

STRENGTH
IN MOTION

ANNUAL
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
47,408
-42%*

CORE OPERATING PROFIT
2,207
-61%*

CORE NET PROFIT
1,214
-69%*

SEGMENT PROFIT

IL
1,295
-7%*

IFF
1,394
-70%*

PROFIT ATTRIBUTABLE
TO THE SHAREHOLDERS
791
-78%

DIVIDEND
HK Cents
13 59.4
FINAL SPECIAL#

GEARING
49.1% 11.1%
GROSS NET

* For continuing operations only

Each share of KLN is eligible to receive 0.5019 shares of KEX stock as a special interim dividend. Based on the offer price THB5.5/share from SF Holding of conditional special interim dividend by way of a distribution in species of all its shares held in Kerry Express (Thailand) declared on 29 December 2023. On 5 February 2024, the condition has become unconditional. Equivalent dividend value in HKD with reference exchange rate 0.215 (THB to HKD)

2023 ANNUAL RESULTS



CAGR 2019-2023

+20%

Core Net Profit

+23%

Segment Profit - IFF

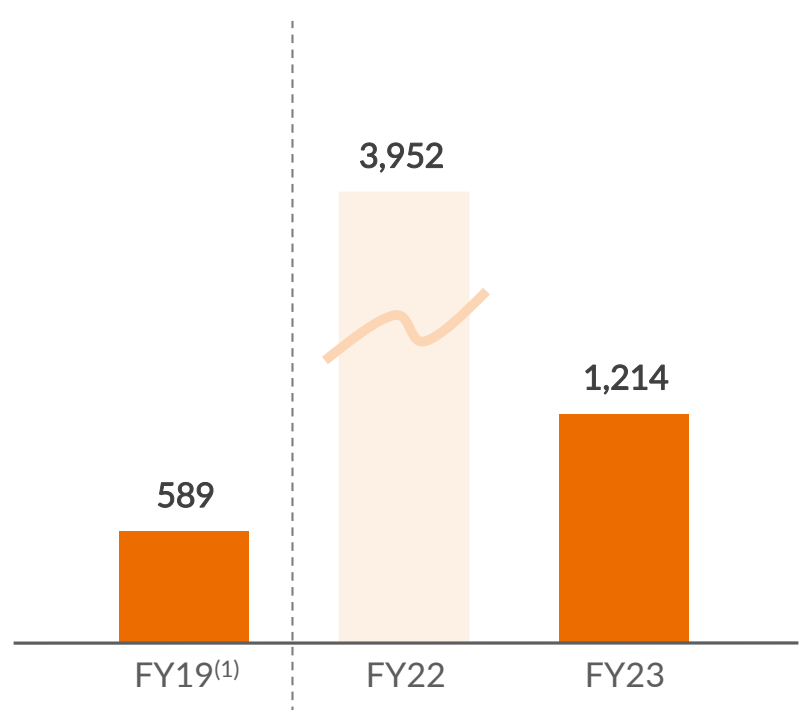
+5%

Segment Profit - IL

(in HK\$'M)

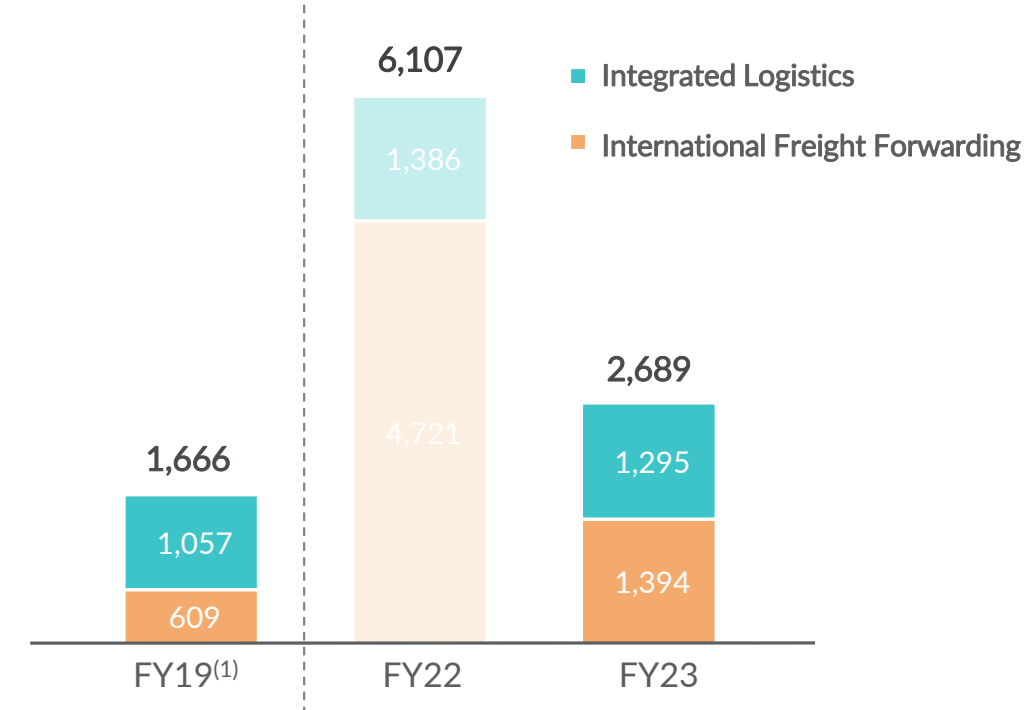
CORE NET PROFIT

1,214



SEGMENT PROFIT

2,689



For continuing operations only
(1) For indication purpose



SEGMENT PROFIT INTEGRATED LOGISTICS

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	FY22	FY23	YoY	FY19 ⁽¹⁾	CAGR
Hong Kong	776	591	-24%	395	+11%
Mainland of China	342	402	+17%	265	+11%
Asia ⁽²⁾	259	286	+11%	351	-5%
Oceania	9	16	+77%	46	-23%
Sub-total	1,386	1,295	-7%	1,057	+5%
Less: Gain on disposals [#]	-	-	-	130	-
Total	1,386	1,295	-7%	927	+9%

For continuing operations only

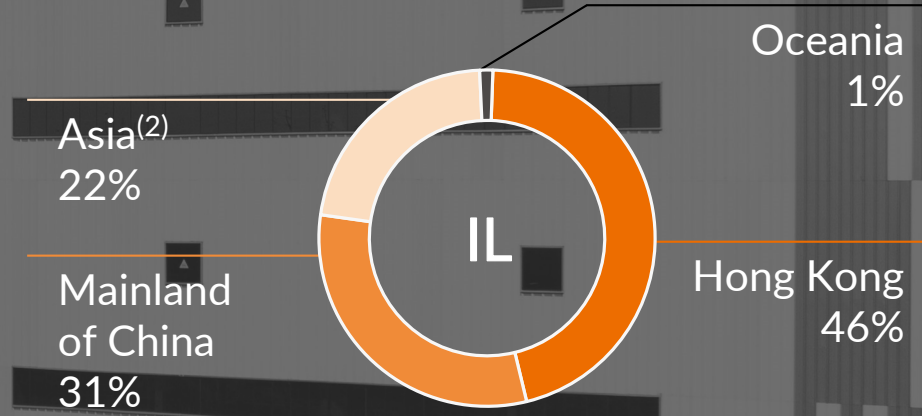
⁽¹⁾ For indication purpose

⁽²⁾ Asia ex-Greater China

[#] Included HK\$90m gain on disposal of logistics facilities, HK\$40m gain on disposal of financial assets at fair value through profit or loss.

- Shrunken demand for pandemic-related services and slow recovery of the retail market in Hong Kong
- Successful series of cost management measures in China
- Growth in Asia mainly supported by the stable performance of Kerry Siam Seaport in Thailand

Segment Profit By Region



SEGMENT PROFIT

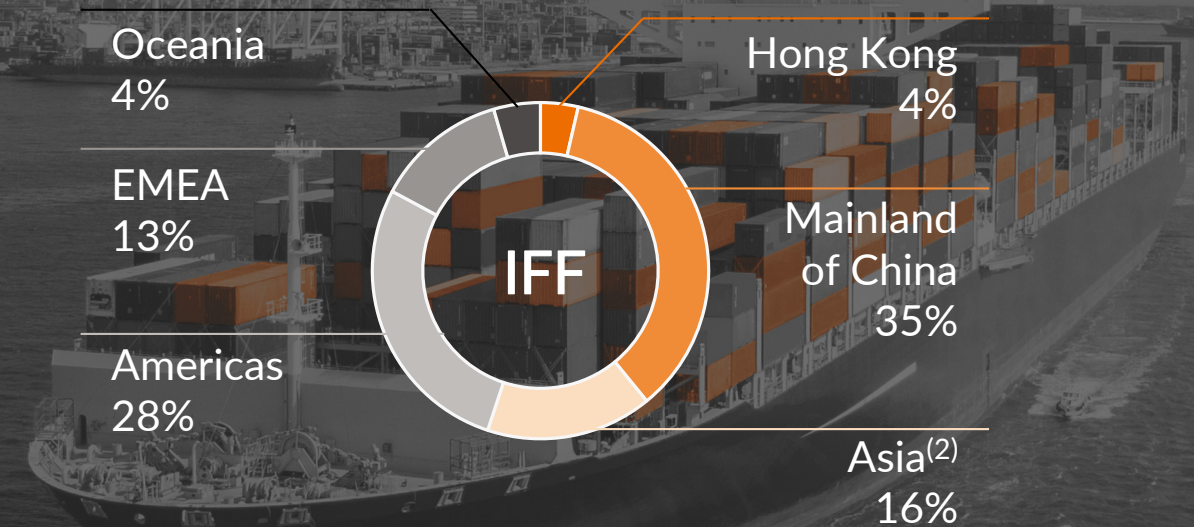
INT'L FREIGHT FORWARDING

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	FY22	FY23	YoY	FY19 ⁽¹⁾	CAGR
Hong Kong	127	51	-60%	54	-2%
Mainland of China	1,197	494	-59%	210	+24%
Asia ⁽²⁾	880	222	-75%	134	+14%
Americas	1,978	387	-80%	191	+19%
EMEA	417	177	-58%	(2)	+222%
Oceania	122	63	-49%	22	+30%
Total	4,721	1,394	-70%	609	+23%

For continuing operations only
⁽¹⁾ For indication purpose
⁽²⁾ Asia ex-Greater China

- Excess inventories, subdued purchasing power & stagnant export growth
- Contracted profit margin due to the drop of air & ocean freight rates
- New opportunities
 - Collaborations with S.F. Holding, including a joint venture for Ezhou Airport
 - Strengthen position through acquisition of BBA, a French based air freight specialist

Segment Profit By Region

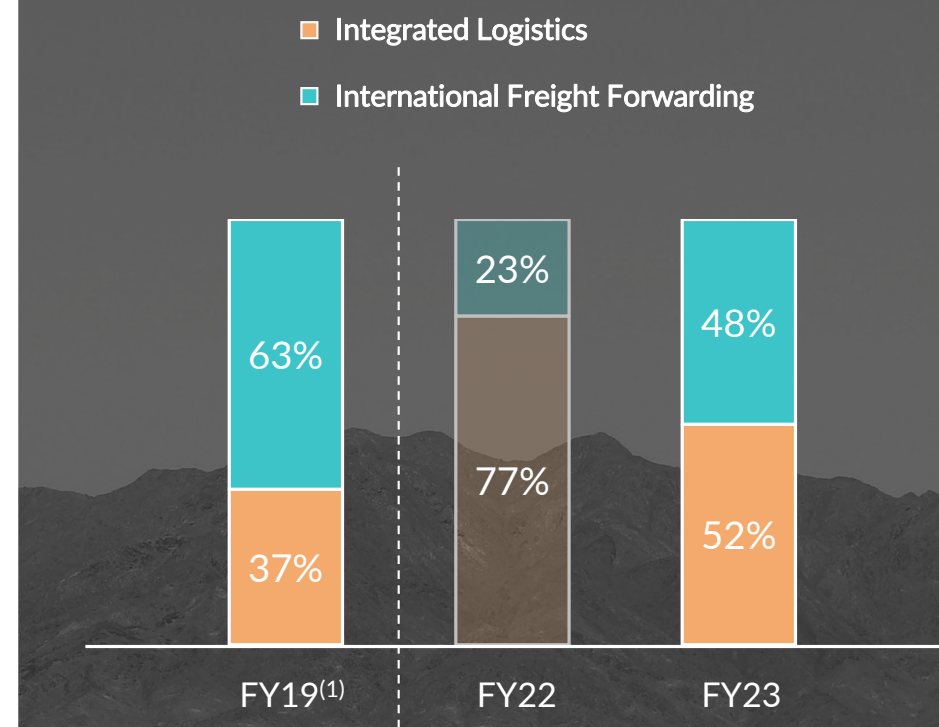


SEGMENT PROFIT

- Solid growth compared to Pre-COVID
- Achieving a well-balanced segment mix

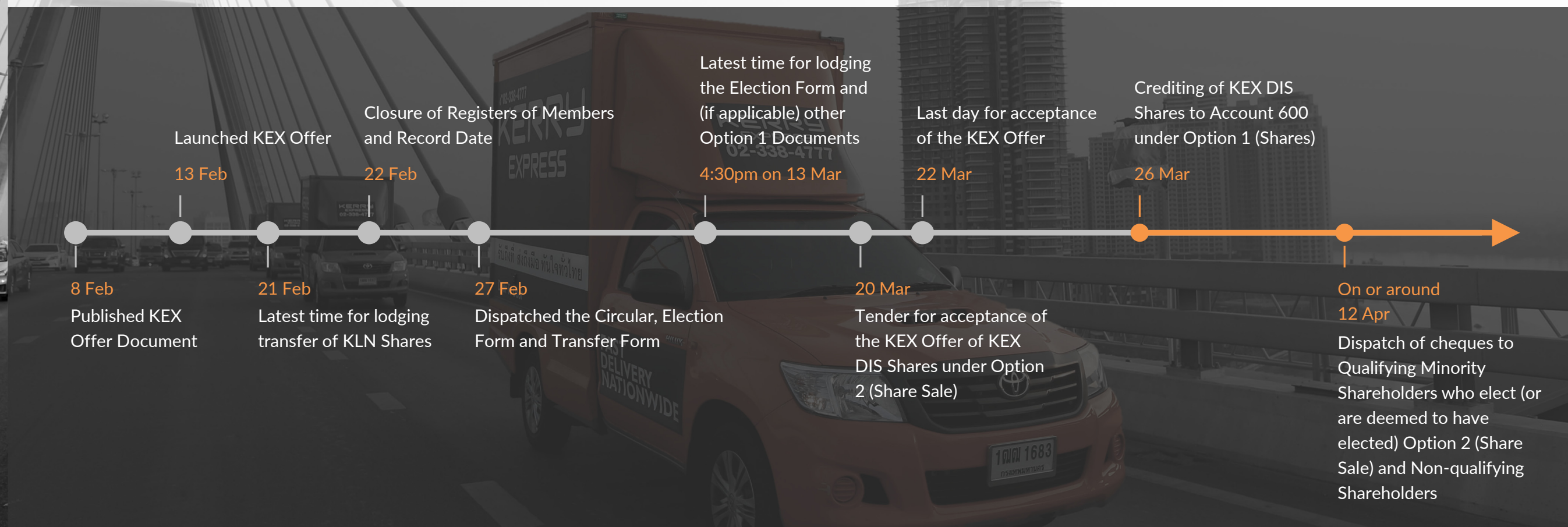
(in HK\$'M)	IL			IFF			Consolidated			Compare to Pre-COVID Period	
	FY22	FY23	YoY	FY22	FY23	YoY	FY22	FY23	YoY	FY19 ⁽¹⁾	CAGR
Hong Kong	776	591	-24%	127	51	-60%	903	642	-29%	449	+9%
Mainland of China	342	402	+17%	1,197	494	-59%	1,539	896	-42%	475	+17%
Asia ⁽²⁾	259	286	+11%	880	222	-75%	1,139	508	-55%	485	+1%
Americas	-	-	-	1,978	387	-80%	1,978	387	-80%	191	+19%
EMEA	-	-	-	417	177	-58%	417	177	-59%	(2)	+222%
Oceania	9	16	+77%	122	63	-49%	131	79	-40%	68	+4%
Total	1,386	1,295	-7%	4,721	1,394	-70%	6,107	2,689	-56%	1,666	+13%

For continuing operations only
⁽¹⁾ For indication purpose
⁽²⁾ Asia ex-Greater China

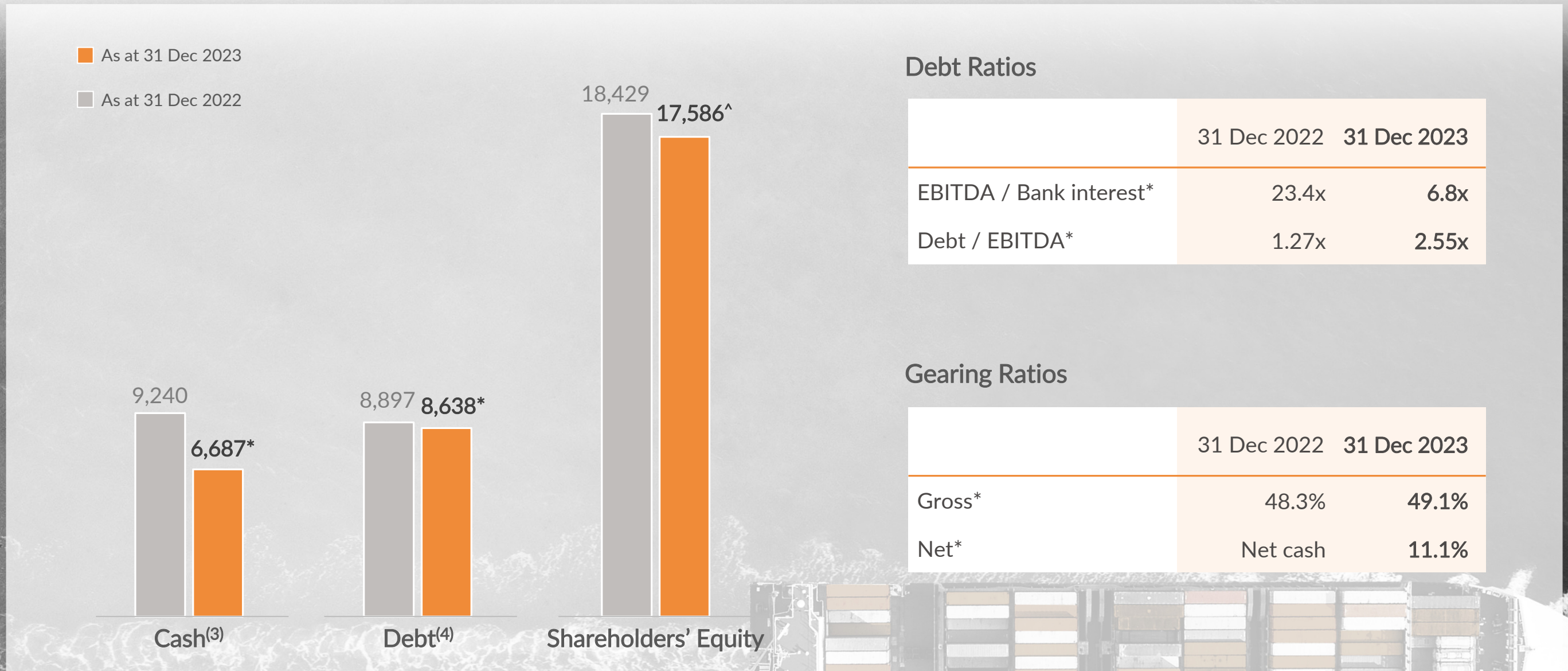


SPECIAL DIVIDEND DISTRIBUTION IN SPECIE

- Shareholders of KLN shall receive cash or shares of Kerry Express Thailand in accordance with the timeline below
- KLN will deconsolidate Kerry Express Thailand upon the completion of the distribution



CASH, DEBT & EQUITY (in HK\$'M)



Debt Ratios

	31 Dec 2022	31 Dec 2023
EBITDA / Bank interest*	23.4x	6.8x
Debt / EBITDA*	1.27x	2.55x

Gearing Ratios

	31 Dec 2022	31 Dec 2023
Gross*	48.3%	49.1%
Net*	Net cash	11.1%

⁽³⁾ Cash and bank balances

⁽⁴⁾ Total bank loans and overdrafts

* Including EBITDA, interest, cash and bank loans associated with assets classified as held for distribution

^ Including equity attributable to perpetual convertible securities

ACCREDITATIONS

MSCI
ESG RATINGS

2022: A

CDP
DISCLOSURE INSIGHT ACTION
Climate Change Score

2022: C

Hang Seng Corporate
Sustainability Index Series

2022: A-

ESG HIGHLIGHTS

AMBITIOUS TO ACHIEVE NET ZERO EMISSIONS GLOBALLY BY 2050

- Installed >2,400 solar panels on the Singapore warehouse’s rooftop that supply 58% of the warehouse’s annual total electricity consumption
- Adopted the autonomous robots to boost operational efficiency
- Updated Global Anti-Bribery Policy, highlighting the relevant declarations and approvals requirements
- Reached 100% of key suppliers to promote our business code of conduct



OUTLOOK

THE GLOBAL ECONOMIC RECOVERY HAS NOT YET FULLY TAKEN PLACE

- Global growth is likely to remain weak in 2024
- Yet interest rates are forecast to moderate starting from Q2, which create more favorable conditions to consumer spending and revive demand in consumer goods

OPTIMISTIC IN IL DEVELOPMENT IN ASIA

- Asia is likely to benefit from the shifts in the supply chain in the mid-term

SYNERGIES WITH S.F. HOLDING

- Actively identify new opportunities to grow business sustainably and deliver greater value through extensive collaborations



COMMITTED TO ACHIEVE NET ZERO CARBON EMISSION BY 2050

Committed to adhere to the principles of the United Nations Global Compact and to report our progress through the UNGC platform.

Committed to disclose operational risks and opportunities in accordance with TCFD recommendations from 2022.

In preparation for meeting for disclosure requirements of the ISSB, KLN is analysing the financial impact of climate change and exploring the adoption of SBTi.

THANK YOU

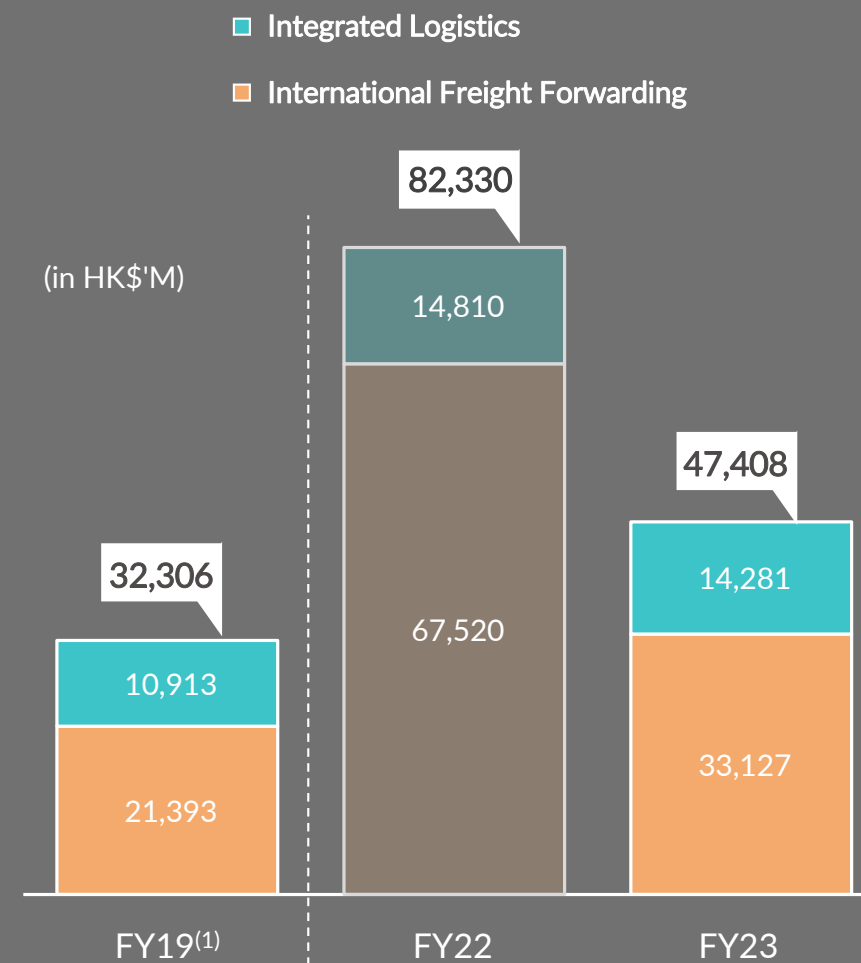
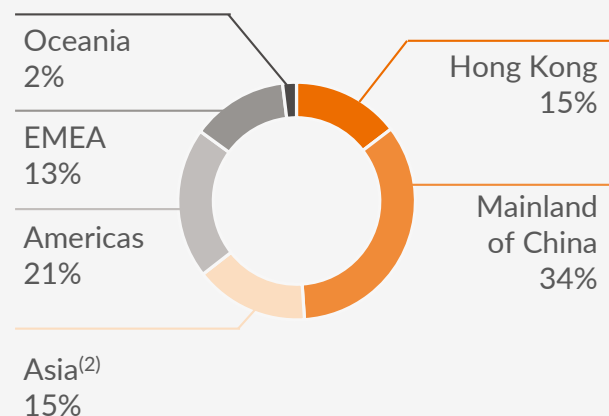


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Appendix I : Revenue Analysis

(in HK\$'M)	YoY Comparison			Compare to Pre-COVID Period	
	FY22	FY23	YoY	FY19 ⁽¹⁾	CAGR
Hong Kong	8,612	6,936	-19%	5,425	+6%
Mainland of China	23,441	16,262	-31%	10,807	+11%
Asia ⁽²⁾	10,801	7,348	-32%	5,485	+8%
Americas	27,371	9,734	-64%	5,454	+16%
EMEA	10,304	6,229	-40%	4,627	+8%
Oceania	1,801	899	-50%	508	+15%
Total	82,330	47,408	-42%	32,306	+10%

By Region



For continuing operations only

⁽¹⁾ For indication purpose

⁽²⁾ Asia ex-Greater China

For continuing operations only

Appendix II : Consolidated Income Statement

	For the year ended 31 Dec	
	2022 HK\$'000 (restated)	2023 HK\$'000
Continuing operations		
Revenue	82,329,565	47,407,559
Direct operating expenses	(73,555,194)	(42,506,403)
Gross profit	8,774,371	4,901,156
Other income and net gains	561,893	86,060
Administration expenses	(3,199,585)	(2,709,690)
Operating profit before fair value change of investment properties	6,136,679	2,277,526
Change in fair value of investment properties	9,315	10,499
Operating profit	6,145,994	2,288,025
Finance expenses	(370,566)	(576,720)
Share of results of associates and a joint venture	166,894	195,371
Profit before taxation	5,942,322	1,906,676
Taxation	(1,424,766)	(464,119)
Profit for the year from continuing operations	4,517,556	1,442,557
Discontinued operations:		
Loss for the year from discontinued operations	(697,538)	(836,672)
Profit for the year	3,820,018	605,885
Profit attributable to:		
Company's shareholders	3,579,191	791,165
From continuing operations	3,959,459	1,209,818
From discontinued operations	(380,268)	(418,653)
Non-controlling interests	240,827	(198,150)
From continuing operations	558,097	219,869
From discontinued operations	(317,270)	(418,019)
Holders of perpetual convertible securities	-	12,870
From continuing operations	-	12,870
From discontinued operations	-	-
	3,820,018	605,885
Earnings per share from continuing operations		
- Basic	HK\$2.19	HK\$0.67
- Diluted	HK\$2.19	HK\$0.67
Earnings per share from discontinued operations		
- Basic	HK\$(0.21)	HK\$(0.23)
- Diluted	HK\$(0.21)	HK\$(0.23)

Appendix III : Consolidated Statement of Financial Position

As at 31 Dec 2022
HK\$'000

As at 31 Dec 2023
HK\$'000

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ASSETS AND LIABILITIES

Non-current assets

Intangible assets	5,855,895	5,785,503
Investment properties	1,819,589	2,538,606
Property, plant and equipment	7,869,412	6,986,802
Right-of-use assets	3,221,273	2,543,977
Associates and a joint venture	1,642,761	1,681,808
Financial assets at fair value through other comprehensive income	554,962	461,270
Investment in convertible bonds	5,538	5,831
Other non-current assets	-	314,556
Deferred taxation	463,169	381,120
	21,432,599	20,699,473

Current assets

Financial assets at fair value through profit or loss	38,137	389
Inventories	482,035	410,790
Accounts receivable, prepayments and deposits	13,406,909	11,920,703
Tax recoverable	721,645	429,375
Amounts due from fellow subsidiaries	-	45,682
Amounts due from related companies	-	106
Amounts due from associates	-	9,431
Restricted and pledged bank deposits	12,383	12,843
Cash at bank and in hand	9,240,365	6,521,438
	23,901,474	19,350,757

Assets classified as held for distribution	-	2,070,685
	23,901,474	21,421,442

Current liabilities

Lease liabilities	1,196,141	927,103
Accounts payable, deposits received and accrued charges	10,695,071	8,409,541
Amounts due to fellow subsidiaries	278,252	160
Amounts due to related companies	166,063	157,537
Taxation	492,536	363,631
Short-term bank loans and current portion of long-term bank loans	2,226,402	3,262,675
Loans from non-controlling interests	6,862	-
Bank overdrafts	83,801	62,535
	15,145,128	13,183,182

Liabilities associated with assets classified as held for distribution	-	1,471,618
	15,145,128	14,654,800

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

	As at 31 Dec 2022 HK\$'000	As at 31 Dec 2023 HK\$'000
Non-current liabilities		
Loans from non-controlling interests	209,144	270,841
Long-term bank loans	6,586,447	5,235,456
Lease liabilities	1,453,234	1,100,566
Deferred taxation	614,209	731,734
Retirement benefit obligations	52,110	20,259
Other non-current liabilities	24,096	-
	8,939,240	7,358,856
ASSETS LESS LIABILITIES	21,249,705	20,107,259
EQUITY		
Capital and reserves attributable to the Company's shareholders		
Share capital	903,712	903,715
Share premium	4,074,169	4,074,218
Shares held for share award scheme	-	(27,639)
Retained profits and other reserves	13,451,213	11,861,985
	18,429,094	16,812,279
Perpetual convertible securities	-	774,101
Non-controlling interests	2,820,611	2,520,879
TOTAL EQUITY	21,249,705	20,107,259