

Press Release

Li & Fung Announces 2017 Interim Results

- Li & Fung's new supply chain model gains traction
- Customers embrace new supply chain solutions
- Core operating profit increases by 12% in 1H2017 like-for-like
- Logistics continues double-digit growth driven by e-logistics, geographic expansion and new verticals
- Strong balance sheet supports future growth, including US\$150 million for digitalization over the next three years

Hong Kong, 24 August 2017 – Li & Fung Limited (“Li & Fung,” “the Group,” or “the Company;” SEHK: 494), the world’s leading supply chain solutions partner for brands and retailers, today announced its interim results for the six months ended 30 June 2017.

The Company reported positive first half 2017 results, highlighting continued business progress despite challenges in the retail industry and a volatile macroeconomic environment. Initiatives launched under the new Three-Year Plan (2017-2019) to introduce greater speed, innovation and digitalization for the benefit of the Company’s business and its customers are starting to gain traction.

For the first half, on a like-for-like basis when excluding the impact of the strategic divestment of the Asia consumer and healthcare distribution business, core operating profit increased by 11.9% to US\$170 million and profit attributable to shareholders increased by 51.3% to US\$101 million. Turnover stabilized with a slight decrease of 2.1% to US\$7,264 million, and total margin as a percentage of turnover increased from 11.4% to 11.5%. Ongoing measures to improve operating efficiency and productivity resulted in an operating cost decrease of 4.5% to US\$665 million. Core operating profit as a percentage of turnover increased from 2.0% to 2.3%. The Board of Directors declared an interim dividend of 11 HK cents per share (2016 interim: 11 HK cents).

The Company maintained a strong balance sheet and maximum flexibility in its capital structure, aided by recent efforts to strategically divest non-core assets, such as the Asia consumer and healthcare distribution business, as well as the issuance of perpetual securities, raising US\$1 billion to fund future growth. US\$150 million will be used to fund digitalization efforts over the next three years.

Commenting on the 2017 interim results, Spencer Fung, Group CEO of Li & Fung, said “I am very pleased that our first half results reflect early successes in our Three-Year Plan initiatives. Our goal is to create the supply chain of the future to help our customers navigate the disruption the retail industry is facing. The new supply chain model we are creating is gaining traction and customers are reacting positively to new supply chain solutions such as our speed model and virtual design service. Meanwhile, our logistics business continues its multi-year, double-digit organic growth driven by e-logistics, geographic expansion and entry into new verticals such as electronics.”

Group Chairman William Fung added, “We are making substantial progress across many areas of the business. Our wide network of suppliers gives us the ability to quickly adjust supply chain solutions for our customers as new situations emerge. Adding to this core strength, we are singularly focused on greater speed, innovation and digitalization. We will not only meet and exceed the expectations of our existing and new customers for a supply chain that meets changing consumer demands, but we will also employ new technologies to create an end-to-end digitalized supply chain of the future that will anticipate future requirements.”

For details of Li & Fung’s 2017 Interim Results, please refer to the announcement posted on the HKExnews website <http://www.hkexnews.hk> and the Li & Fung website www.lifung.com.

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About Li & Fung Limited

Li & Fung (SEHK: 494), the Hong Kong-headquartered multinational group, is the world's leading supply chain solutions partner. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide, in around 250 offices across more than 40 economies.

For more information, please visit www.lifung.com

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