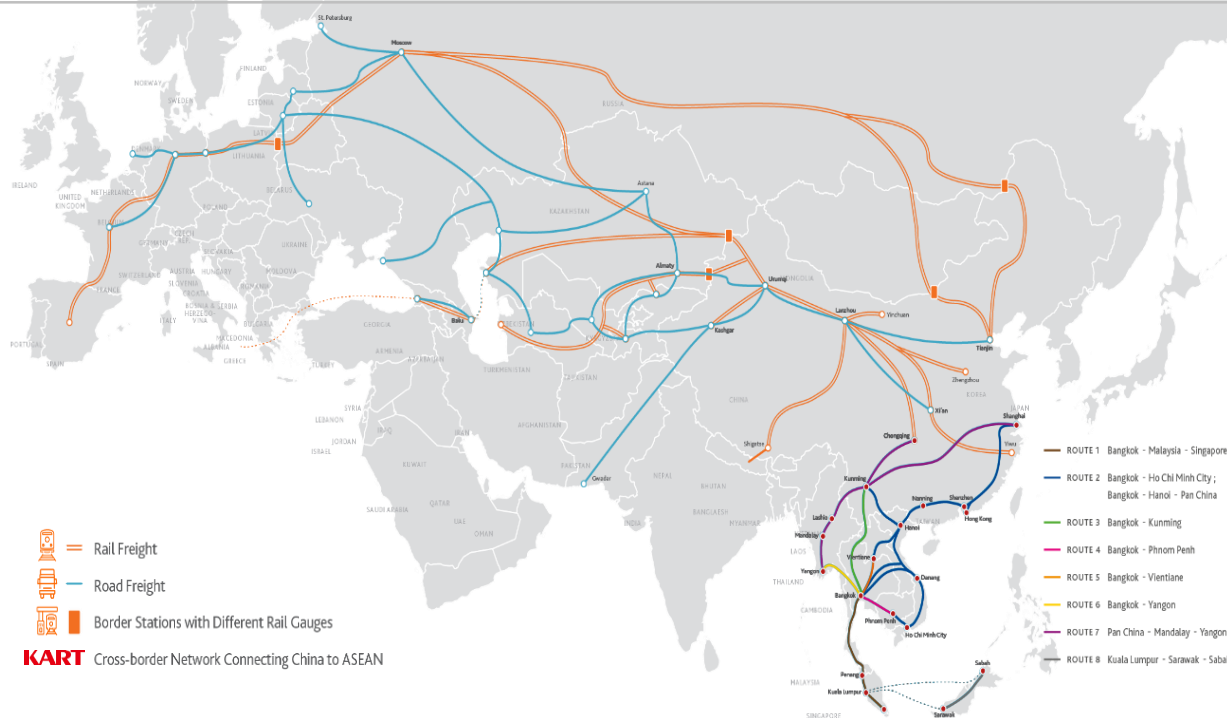
+ Turkmenistan
+ Georgia

+ Armenia
+ Azerbaijan

+ Ukraine
+ Italy



STRONGEST NETWORK IN ASIA COMPREHENSIVE EURASIAN LAND-BRIDGE



NEW SALES OFFICES IN EUROPE



NEW JV IN REGIONAL EXPRESS



(7) The Commonwealth of Independent States

1 FOCUSED GROWTH PLANS IN ASIA

2 CROSS-BORDER E-COMMERCE OPPORTUNITIES

3 REGIONAL EXPRESS NETWORK

Q&A



2017 INTERIM RESULTS

Appendix I – Condensed Consolidated Interim Income Statement



	Six months ended 30 Jun	
	Unaudited 2017 HK\$'000	Unaudited 2016 HK\$'000
Turnover	13,705,335	10,460,893
Direct operating expenses	(11,786,516)	(8,753,449)
Gross profit	1,918,819	1,707,444
Other income and net gains	83,823	90,402
Administrative expenses	(958,227)	(856,879)
Operating profit before fair value change of investment properties	1,044,415	940,967
Change in fair value of investment properties	189,985	159,111
Operating profit	1,234,400	1,100,078
Finance costs	(71,166)	(74,337)
Share of results of associates and joint ventures	26,164	53,947
Profit before taxation	1,189,398	1,079,688
Taxation	(216,958)	(177,801)
Profit for the period	972,440	901,887
Profit attributable to:		
Company's shareholders	787,809	709,080
Non-controlling interests	184,631	192,807
	972,440	901,887
Earnings per share		
- Basic	HK\$0.46	HK\$0.42
- Diluted	HK\$0.46	HK\$0.42

ASSETS AND LIABILITIES

Non-current assets

	Unaudited As at 30 Jun 2017 HK\$'000	Audited As at 31 Dec 2016 HK\$'000
Intangible assets	3,686,734	3,224,599
Investment properties	9,177,709	8,836,851
Leasehold land and land use rights	608,077	560,983
Property, plant and equipment	8,565,358	7,868,952
Associates and joint ventures	1,316,180	1,185,520
Available-for-sale investments	105,435	97,988
Investment in convertible bond	196,231	474,306
Deferred taxation	106,587	118,527
	23,762,311	22,367,726

Current assets

Financial assets at fair value through profit or loss	106,770	112,708
Investment in convertible bond	349,945	-
Inventories	303,957	282,694
Accounts receivable, prepayments and deposits	6,407,517	5,802,531
Tax recoverable	28,095	43,079
Amounts due from fellow subsidiaries	4,733	2,886
Restricted and pledged bank deposits	22,040	18,929
Cash and bank balances	3,168,622	3,334,729
	10,391,679	9,597,556

Current liabilities

Accounts payable, deposits received and accrued charges	4,513,197	4,366,493
Amounts due to fellow subsidiaries	2,815	641
Amounts due to related companies	31,513	34,768
Taxation	181,820	164,564
Short-term bank loans and current portion of long-term bank loans	3,062,961	1,427,399
Bank overdrafts	21,626	21,595
	7,813,932	6,015,460

	Unaudited As at 30 Jun 2017 HK\$'000	Audited As at 31 Dec 2016 HK\$'000
Non-current liabilities		
Loans from non-controlling interests	163,555	194,715
Long-term bank loans	4,464,281	5,483,632
Deferred taxation	645,913	635,192
Retirement benefit obligations	128,935	142,853
Other non-current liabilities	1,442,049	1,403,253
	6,844,733	7,859,645
ASSETS LESS LIABILITIES	19,495,325	18,090,177
EQUITY		
Capital and reserves attributable to the Company's shareholders		
Share capital	847,890	847,711
Share premium and other reserves	2,448,579	2,012,832
Retained profits	14,220,834	13,680,087
	17,517,303	16,540,630
Put option written on non-controlling interests	(1,240,727)	(1,240,727)
	16,276,576	15,299,903
Non-controlling interest	3,218,749	2,790,274
TOTAL EQUITY	19,495,325	18,090,177

THANK YOU

VALUE CREATION
OPENNESS
INTEGRITY
COMMITMENT
EXCELLENCE

