

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE ASIA-PACIFIC
LOGISTICS INDUSTRY*

KERRY
LOGISTICS

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company Kerry Logistics Network Limited excels in many of the criteria in the logistics space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Transforming Asia-Pacific Logistics: Trends, Opportunities, and Challenges

The logistics market in the Asia-Pacific (APAC) region is undergoing significant transformation, driven by emerging trends that are reshaping supply chains and logistics operations. One of the most impactful

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**- Jeff Tan,
Director, Supply Chain & Logistics**

developments is the rise of middle-mile logistics, which focuses on moving goods from distribution centers to fulfillment facilities. This is particularly vital for industries with large volumes of goods, such as electronic-commerce (e-commerce), retail, manufacturing, and fast-moving consumer goods. The growth of middle-mile logistics offers substantial cost-saving opportunities and enhances operational control, especially in key APAC markets like Indonesia, Thailand, Malaysia, Vietnam, and Singapore (a major regional logistics hub).

Another major trend is the growing emphasis on omnichannel logistics, which integrates inventory,

logistics, and distribution across various sales channels to meet changing consumer demands. As global transaction volumes increase, especially during peak shopping seasons, maintaining inventory visibility and a cohesive supply chain becomes more challenging. Omnichannel logistics seeks to create a seamless customer experience by aligning front- and back-end operations.

The resumption of international travel has also eased supply chain bottlenecks, making multimodal logistics using multiple transportation modes increasingly important. The reopening of international routes, particularly in China, has expanded shipment options and reduced congestion, offering greater flexibility to shippers. Digital solutions are enhancing multimodal logistics by providing comprehensive operational visibility and optimizing processes, which leads to a more efficient and resilient logistics network across the region.

Additionally, advancements in artificial intelligence (AI) are transforming route optimization and sustainability efforts within the logistics industry. AI-driven innovations are replacing traditional manual route planning, enabling real-time tracking and improved operational control. These advancements reduce costs and support sustainability goals by minimizing fuel consumption and carbon emissions. As consumer expectations continue to shift toward faster delivery and greater customization, the role of AI in optimizing logistics operations is becoming increasingly critical.

However, the APAC logistics market continues to face several challenges. Integrating new technologies, managing supply chain disruptions, and achieving sustainability goals while maintaining cost efficiency are significant hurdles. Ensuring end-to-end tracking and visibility through technology adoption remains a critical challenge, making it essential for logistics companies to address these issues to enhance efficiency and reliability. Additionally, the varying quality of infrastructure and diverse regulatory environments across APAC countries add complexity to logistics operations, requiring companies to adopt flexible and adaptive strategies to stay competitive.

Innovating Logistics Solutions and Expanding Strategic Capabilities

Founded in 1981, Kerry Logistics Network Limited (KLN) was established to address the growing demands of the logistics industry by providing innovative and efficient solutions across the supply chain. These services include integrated logistics (IL) solutions, international freight forwarding (IFF) via air, ocean, road, rail, and multimodal transport, as well as specialized offerings such as e-commerce logistics, industrial project logistics, and infrastructure investments. The company further enhances its service capabilities by leasing warehousing space in Hong Kong (HK), catering to its customers' diverse needs.

With a global presence spanning 60 countries and territories, KLN establishes a strong foothold in many of the world's emerging markets. Apart from APAC, the company's extensive infrastructure and deep local expertise extend across key regions including Mainland China, India, Southeast Asia, the Middle East, Latin America, and other international gateways. This extensive reach allows KLN to efficiently handle complex supply chains and provide customized solutions for its customers.

In response to significant challenges in the logistics industry, including ongoing economic difficulties and rising geopolitical tensions, KLN has strategically shifted its focus in recent years to optimize internal resources and improve its service offerings, even as the world recovers from the pandemic. This approach involves leveraging the collaboration between its IL and IFF segments across regions, exploring cross-selling opportunities within its diverse customer base, and expanding the scope of services provided. Despite the challenging market conditions, new opportunities emerge from shifting consumer demands and the reshuffling of global supply chains. KLN capitalizes on these opportunities by offering customers viable and cost-effective alternatives to ensure smooth cargo movement and delivery

Best Practices for Efficient and Reliable Logistics Services

KLN remains at the forefront of the logistics industry by implementing a range of best practices that ensure efficiency, reliability, and customer satisfaction. These best practices are integral to KLN's success, allowing the company to consistently deliver high-quality logistics solutions in a rapidly evolving market. Some of the key best practices that set KLN apart include:

Advanced Technology Integration: KLN makes significant strides in integrating advanced technology into its operations, enhancing efficiency and streamlining processes. The company implements KOOLBee sorting robots in key logistics hubs such as Hong Kong, Mainland China, and Singapore. These robots revolutionize the sorting process by significantly reducing waiting times for loading, leading to an impressive 270% increase in productivity. The robots use advanced algorithms to manage large volumes of parcels and packages quickly and accurately, minimizing human error and accelerating throughput.

In addition to KOOLBee, KLN has deployed KOOLKiosk and Autonomous Mobile Robots (AMR). KOOLKiosk serves as an innovative self-service solution, allowing customers to track shipments, print documents, and manage logistics operations without human intervention. The use of AMRs further enhances operational efficiency by automating the movement of goods within warehouses, reducing manual handling, and optimizing space utilization. These technological advancements improve speed and accuracy, and enable KLN to offer a seamless, faster processing experience within its logistics network, contributing to higher customer satisfaction and operational excellence.

Strategic Partnerships: Strategic partnerships are at the core of KLN's approach to expanding its global reach and capabilities. The collaboration with S.F. Holding, one of China's largest and most influential logistics companies, has been instrumental in strengthening the company's position in the global market, particularly in the Europe, Middle East, and Africa regions. This partnership enables KLN to leverage S.F. Holding's extensive air, road, and express network, thereby enhancing its service offerings and providing customers with a more comprehensive logistics solution.

One of the notable outcomes of this partnership is the joint venture for Ezhou Airport, which is set to become a major air freight hub in China. This strategic move positions KLN at the forefront of air cargo logistics, offering faster and more reliable air freight services to its customers. Furthermore, the acquisition of French air freight specialist Business By Air SAS expands KLN's capabilities in the European market, particularly in high-value and time-sensitive air freight. These strategic initiatives strengthen the company's global IFF capabilities, allowing it to offer more competitive and efficient logistics solutions to its clients.

Risk Management Protocols: In an industry where disruptions can have significant impacts on operations, KLN implements robust risk management protocols to proactively identify and mitigate potential risks. The company's risk management strategies are designed to ensure smooth operations even in unpredictable situations, such as natural disasters, geopolitical tensions, or sudden shifts in market demand.

KLN's approach to risk management includes regular assessments of its supply chain, the implementation of contingency plans, and the use of advanced analytics to predict and respond to potential disruptions. The company also maintains strong relationships with local authorities and partners across its network to

ensure quick and effective responses to any challenges that may arise. These protocols are integral to maintaining the reliability and resilience of KLN's operations, ensuring that the company continues to meet clients' needs even in the face of adversity.

Continuous Training and Development: KLN places a strong emphasis on the continuous training and development of its workforce. Recognizing that the logistics industry is constantly evolving, the company invests heavily in regular training programs to ensure its workforce is equipped with the latest industry knowledge, best practices, and skills. These training sessions cover a wide range of topics, including new technologies, customer service excellence, risk management, and sustainable practices.

By fostering a culture of continuous learning, KLN empowers its employees to handle the diverse challenges of the logistics industry effectively, enhancing the overall quality of service and contributing to employee satisfaction and retention. The company's commitment to training and development ensures that its workforce remains agile, adaptable, and capable of delivering high-quality services in a rapidly changing environment.

Through these best practices, KLN continues to lead the logistics industry, consistently delivering high-quality, efficient, and sustainable solutions to its clients while maintaining a strong focus on innovation and customer satisfaction.

Commitment to Sustainability: KLN's Green Initiatives

Listed on the Hong Kong Stock Exchange (Stock Code 0636.HK) and a constituent of the Hang Seng Corporate Sustainability Benchmark Index, KLN reflects its unwavering commitment to sustainability and corporate governance. The company actively pursues initiatives to reduce carbon emissions and increase energy efficiency across its operations. These efforts reflect KLN's dedication to environmental

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**- Norazah Bachok,
Best Practices Research Analyst**

stewardship and its leadership role in promoting sustainable logistics practices.

Solar Panel Installation: KLN makes significant strides in renewable energy by installing over 2,400 solar panels on the rooftop of its Singapore warehouse. This installation supplies 58% of the warehouse's annual electricity consumption, dramatically reducing its carbon footprint and demonstrating the company's commitment to utilizing clean energy.¹

Electric Vehicles and Equipment: As a pioneer in green logistics, KLN is leading the way with the adoption of electric trucks in HK, becoming the first logistics company to implement this technology in the region. The company is also conducting a second round of

assessments and trials of electric and hybrid trucks for gradual adoption in HK and Thailand, marking a crucial step towards reducing emissions in transportation.

¹ Frost & Sullivan interview with Kerry Logistics.

Energy Efficiency in Cold Storage: In a continued effort to enhance energy efficiency, KLN replaced a low-efficiency cold plant system in one of its cold storage facilities in HK, leading to a 20% reduction in energy consumption in 2023.² This initiative underscores the company's focus on optimizing operational efficiency while minimizing environmental impact.

Light-emitting Diode (LED) Lighting: KLN has expanded its use of energy-efficient LED lighting across its logistics facilities in Thailand, Singapore, Mainland China, and Oceania. The switch to LED lighting not only reduces energy consumption but also supports the company's broader sustainability goals by decreasing the overall environmental footprint of its operations.

Green Building Practices: KLN integrates green building practices into its infrastructure by adopting energy-efficient technologies and resource-conservation measures. These practices include the installation of high-efficiency lighting, heating, ventilation, and air conditioning systems, and the use of rainwater collection systems for plant irrigation, further illustrating the company's commitment to sustainable development.

Moreover, to understand and mitigate its environmental impact further, KLN conducted an in-depth study of Scope 3 greenhouse gas emissions associated with its value chain operations. This comprehensive study is a critical step in identifying additional opportunities to reduce emissions and enhance the sustainability of the company's logistics network.

Through these initiatives, KLN demonstrates its unwavering commitment to sustainability, setting a benchmark in the logistics industry for environmentally responsible practices.

Business Performance and Customer-centric Excellence

KLN demonstrated exceptional business performance in 2023, achieving a revenue of over HK\$47.4 billion.³ This impressive figure reflects the company's robust market position and effective operational strategies. KLN's growth is driven by its strategic focus on expanding within the APAC region while also extending its reach to Europe and the United States. Despite the challenges posed by high interest rates, the company has adopted a prudent expansion plan, ensuring sustainable growth and maintaining its competitive edge in these regions.

In addition to its strong financial performance, KLN's project logistics teams achieved remarkable milestones across Mainland China, Central Asia, and Europe. These projects not only set new records but also contributed significantly to the growth of the company's IFF division. These accomplishments underline KLN's capability in managing complex industrial logistics and its commitment to excellence in project execution.

Complementing its operational achievements, KLN's customer-centric approach forms the cornerstone of its business strategy. The company prioritizes providing flexible and responsive logistics solutions that adapt to changing market conditions. By offering customized logistics plans, real-time tracking, and dedicated customer support, KLN builds strong, lasting relationships with its diverse clientele.

² Frost & Sullivan Interview with Kerry Logistics.

³ <https://www.kerrylogistics.com/en/about-us/>

To enhance customer satisfaction further, KLN has implemented the C4 data analysis dashboard, to increase transparency in its supply chain operations. This dashboard enables real-time monitoring and offers tailored insights for employees and customers, facilitating proactive issue resolution and operational optimization.

Regular business reviews and collaborative improvement plans also play a crucial role in KLN's strategy, ensuring that the company remains aligned with the evolving needs of its clients. Through these interconnected initiatives, KLN reaffirms its commitment to delivering superior customer experiences while solidifying its leadership position in the logistics industry.

Conclusion

Kerry Logistics Network Limited (KLN) stands out in the global logistics industry, demonstrating a powerful combination of innovation, operational efficiency, and a strong customer-centric approach. In 2023, KLN achieved remarkable growth, underpinned by significant project milestones across Mainland China, Central Asia, and Europe. These achievements highlight the company's expertise in managing complex logistics and its commitment to delivering exceptional results.

As the market evolves, KLN strengthens its high-value, time-sensitive air freight capabilities through strategic partnerships. Leveraging S.F. Holding's vast network and joint venture for Ezhou Airport as major air freight hub in China, plus the acquisition of Business by Air SAS in Europe, the company ensures efficiency, reliability, and high customer satisfaction in its IFF solutions. KLN's focus on sustainability and technology integration, including the adoption of the C4 data analysis dashboard, underscores its dedication to advancing industry standards and meeting global demands for transparency and environmental responsibility.

KLN's customer-centric philosophy, characterized by personalized solutions and continuous improvement, builds lasting relationships with a diverse client base, ensuring high levels of satisfaction and loyalty. Frost & Sullivan acknowledges the company's strategic vision, innovative capabilities, and commitment to excellence as key drivers of its success. With its strong foundation, KLN is well-positioned to maintain its competitive edge and achieve sustained growth in the dynamic global logistics market.

With its strong overall performance, KLN earns Frost & Sullivan's 2024 Asia-Pacific Company of the Year Award in the logistics industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

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The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

