

# 2016 INTERIM RESULTS

**KERRY**  
LOGISTICS

Stock code: 636

This presentation was prepared by Kerry Logistics Network Limited (the “Company”) for reference and general information purposes only. This presentation is not intended to and does not constitute investment advice, recommendation, invitation or offer to enter into, any agreement to purchase, acquire, dispose of, subscribe for or underwrite any securities, shares, debentures or structured products.

The information contained in this presentation comprises extracts of operational data and financial information of the Company. The information is included solely for this presentation and certain information has not been independently verified. No representation or warranty, expressed or implied, is made with respect to, and no reliance should be placed on, any discussion, materials and information provided in and during the presentation (collectively, the “Information”) as to their accuracy, completeness, validity, timeliness, correctness, or fairness. It is not the intention to provide, and you may not rely on the Information as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects. Potential investors and shareholders of the Company are particularly reminded that any reference to past performance should not be taken as an indication of future performance. The Information (including without limitation all estimates, forecasts, projections, expectations, outlooks and opinions contained in this presentation) is subject to change without notice. This presentation may not contain all material information concerning the Company and is not intended to provide the sole basis of any evaluation of the Company and its subsidiaries or the securities discussed herein.

This presentation may contain forward-looking statements, forecasts and/or projections. Statements that are not historical facts, including statements about the Company's belief and expectations are forward-looking statements. Any forward-looking statements, forecasts and projections contained in this presentation are based on certain assumptions and expectations of future events (which may or may not be included in this presentation) regarding the Company's present and future business strategies and the environment in which the Company will operate, and must be read together with those assumptions. The Company does not guarantee that these assumptions and expectations are accurate or will be realized. Actual future performance, outcomes and results may differ materially from those expressed in such forward-looking statements, forecasts and projections as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements, forecasts and projections are based on reasonable assumptions, it can give no assurance that such expectations will be met. None of the Company, nor any of its holding companies, subsidiaries, associated undertakings, controlling persons or affiliates, or any of their respective directors, officers, partners, employees, agents, advisors or representatives (collectively, the “Affiliates and Representatives”) assumes any responsibility to update any forward-looking statements, forecasts and projections or to adapt them to future events or developments.

In no event shall the Company, or any of the Affiliates and Representatives have any liability or responsibility whatsoever (whether directly or indirectly, expressly or by implication, in contract, tort, by statute or otherwise) for any decisions taken based upon this presentation, the Information or for any loss howsoever arising from any use of or reliance upon the whole or any part of this presentation or the Information or otherwise arising in connection with this presentation or the Information.

TURNOVER HK\$M

**10,461**  
+3%

CORE OPERATING  
PROFIT HK\$M

**928**

CORE NET PROFIT HK\$M

**548**  
+1%



SEGMENT PROFIT HK\$M

**IL**  
**799**  
-1%

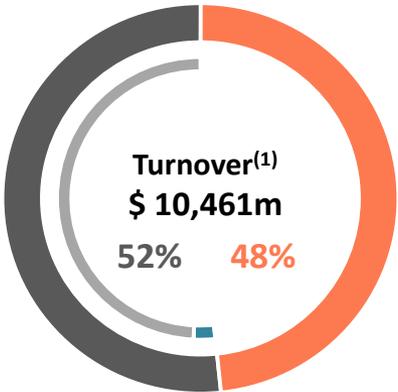
**IFF**  
**208**  
+9%

PROFIT ATTRIBUTABLE  
TO THE SHAREHOLDERS  
HK\$M

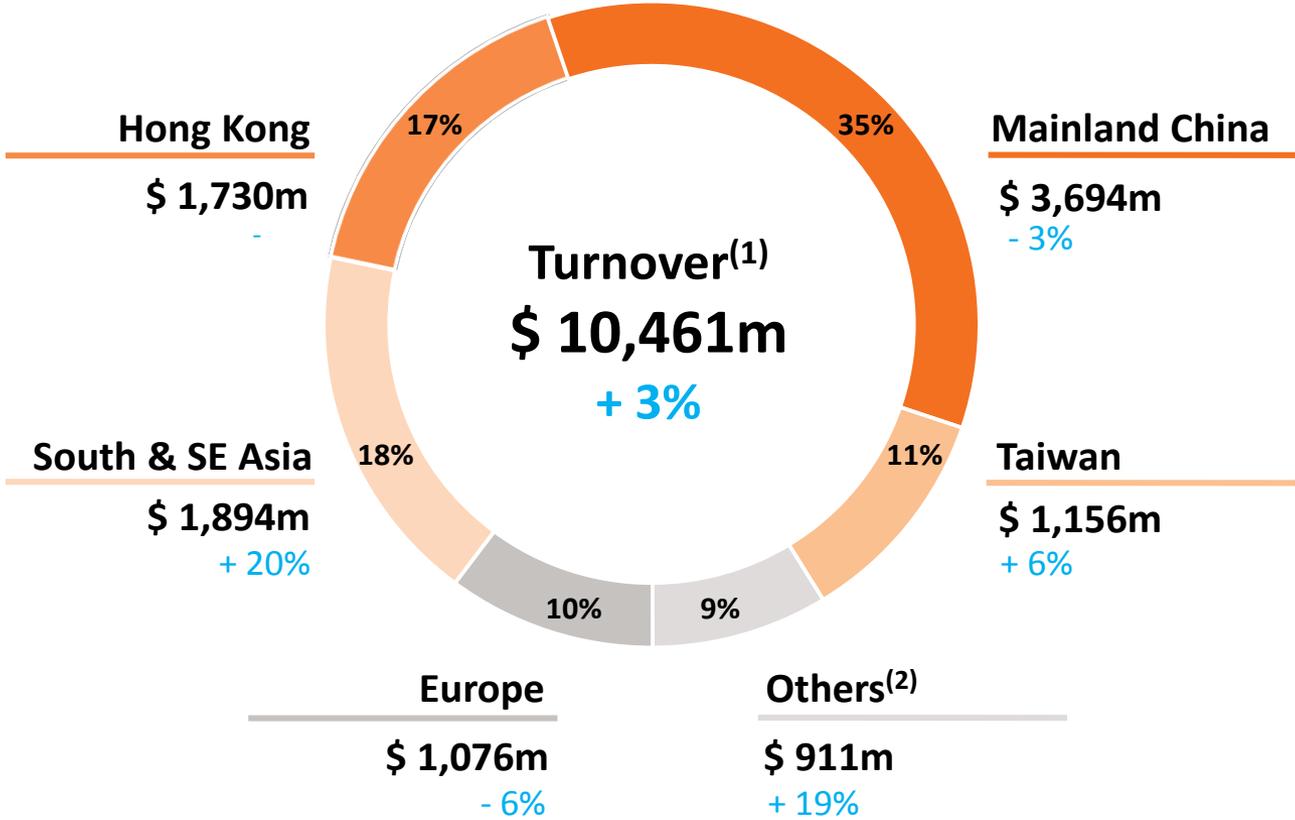
**709**  
+1%

# Results Overview

	2016 1H	2015 1H		
	HK\$ million	HK\$ million		
<b>Segment profit</b>				
IL				
- Logistics Operations	556	565	-	2%
- Hong Kong Warehouse	243	242		-
	799	807	-	1%
IFF	208	191	+	9%
<b>Total segment profit</b>	<b>1,007</b>	<b>998</b>	+	<b>1%</b>
Unallocated administrative expenses	(79)	(73)		
<b>Core operating profit</b>	<b>928</b>	<b>925</b>		-
<b>Core net profit</b>	<b>548</b>	<b>542</b>	+	<b>1%</b>
Valuation gains on investment properties, net of deferred tax	161	159		
<b>Profit attributable to the shareholders</b>	<b>709</b>	<b>701</b>	+	<b>1%</b>
<b>Interim dividend per share</b>	<b>7 cents</b>	<b>6 cents</b>		



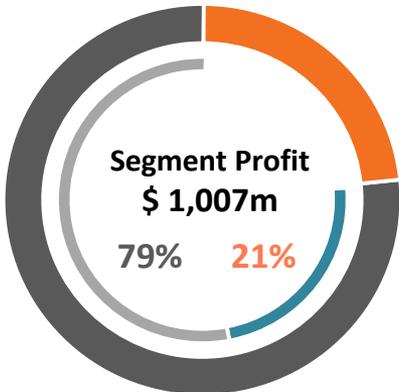
	HK\$'m	YoY
● IL	5,408	+ 6%
● LOP	5,152	+ 6%
● HKW	256	- 6%
● IFF	5,053	+ 1%



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

<sup>(2)</sup> Others includes Oceania, Middle East, the Americas, Japan, Korea, Russia and Senegal

# Segmental Profit Analysis



	HK\$'m	YoY
● IL	799	- 1%
● LOP	556	- 2%
● HKW	243	-
● IFF	208	+ 9%

**Hong Kong**

**\$ 342m + 2%**

IL \$ 330m + 3%

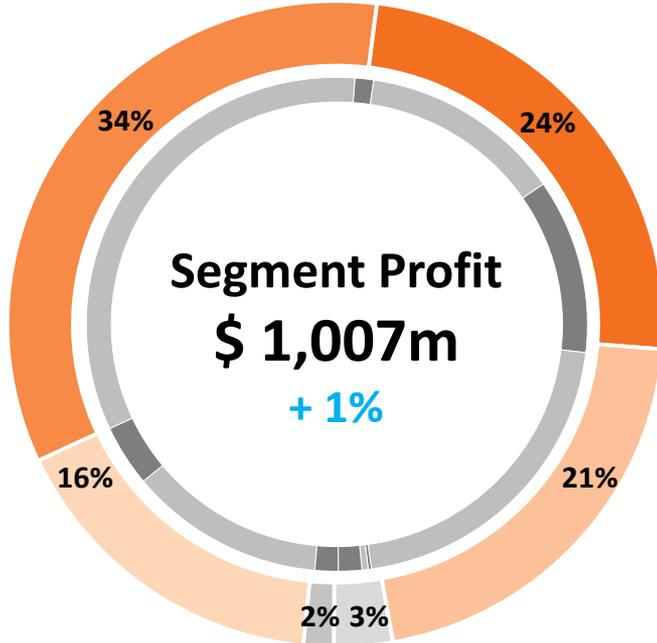
IFF \$ 12m - 17%

**South & SE Asia**

**\$ 166m -**

IL \$ 126m - 11%

IFF \$ 40m + 69%



**Mainland China**

**\$ 244m -**

IL \$ 130m + 1%

IFF \$ 114m - 1%

**Taiwan**

**\$ 211m -**

IL \$ 209m - 1%

IFF \$ 2m +>100%

**Europe**

**\$ 15m + 15%**

IFF \$ 15m + 15%

**Others<sup>(2)</sup>**

**\$ 29m - 3%**

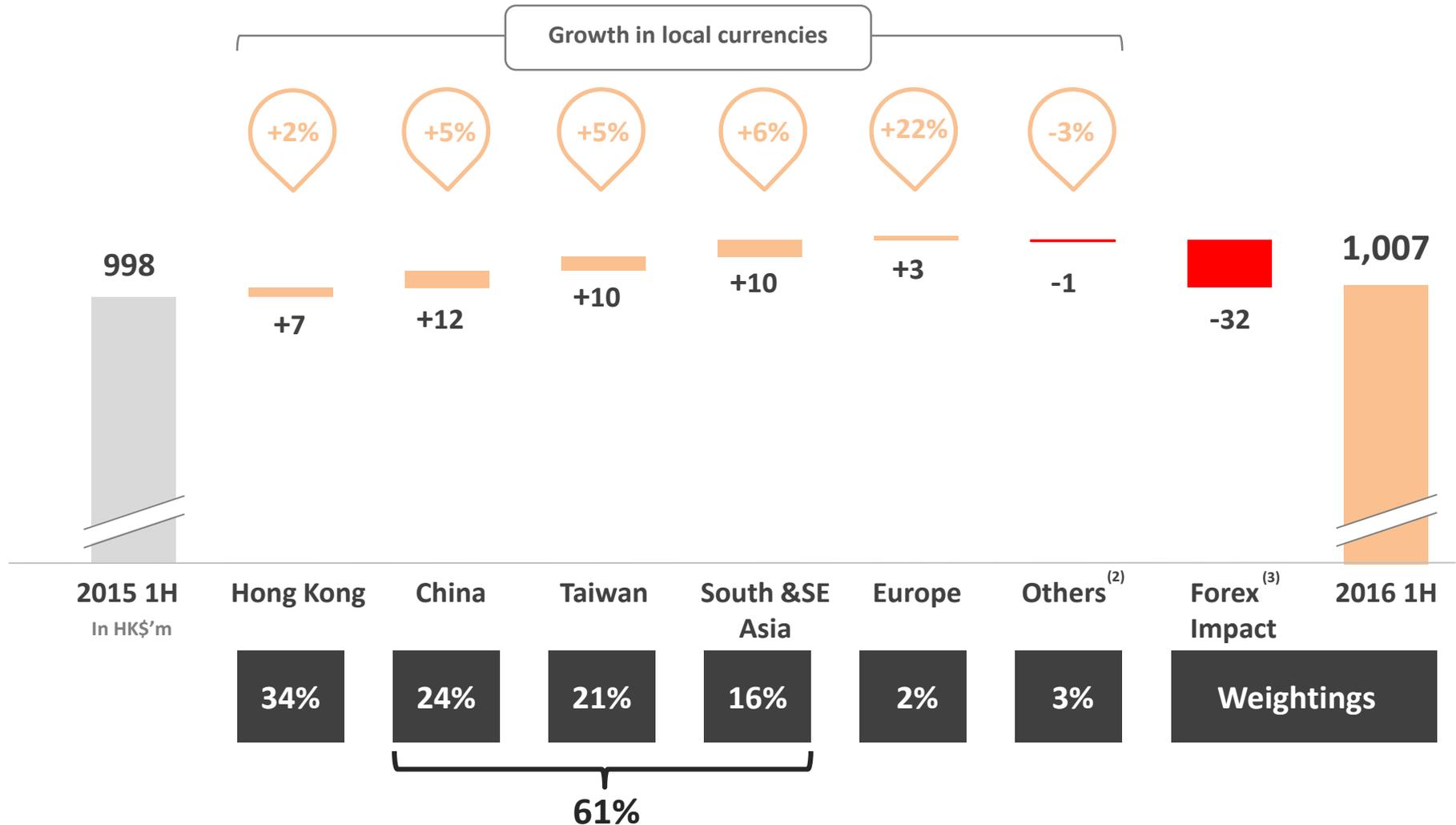
IL \$ 4m - 25%

IFF \$ 25m + 2%

● IL ● IFF

<sup>(2)</sup> Others includes Oceania, Middle East, the Americas, Japan, Korea, Russia and Senegal

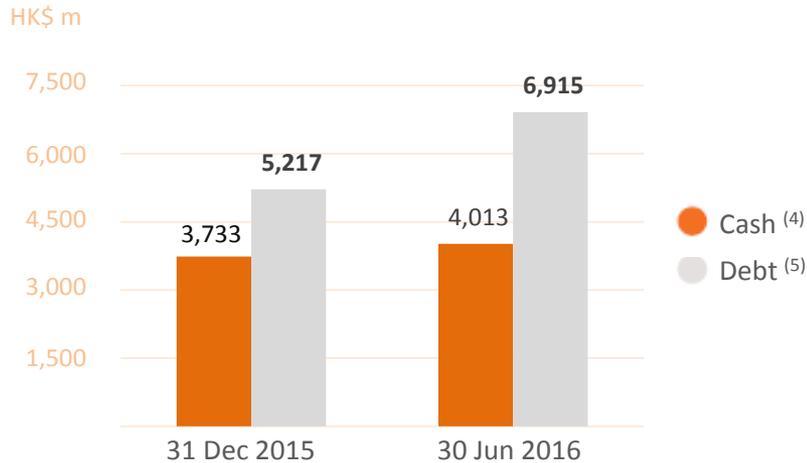
# Currency Translation Impact - Segment Profit



<sup>(2)</sup> Others includes Oceania, Middle East, Americas, Japan, Korea, Russia and Senegal

<sup>(3)</sup> Foreign exchange impact on translating from major 6 currencies (RMB, NTD, THB, INR, EUR, GBP) to reporting currency (HK\$)

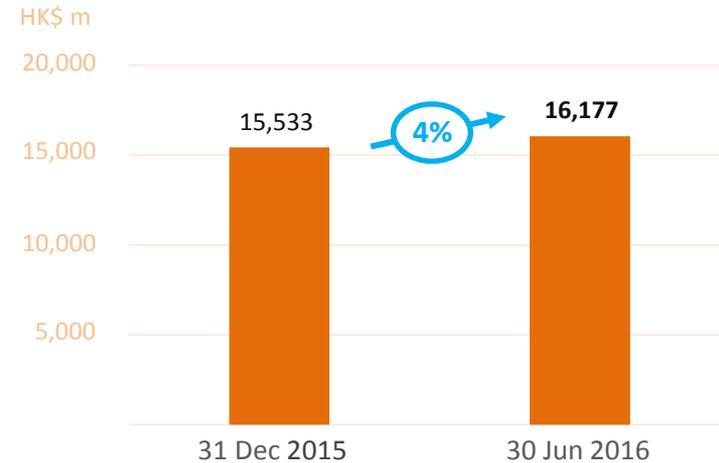
## Cash & Debt



<sup>(4)</sup> Cash and bank balances

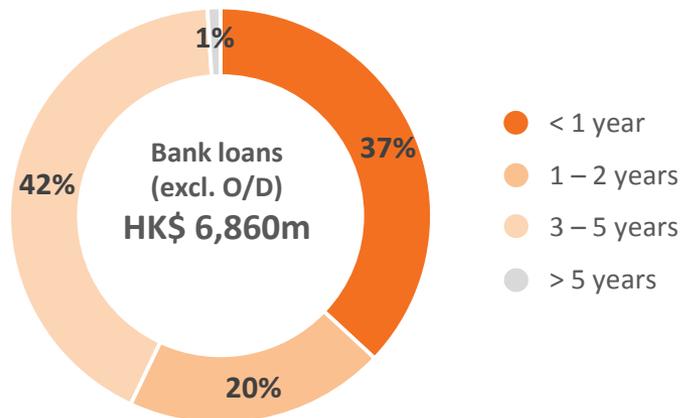
<sup>(5)</sup> Total bank loans and overdrafts

## Shareholders' Equity<sup>(6)</sup>

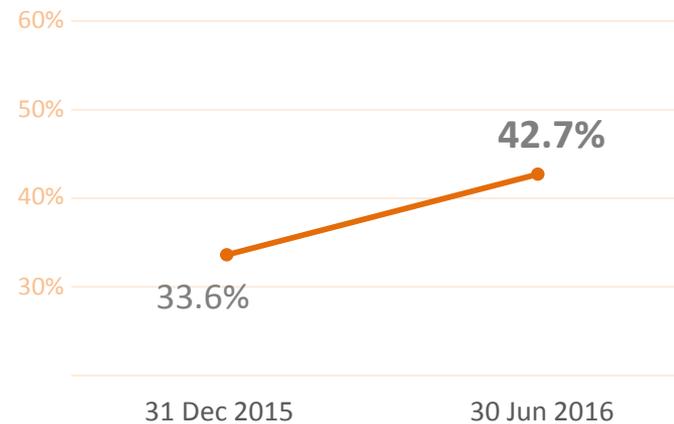


<sup>(6)</sup> Excluding Put option written on non-controlling interests

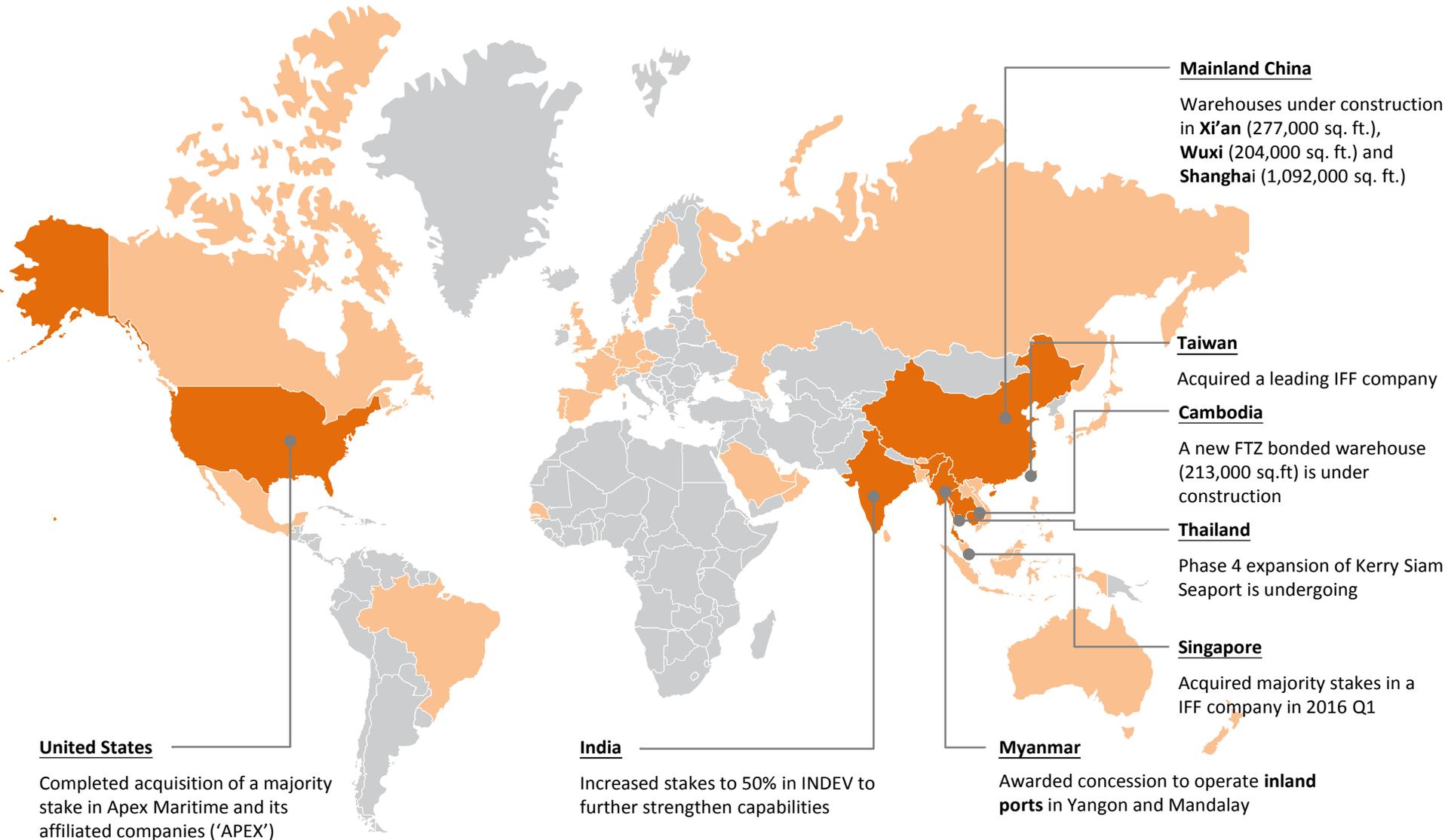
## Debt Maturity



## Gearing Ratio



# Extended Network



1

To achieve growth organically through enhanced core competences

2

To continue on expansion of e-commerce network and capabilities

3

To strengthen IFF network with strategic acquisitions and successful integrations

4

To deepen further strategic focus on the Belt and Road Initiative

# Q & A

**KERRY**  
LOGISTICS

Stock code: 636

# APPENDICES

**KERRY**  
LOGISTICS

Stock code: 636

# Appendix I – Condensed Consolidated Interim Income Statement

	Six months ended 30 Jun	
	Unaudited 2016 HK\$'000	Unaudited 2015 HK\$'000
Turnover	10,460,893	10,134,594
Direct operating expenses	(8,753,449)	(8,450,862)
Gross profit	1,707,444	1,683,732
Other income and net gains	90,402	78,258
Administrative expenses	(856,879)	(823,575)
Operating profit before fair value change of investment properties	940,967	938,415
Change in fair value of investment properties	159,111	165,161
Operating profit	1,100,078	1,103,576
Finance costs	(74,337)	(68,040)
Share of results of associates	53,947	56,285
Profit before taxation	1,079,688	1,091,821
Taxation	(177,801)	(212,246)
Profit for the period	901,887	879,575
Profit attributable to:		
Company's shareholders	709,080	701,007
Non-controlling interests	192,807	178,568
	901,887	879,575
Earnings per share		
- Basic	HK\$0.42	HK\$0.41
- Diluted	HK\$0.42	HK\$0.41

# Appendix II – Condensed Consolidated Interim Statement of Financial Position

ASSETS AND LIABILITIES	Unaudited	Audited
	As at 30 Jun 2016	As at 31 Dec 2015
	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Intangible assets	2,887,865	2,144,064
Investment properties	8,282,580	8,118,602
Leasehold land and land use rights	547,094	538,443
Property, plant and equipment	7,400,244	7,028,223
Associates	1,196,250	1,136,543
Available-for-sale investments	106,003	105,617
Investment in convertible bond	-	351,689
Long-term receivables	7,763	7,755
Deposits paid	205,824	-
	<b>20,633,623</b>	<b>19,430,936</b>
<b>Current assets</b>		
Inventories	291,693	317,381
Investment in convertible bond	347,807	-
Financial assets at fair value through profit or loss	104,544	-
Accounts receivable, prepayments and deposits	5,626,396	4,891,331
Tax recoverable	5,386	3,248
Amounts due from fellow subsidiaries	3,568	2,505
Restricted and pledged bank deposits	31,448	33,638
Cash and bank balances	4,012,887	3,733,357
	<b>10,423,729</b>	<b>8,981,460</b>
<b>Current liabilities</b>		
Accounts payable, deposits received and accrued charges	3,854,287	3,814,011
Amounts due to fellow subsidiaries	3,847	12,272
Amounts due to related companies	38,732	40,664
Taxation	156,959	158,374
Short-term bank loans and current portion of long-term bank loans	2,559,832	2,368,773
Bank overdrafts	55,194	46,613
	<b>6,668,851</b>	<b>6,440,707</b>

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

	Unaudited As at 30 Jun 2016 HK\$'000	Audited As at 31 Dec 2015 HK\$'000
<b>Non-current liabilities</b>		
Loans from non-controlling interests	234,193	249,311
Long-term bank loans	4,300,230	2,801,152
Deferred taxation	589,291	560,369
Retirement benefit obligations	134,586	265,265
Other non-current liabilities	1,028,082	115,080
	6,286,382	3,991,177
<b>ASSETS LESS LIABILITIES</b>	<b>18,102,119</b>	<b>17,980,512</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's shareholders</b>		
Share capital	847,403	847,207
Share premium and other reserves	2,676,004	2,566,845
Retained profits	12,653,577	12,118,669
	16,176,984	15,532,721
Put option written on non-controlling interests	(1,029,584)	(103,501)
	15,147,400	15,249,220
Non-controlling interest	2,954,719	2,551,292
<b>TOTAL EQUITY</b>	<b>18,102,119</b>	<b>17,980,512</b>