



# **2008 Full Year Results**

*17 March 2009*



## 2008 Financial Highlights

- IDS Group's performance in 2008 was adversely affected by the on-going global economic crisis and financial meltdown. Our US & UK businesses registered significant losses, resulting in a Net Profit of USD 24.52m, a decline of 12.9% vs. 2007.
- In spite of the very challenging market conditions, our Asian business remained robust, registering a strong Operating Profit growth of 22% vs. 2007. Our "Big 4" (*China, HK, Thailand & Malaysia*) contributed USD 38m in Operating Profit, a solid increase of 33% over 2007.
- Even with the solid performance of Asia, the Group's 2008 Core Operating Profit (*on a like-for-like basis*) declined 9.1% to USD 21m.
- China became our most profitable country with spectacular Revenue & OP increases of 51% and 66% respectively vs. 2007.



## 2008 Financial Highlights

- We successfully integrated two acquisitions into IDS thereby strengthening our HK Healthcare & West Coast USA operations.
- Agreement was reached with Hilding Anders to complete the Group's divestment of Slumberland Asia-Pacific. Our remaining 30% shareholding will be divested in two tranches by early 2010.
- Strong cash flow from operations (*before Capex*) of USD 57.9m, up 30% from 2007. Gearing ratio improved from 29.3% in 2007 to 24.9% in 2008
- IDS Board of Directors has proposed a final dividend payout of 22 HK cents per share, resulting in 2008 total dividend at 36 HK cents per share. Payout ratio (% of Net Profit) maintained at 60%.



## 2008 Full Year Results

(US\$ million)

	<u>2008</u>	<u>2007</u>	<u>Change (%)</u>
Revenue	1,683.79	1,295.66	30.0%



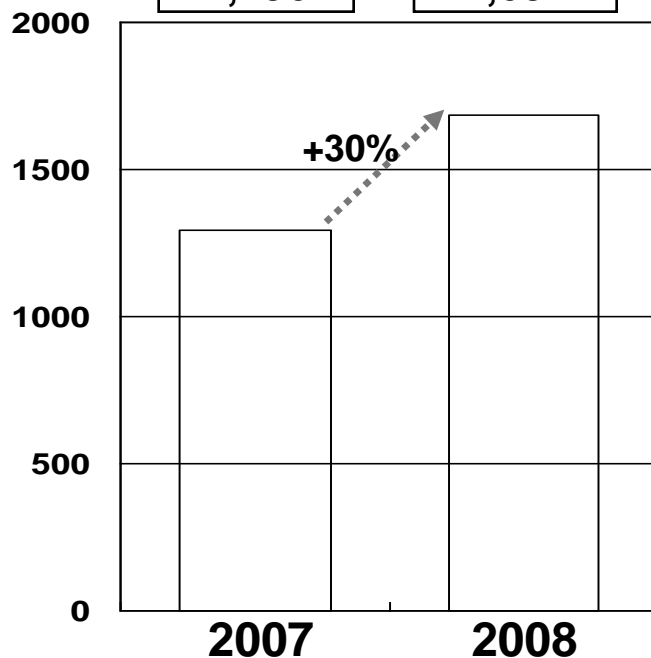
# 2008 Revenue

(US\$m)	<u>2007</u>	<u>2008</u>
<b>LOG</b>	271	369 (+36%)
<b>DIST</b>	885	1,132 (+28%)
<b>MFG</b>	152	197 (+30%)
<i>Interco</i>	(12)	(14)

**Total**

**1,296**

**1,684**



## Revenue grew 30% 2008 vs 2007

- Overall, all business streams grew fairly evenly. The Group's strong revenue growth of USD 388m or 30% was driven by Asia (+USD 336m or 28%) and acquisitions in US and UK..

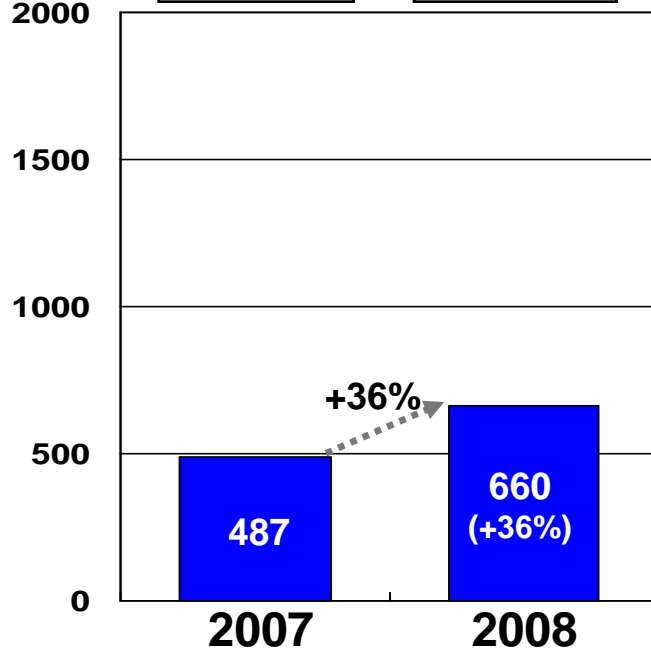


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 Greater China

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- Greater China revenue growth of USD173m or 36% was mainly driven by China, up USD116m or 51%. HK benefited mainly from the Universal acquisition with revenue up USD52m or 23%.

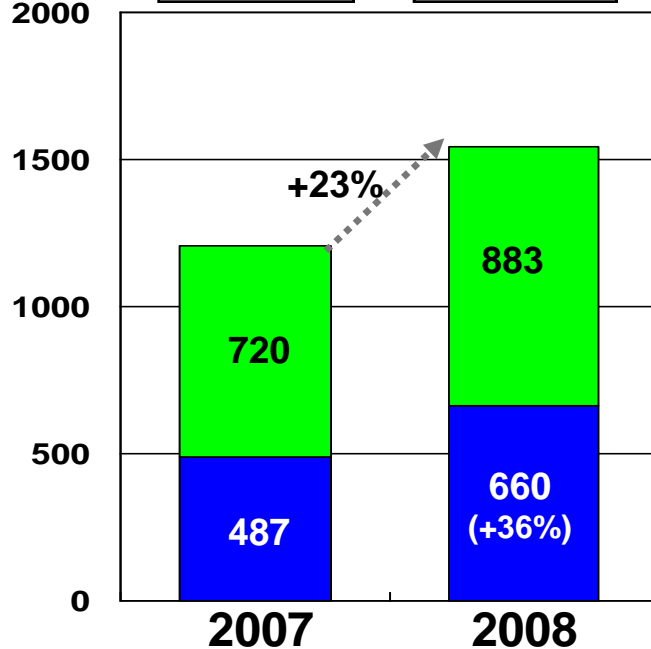


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■ Greater China   
 ■ ASEAN

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- ASEAN revenue increased USD163m or 23%. This increase mainly came from our Distribution business up USD109m. Logistics and Manufacturing grew 26% and 30% respectively.

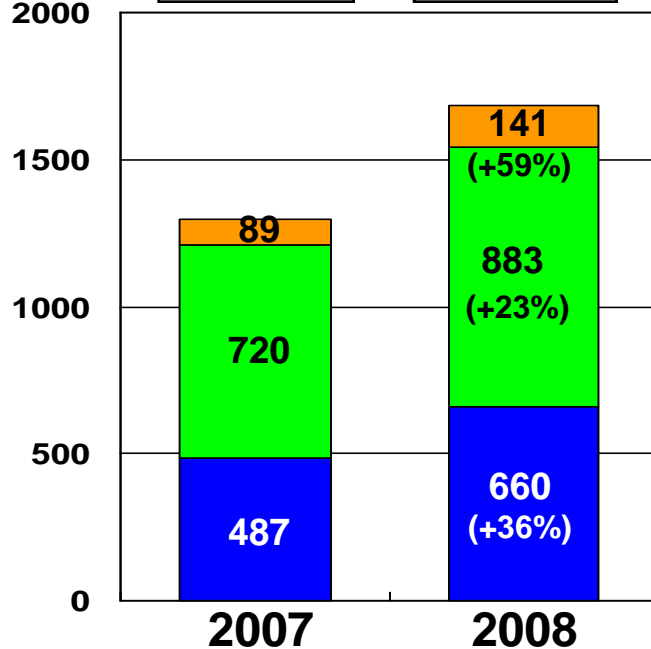


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- ASEAN revenue increased USD163m or 23%. This increase mainly came from our Distribution business up USD109m. Logistics and Manufacturing grew 26% and 30% respectively.
- Revenue from US & UK grew by USD52m, up 59% due to WTI acquisition in the US and full year impact of UK acquisition.

■ Greater China   
 ■ ASEAN   
 ■ US & UK





## 2008 Full Year Results

(US\$ million)

	<u>2008</u>	<u>2007</u>	<u>Change (%)</u>
Revenue	1,683.79	1,295.66	30.0%
Gross Profit	481.27	375.79	28.1%
Core Operating Profit*	20.97	23.07	-9.1%

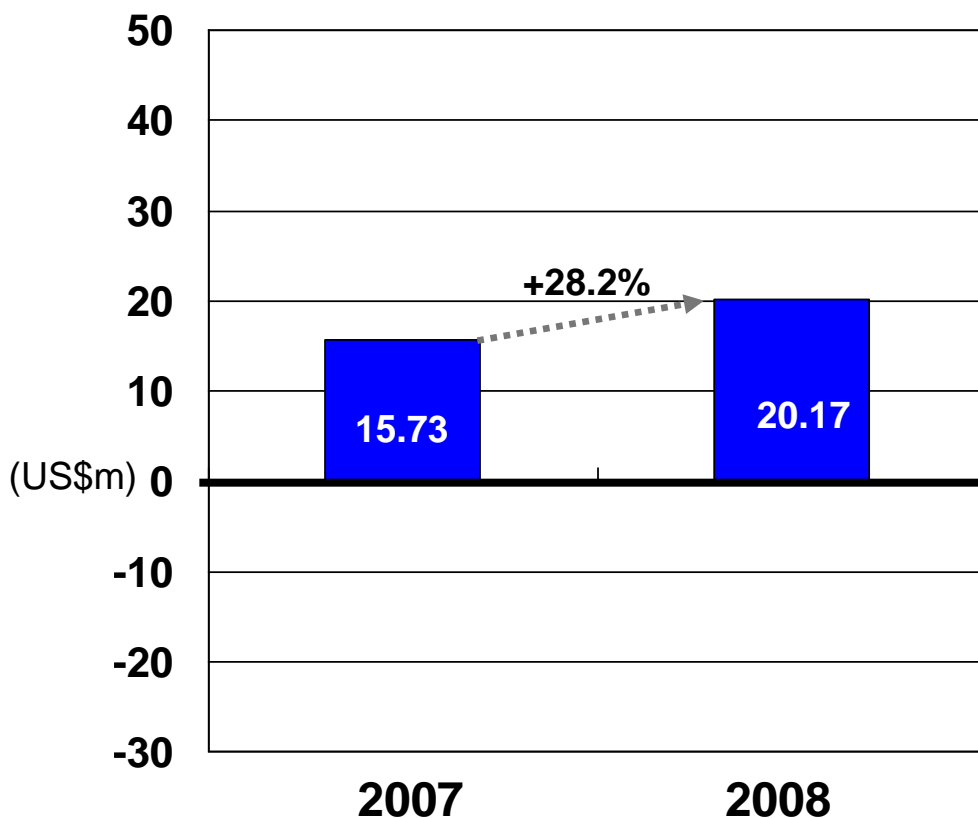


- Strong Asian growth of 21.7%
- US & UK registered OP loss of USD 7.6m

*\*Exclude Slumberland which became an associated company of IDS wef June 07*

# 2008 Core Operating Profit

## Solid OP Growth in Greater China of USD4.4m or 28.2% vs. 2007

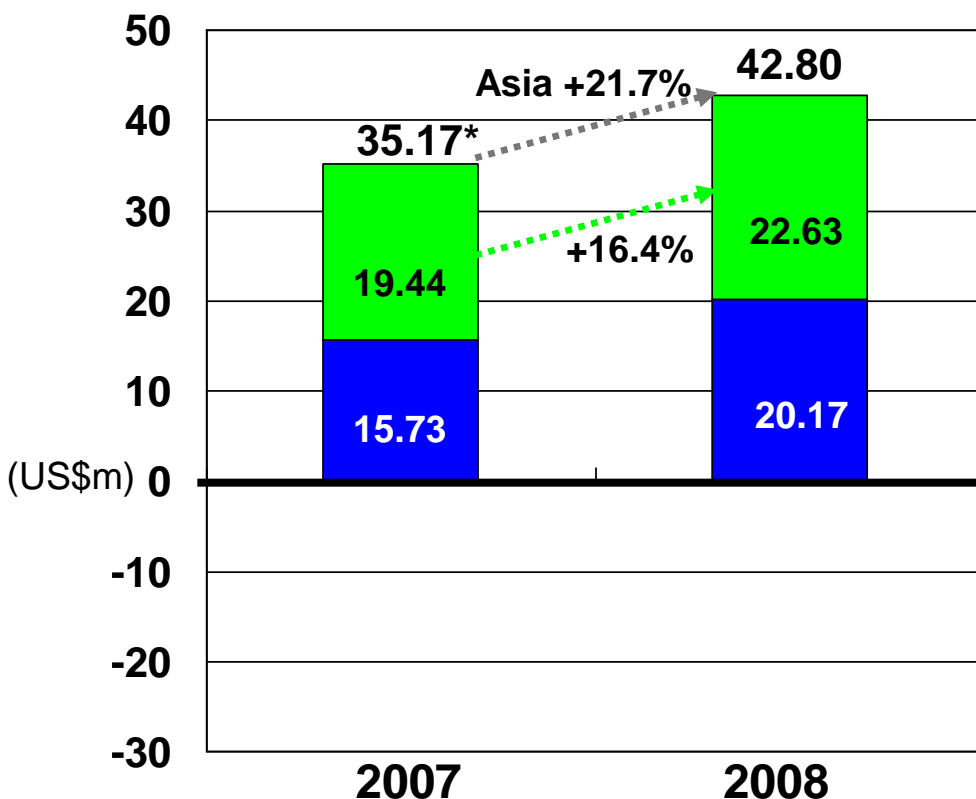


- Spectacular China OP growth of 66% making China our most profitable country.
- Soft OP growth in Taiwan and HK is expected to be significantly better in 2009.
- Distribution OP grew 32%, as a result of strong China sales and acquisition of Universal in HK.
- Logistics OP grew 24% with the strongest performance coming from China, OP up 91% vs. 2007.

 Greater China

# 2008 Core Operating Profit

**Strong ASEAN OP Growth of USD3.2m or 16.4% vs. 2007**  
**Overall Asian OP Growth is a solid USD7.6m or 21.7%**



*\*Exclude Slumberland which became an associated company of IDS wef June 07*

- Malaysia and Thailand registered OP growth of 27% and 48% respectively. Together they contributed the bulk of ASEAN OP.
- Philippines more than doubled previous year OP as a result of strong Logistics performance and improvement in Distribution vs. 2007.
- Disappointing Indonesian OP loss and soft performance from Singapore and Brunei is expected to significantly rebound in 2009.

Greater China ASEAN

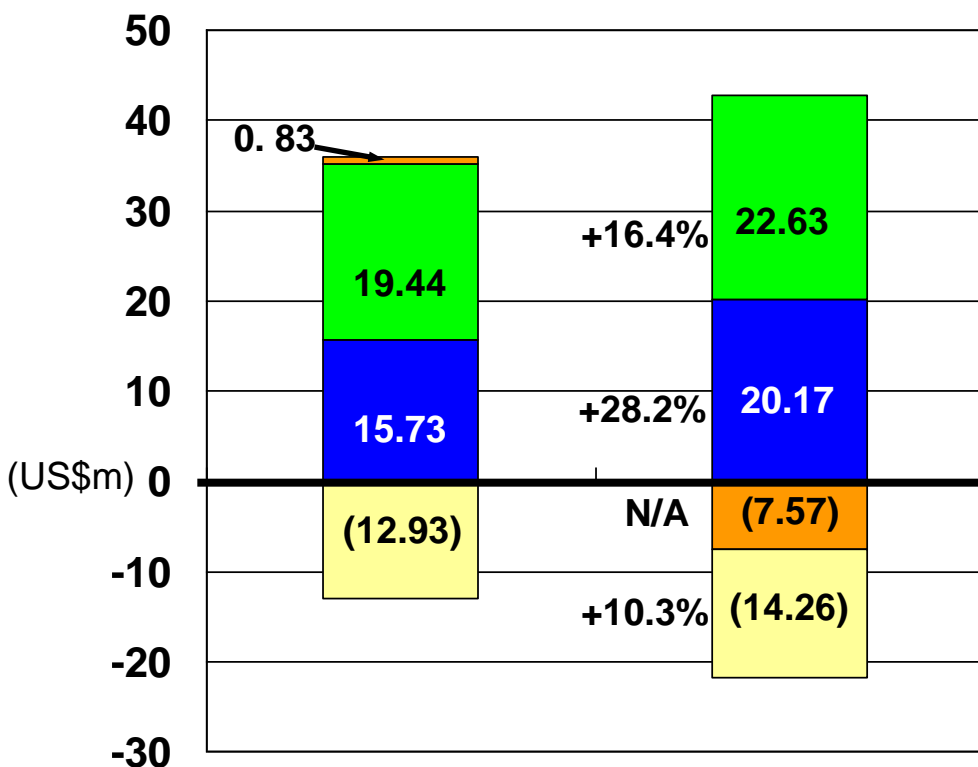


# 2008 Core Operating Profit

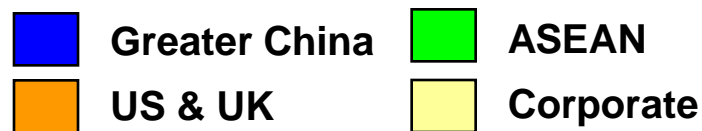
Core OP      2007                      2008  
 23.07\*                                      20.97 (-9.1%)

## Core OP significantly impacted by US/UK losses

- USD 8.4m reversal of OP 2008 vs. 2007 resulting from US/UK economic crisis and financial meltdown accounted for all of the shortfall of the Group's 2008 Core OP.
- 2008 was a year of structural change at IDS USA and we are now poised for a turnaround to profitability in 2009.
- DC consolidation, headcount reduction and a renegotiated contract with M&S will similarly position IDS UK for profitable growth in 2009.
- Increase in Corporate expenses primarily due to formula calculation for ESOS expense.



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## 2008 Full Year Results

<b>(US\$ million)</b>	<u>2008</u>	<u>2007</u>	<u>Change (%)</u>
<b>Revenue</b>	<b>1,683.79</b>	<b>1,295.66</b>	<b>30.0%</b>
<b>Gross Profit</b>	<b>481.27</b>	<b>375.79</b>	<b>28.1%</b>
<b>Core Operating Profit*</b>	<b>20.97</b>	<b>23.07</b>	<b>-9.1%</b>
<i>Other gains &amp; Slumberland</i>	13.65	16.06	
<b>Operating Profit</b>	<b>34.62</b>	<b>39.13</b>	<b>-11.5%</b>
<i>Finance cost, net</i>	(6.47)	(4.71)	
<i>Share of results of Associates</i>	2.10	1.40	
<i>Taxation</i>	(4.92)	(6.62)	
<i>Minority interests</i>	(0.81)	(1.05)	
<b>Net Profit</b>	<b>24.52</b>	<b>28.15</b>	<b>-12.9%</b>

*\*Exclude Slumberland which became an associated company of IDS wef June 07*



## 2008 Dividends

- The IDS Board of Directors has proposed a final dividend of 22 HK cents per share.
- Including the 2008 Interim dividend of 14 HK cents per share, total dividend for 2008 amounts to 36 HK cents per share.
- Payout ratio (% of Net Profit) maintain at approximately 60%



**Emerging Stronger in 2009  
For Breakthrough 2010**



## IDS US & UK – A 2009 Rebound

### IDS USA

- Closed 5 DCs with 600,000 sq ft or 22% space reduction. Full year impact on occupancy cost is USD 2.5m.
- Appointed Country MD/President with strong management in place for East & West Coast Operations and Country Resource Team (Finance, HR & IT).
- Major investments made in DC racking system and in Technology, positioning us for strong operating leverage.
- Focus on Productivity improvement and labor cost reduction of 15% will continue into 2009.
- Strong business development pipeline and acceleration of managing Li & Fung USA logistics will drive revenue growth in 2009.





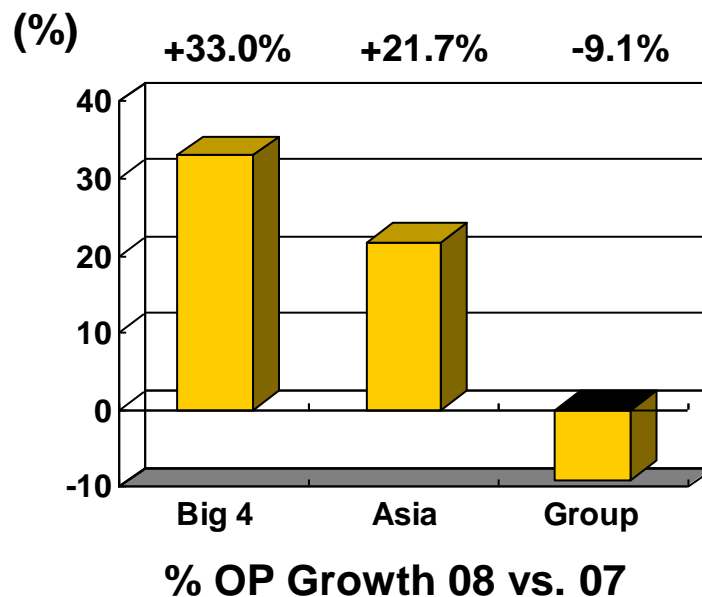
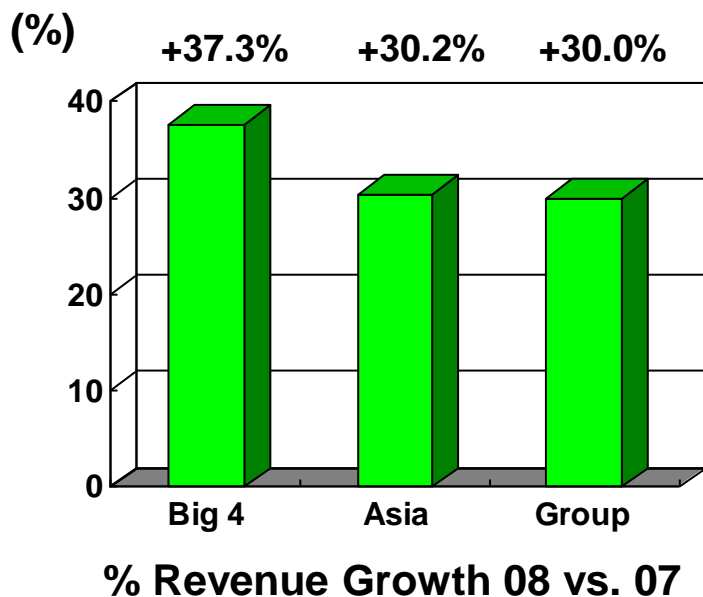
## IDS US & UK – A 2009 Rebound

### IDS UK

- Closure of 3 DCs will result in £700,000 occupancy cost saving.
- Significant headcount reduction, down by more than 20%, and reduced use of contract labor will continue into 2009. Annualized cost savings expected to be more than £750,000 pa.
- New contract with M&S with guaranteed volumes and semi-open book arrangement will ensure profitable operation of our largest distribution center (1m sq ft) in Leicester.
- Our focus on productivity, emphasis on new contracts like M&S, investment in technology and the continued strengthening of UK management and operations will enable IDS UK to rebound in 2009.

## Strong Asian Growth in 2009

- We are aiming for a robust Asian OP growth in 2009.
- Our “Big 4” markets of China, Hong Kong, Thailand and Malaysia delivered USD 37.7m OP in 2008 (an OP growth of 33%). “Big 4” will continue to spur Asian growth in 2009. Our other Asian markets are poised for a significant profit rebound



# Strong Wins in 2008 Solid BD Pipeline in 2009

- 70 new contracts signed 2008 with successful retention of all key clients
- Significant increase in BD, clear trend towards outsourcing





## IDS will Emerge Stronger in 2009

### 2009 will be a year of Strengthened Profitability

- **Asian OP growth** led by the “Big 4” is expected to remain strong as a result of our solid on-the-ground operations and strong customer relationship management.
- **Turnaround of IDS USA & UK** will have significant impact on the Group’s Core OP in 2009.
- **M&A activities** will continue to be aggressively pursued and our pipeline remains strong. A more focused M&A strategy has been implemented – earning-accretive and “bite-size” candidates to “fill-in the mosaic”.
- **Strong Cash Flow** in 2009 remains a key objective, targeting to improve on 2008.



## **IDS will Emerge Stronger in 2009**

**In 2009 IDS will continue to invest for the future**

1. Investment in Transformational Projects.



## Implementing Strategic Plan 2008-2010

Implementing Strategic Plan 2008-2010



**Execute a PORTFOLIO OF TRANSFORMATIONAL  
PROJECTS flawlessly**

**A Company's Project Portfolio drives its Strategy**

- Creation of **New Services** (Product Development)
- **Technology** projects
- **Infrastructure** projects
- **Customer investment** projects



## IDS will Emerge Stronger in 2009

### In 2009 IDS will continue to invest for the future

1. Investment in Transformational Projects
2. Investment in People
  - New Logistics Operations Support (LOS) management team and creation of Supply Chain Solution Centers will significantly enhance IDS competitiveness and growth in 2009
  - Mining for talent, upgrading our people – IDS will increase investment in our Leadership, Management & Talent Development programs – Management Trainee program, e-Learning, New IDS Manager and employee recognition/loyalty programs .....

**2009 – IDS 10<sup>th</sup> Anniversary**



## 2009 – IDS 10<sup>th</sup> Anniversary Celebrations

The IDS 10th Anniversary celebrations is designed to recognize and appreciate our employees and their families. Customer events will also be held.

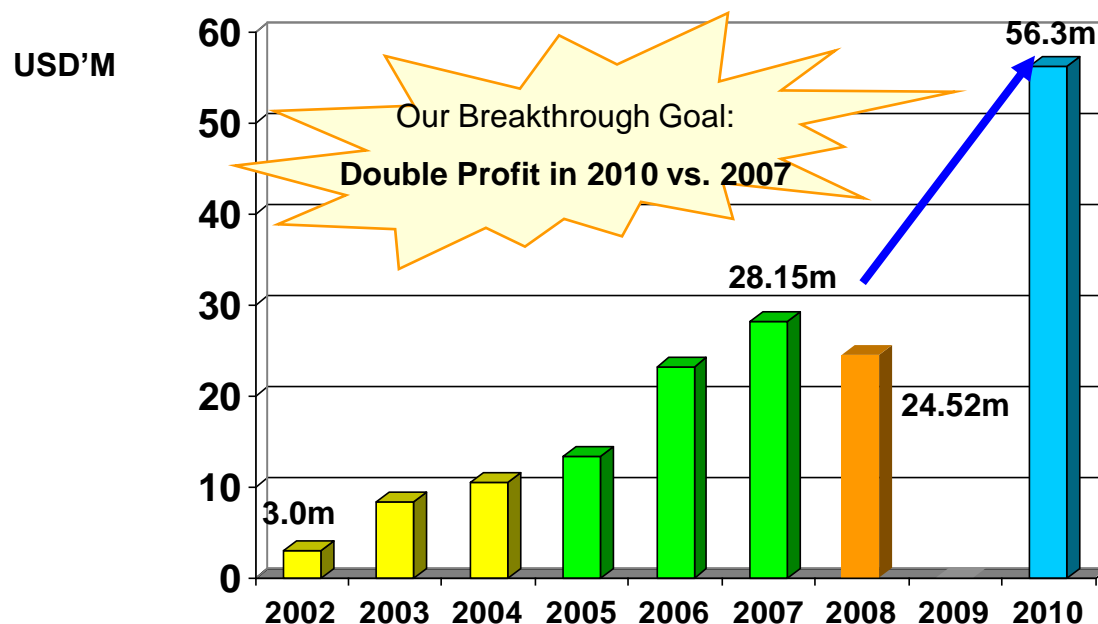






## 2008-2010 Strategic Plan

IDS remains steadfast in pursuing our 2010 Breakthrough Goal we set in Nov 2007 and announced in Mar 2008.





**THANK YOU!**

**Q&A**