



# First Half 2010 Results

12 August 2010



## 1st Half 2010 Financial Highlights

- In 1H 2010, IDS Group's revenue increased by 11.2% to US\$941.5 million, driven mainly by Asian growth.
- Concurrently, the Group continued to register outstanding Asian performance with Operating Profit growing 22.1% to US\$29.5 million, up US\$5.3 million from US\$24.2 million. Greater China OP grew 32.9% and ASEAN OP grew 12.1%. This performance continues on the strong IDS Asian growth trend of 26.5% Operating Profit CAGR for 2004-2009.
- Core Operating Profit however grew at a more modest rate of 4.6% from US\$8.92 million to US\$9.34 million in 1H 2010, affected mainly by soft US volumes and continued structural and operational challenges in the US. IDS UK accomplished an encouraging financial and operational turnaround in 1H 2010.
- Group Operating Profit and Net Profit in 1H 2010 dropped significantly by 20.1% and 32.7% respectively, affected by a substantially higher one-off gain in 1H 09 from the divestment of Slumberland Asia Pacific.



## Interim Dividend

The Board of Directors has declared an interim dividend of 9 HK cents per share.



## 1st Half 2010 Results

US\$'M

Revenue

	YTD Jun		Change (%)
	2010	2009	
Revenue	<u>941.5</u>	<u>846.7</u>	11.2%

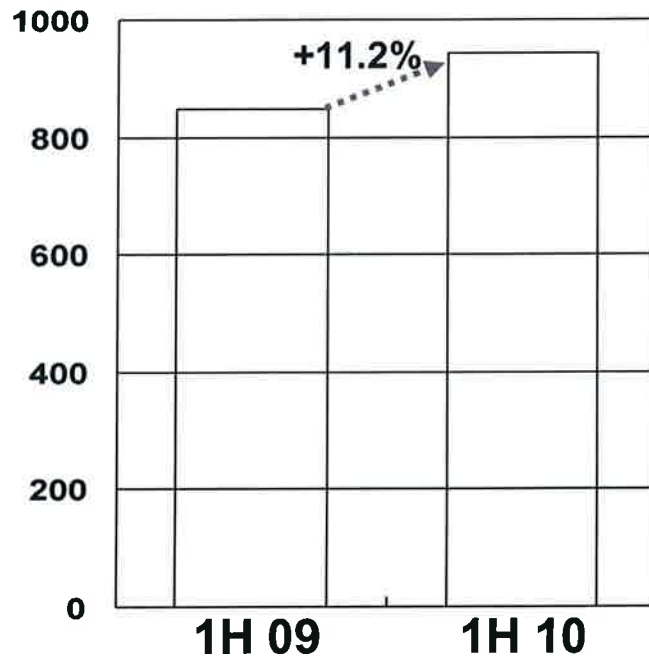


# 1H 2010 Revenue

(US\$m)	1H 09	1H 10	
LOG	150	176	(+18%)
DIST	617	661	(+7%)
MFG	88	114	(+30%)
Interco	(8)	(9)	
<b>Total</b>	<b>847</b>	<b>942</b>	

**Revenue grew 11.2% 1H 10 vs 1H 09**

All business streams reported increases in revenue, driven substantially by organic growth



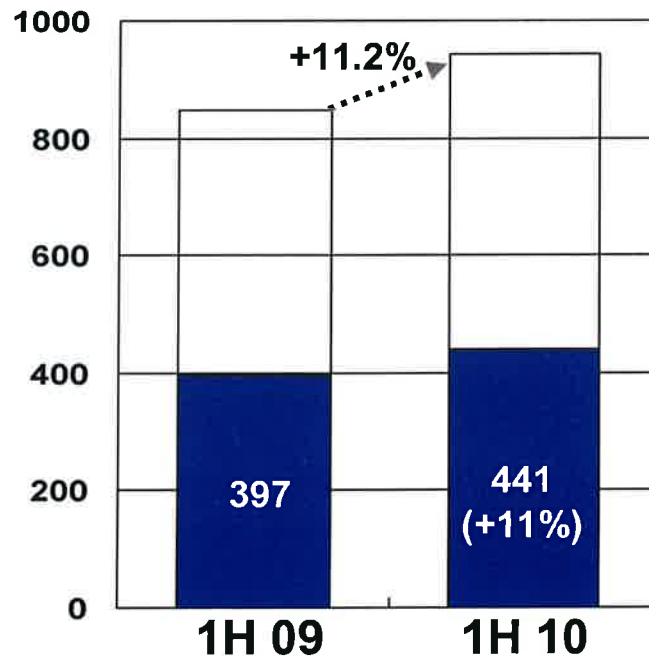


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 Greater China

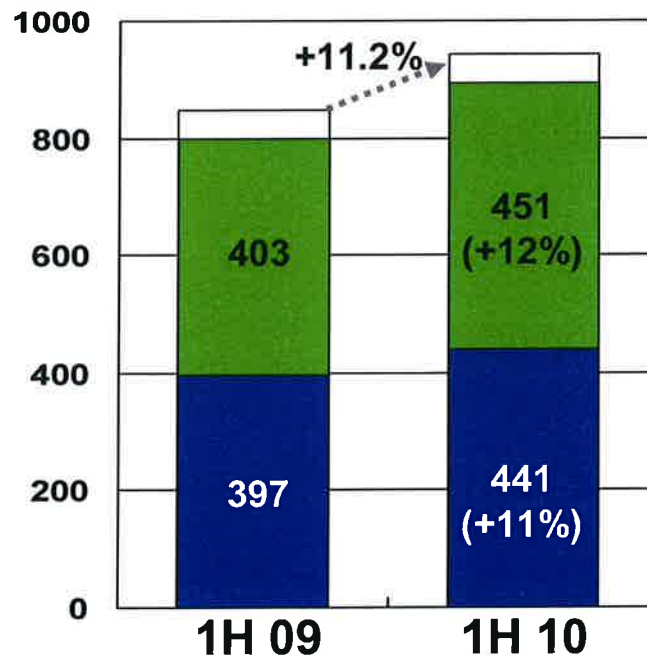


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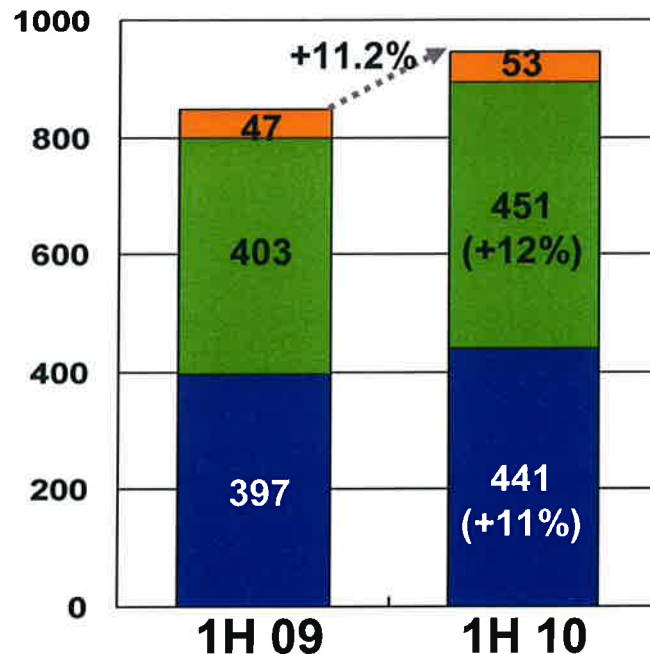


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- US & UK revenue increase was mainly driven by increase in UK freight forwarding business. USA revenue was flat in spite of significantly increased LF USA business.





## 1st Half 2010 Results

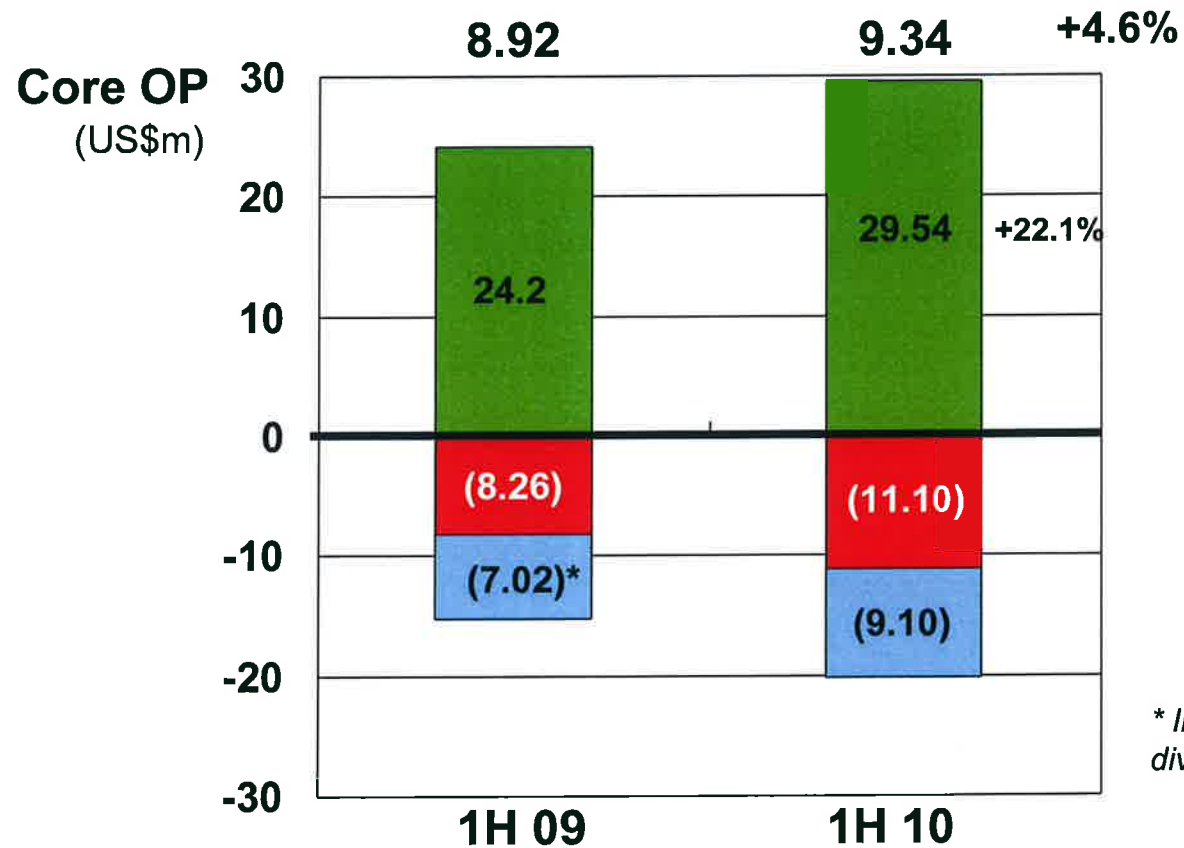
US\$'M

	YTD Jun		10 vs 09
	2010	2009	
<b>Revenue</b>	<b>941.5</b>	<b>846.7</b>	11.2%
<b>Core operating profit</b>	<b>9.34</b>	<b>8.92</b>	4.6%



# 1H 2010 Core OP

**1H 2010 Core OP increased 4.6% vs. 1H09 to US\$9.34m**  
**Solid Asian OP growth off-set by increased US/UK losses**



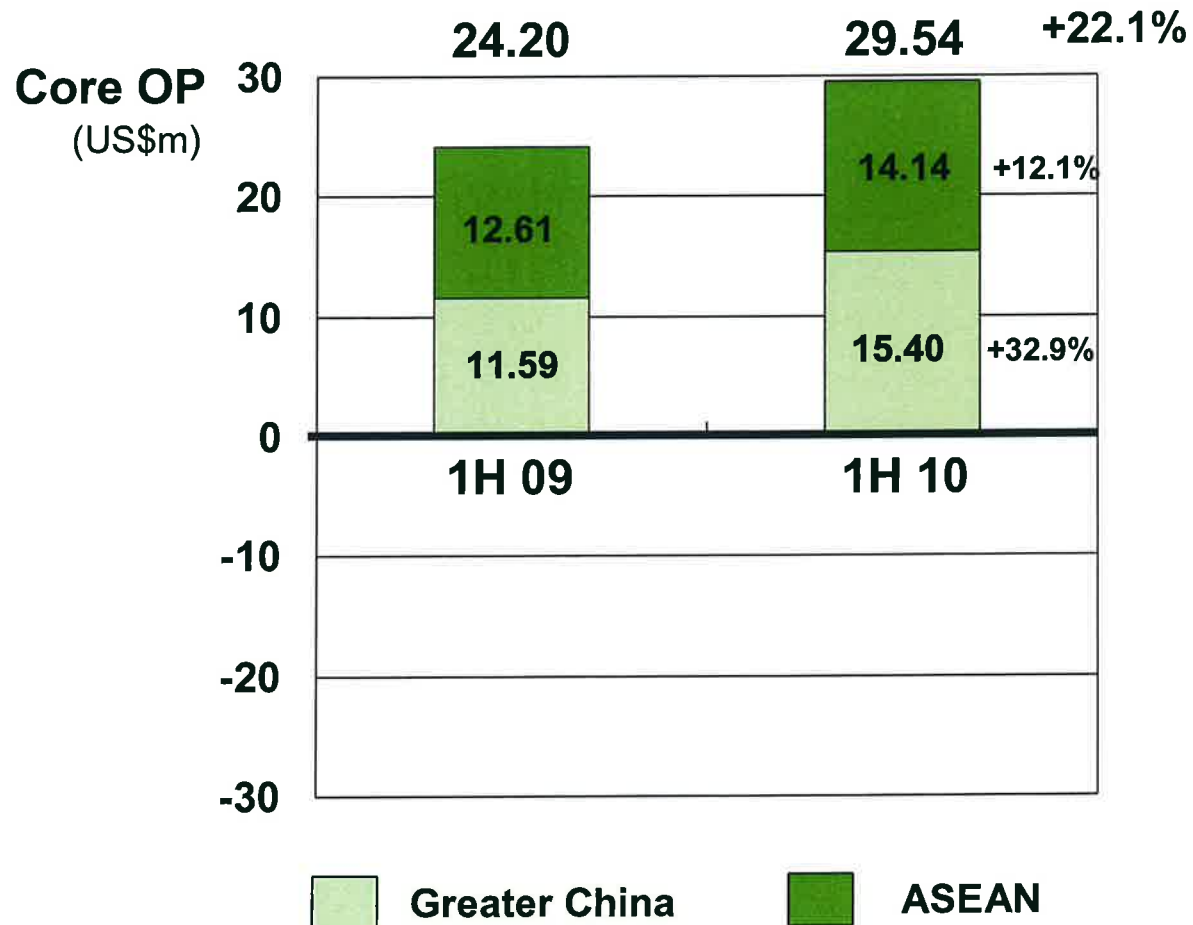
*\* Includes rental income & SAP dividend not applicable in 1H 10*

■ ASIA     
 ■ US & UK     
 ■ Corporate



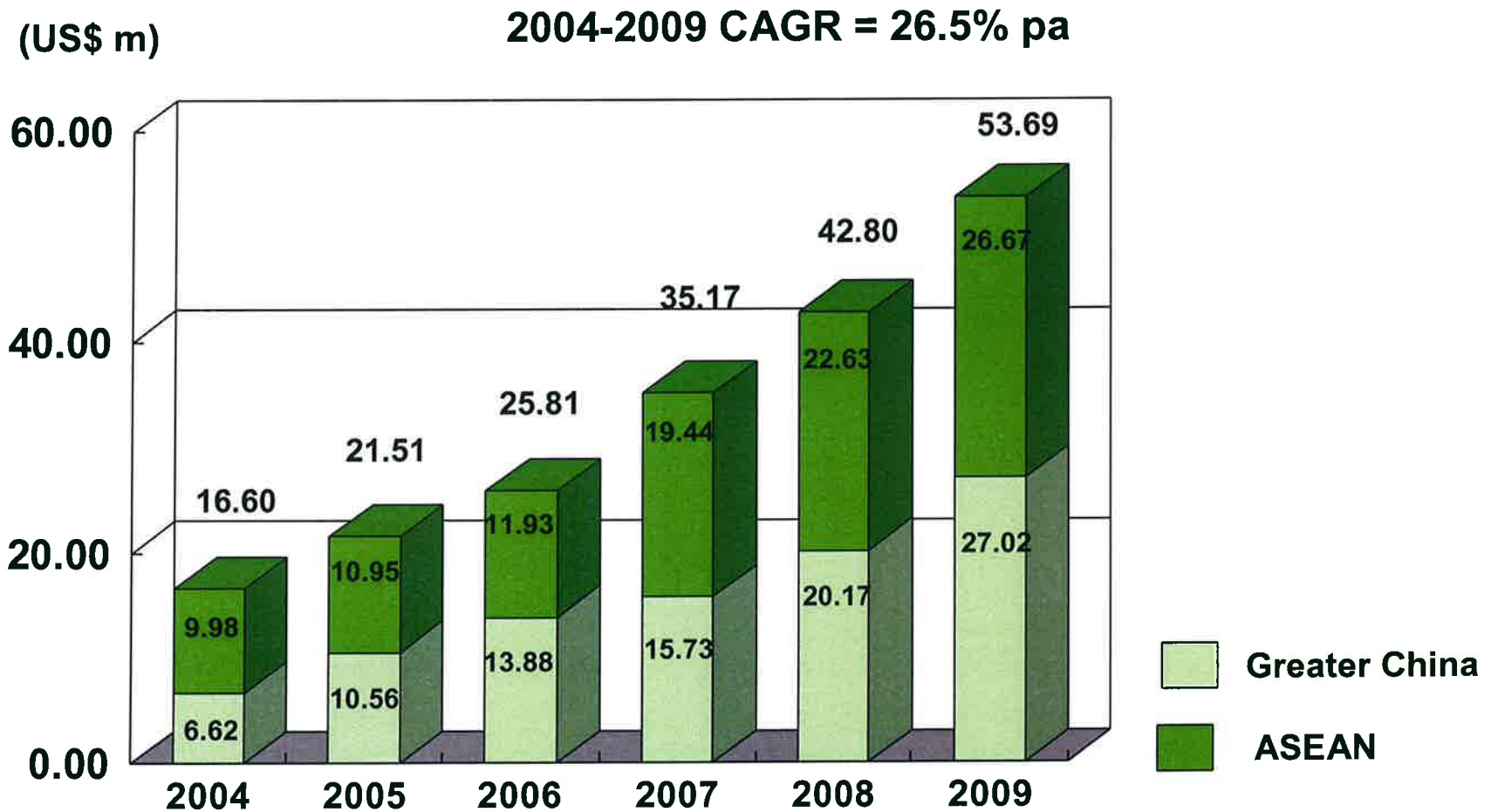
## 1H 2010 Asia Operating Profit

1H 2010 Asia OP increased 22.1% to US\$29.53 million





## 2004–2009 Asia Operating Profit





## 1st Half 2010 Results

US\$'M

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	2010	2009	
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<b>Core operating profit</b>	<b>9.34</b>	<b>8.92</b>	4.6%
Other gains	10.47	15.88	-34.0%
<b>Operating profit</b>	<b>19.81</b>	<b>24.80</b>	-20.1%



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<b>Core operating profit</b>	<b>9.34</b>	<b>8.92</b>	4.6%
Other gains	10.47	15.88	-34.0%
<b>Operating profit</b>	<b>19.81</b>	<b>24.80</b>	-20.1%
Interest	(2.52)	(1.97)	-27.6%
Associates	0.05	0.03	88.5%
<b>Profit before taxation</b>	<b>17.34</b>	<b>22.86</b>	-24.1%
Taxation	(4.31)	(3.85)	-12.1%
Minority interests	(0.60)	(0.55)	-9.5%
<b>Net profit</b>	<b>12.43</b>	<b>18.46</b>	-32.7%



## FY 2010 Outlook

- IDS expects a stronger second half performance driven by:
  - Continued robust Asian growth fueled by new business wins and customer projects
  - Continued UK turnaround performance to profitability
  - Record International OP performance driven by Freight Forwarding network development, technology and last year's acquisition of AGI
  - Turnaround of US business enabled by stronger management and operational leadership, material handling & technology investments, productivity improvements and ramp up of new businesses and increased seasonal volumes. Expiry of two leases (unutilized facilities) will result in substantial savings in occupancy costs
- New China organization and distribution & logistics infrastructure development will drive stronger growth and synergies with Hong Kong. Investment focus is on Regional offices, Senior Management additions, People & Technology.
- New IDS Corporate & HK offices & IDS Conference Center opened July 2010 – 3 floors connected by internal staircase, including a Business Center for customers.



# New IDS Corporate & HK offices



G/F Lift lobby



Customer Business Center



Internal staircase & Main lobby





# IDS Headquarters Renovation



**Auditorium**

**Training rooms**



**Harmony Lounge**





# IDS Headquarters Renovation



**The Peak Room**



**Open office**





## FY 2010 Major Projects

- Major projects will strengthen operational efficiencies and customer partnerships:
  - Project Voyager – Mega DC project in Taiwan and the Philippines
  - New China Logistics Center for Nike
  - Project Titan – 650,000 sq. ft. facility in US with automated sortation system to improve labor productivity
  - Project Germini – facility improvement program for Shoes for Crew in US
  - Chino 123 – productivity enhancement initiatives for US West Coast facilities
  - Project Diana – piece-pick e-fulfillment center for Republic in the UK
  - Project Britney – 60,000 sq. ft. dedicated manufacturing facility in Malaysia for F&N chilled products

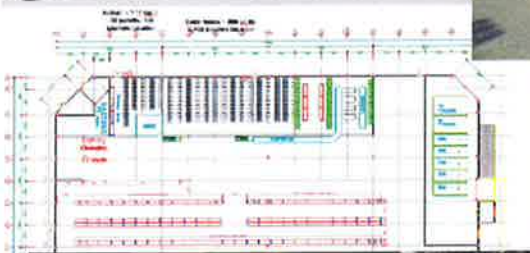
# MEGA DC PROJECTS



Carrefour New Distribution Center : Layout



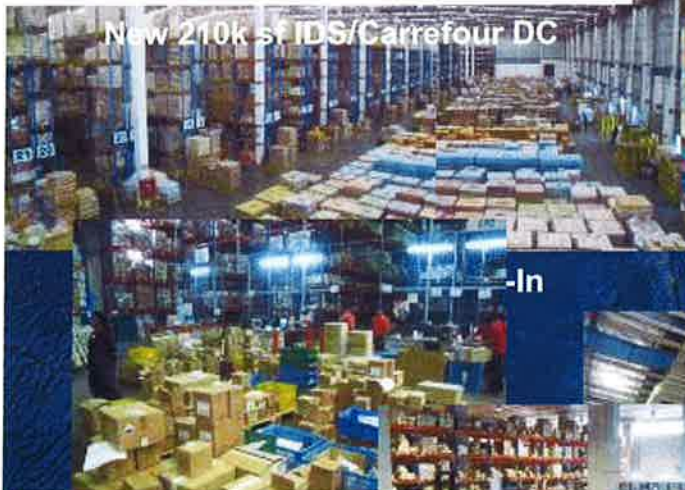
Healthcare DC - Ground Floor



China

USA DC Optimization

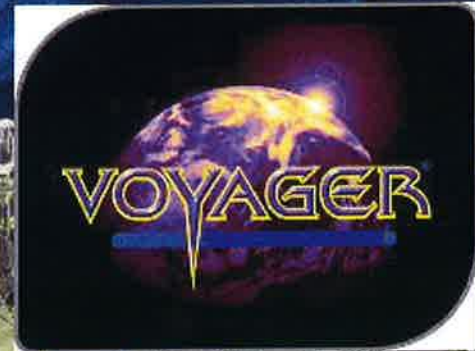
New 210k sf IDS/Carrefour DC



-In



New 520k sf Mega DC



Project Voyager



DC Reconfiguration



HUB DC



New Business / New DC's

DC &



Project Apollo

New "Super DC"



# The Nike CLC – Taicang/Jiangsu

## CLC at a glance



### Construction

- ± 200 000 m<sup>2</sup> of Operating Space in total
- ± 120 000 m<sup>2</sup> Footprint
- ± 80 000 m<sup>2</sup> of Processing Area
- ± 62 Shipping / Receiving Docks
- ± 260 seats cafeteria, 1 000 m<sup>2</sup> office space
- ± 400 m<sup>2</sup> Nike Employee Store

### VNA Storage

- ☑ 88 000 m<sup>2</sup> of storage area, FF50+ Flat Floor
- ☑ 172 Aisles of 12.5 m high VNA Racking
- ☑ 118 800 pallet positions
- ☑ 83 000 cartons positions
- ☑ 760 m of Belt Pick with 408 pallet flow lanes



### Material Handling Equipment

- 机 9 km of conveyors
- 机 9 Auto Carton Labeling Machines
- 机 745 m of High Speed Sortation Equipment, distributing Cartons or Products over a total of 800 chutes
- 机 80 Truck Fleet at facility kick off, traveling at up to 7.5 mph ( 12 km/h)



### Hi Tech Operational processes

- 科 WMS Directed, Radio Frequency Voice Command and Wireless Handheld Terminals
- 科 1080 Fast Pick FW cartons flow locations
- 科 39 000 Static Shelves FW Pick locations
- 科 43 000 AP/EQ Wire Basket Pick locations
- 科 150 km of high speed data cable



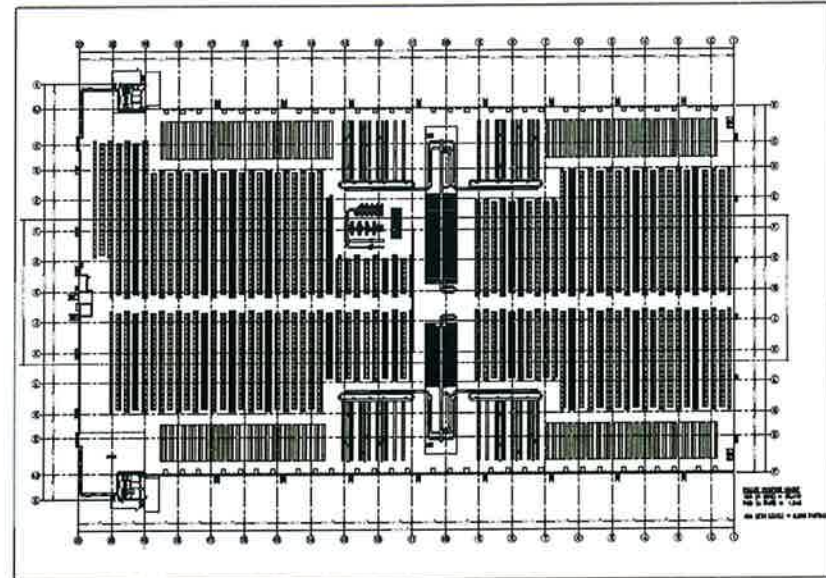
### Sustainability

- 绿 LEED US Green Building Council: SILVER Accreditation (Target)
- 绿 Solar Panels Heated Water
- 绿 Ground Source Cooling System, Sun Shades
- 绿 Optimized Light Control system
- 绿 Low Consumption T8 Lights
- 绿 Rain water collection
- 绿 Low Water Consumption Vacuum system



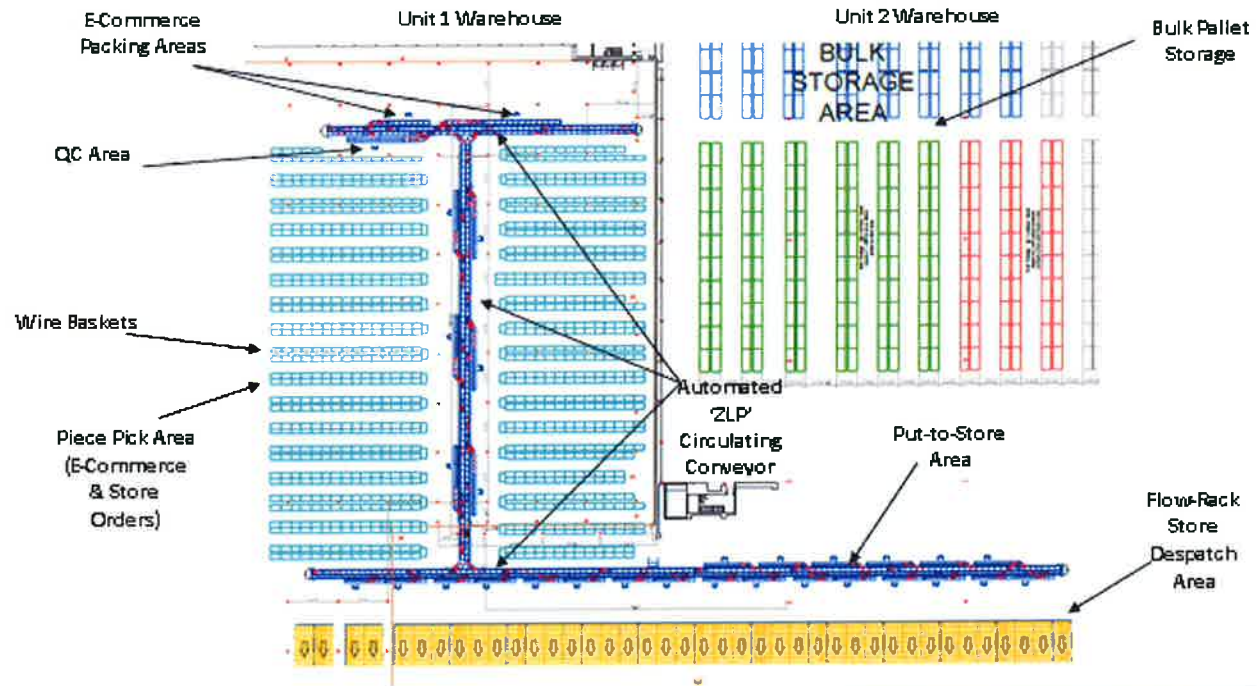


# New 650,000 sq.ft. Chino 6 Facility





# E-Fulfillment Center for Republic UK





## F&N Manufacturing Facility - Malaysia



Building Completed in June 2010



Side view – Total Built Up Area 60,000 Sq Ft





**THANK YOU!**