

Stock Code 002352. SZ



# S.F. Holding

# 2022 Investor Presentation



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# Agenda – 2022 Investor Presentation

#	Section
1	Business Overview
2	Growth Strategies
3	Financial Overview
4	Q&A



# Lean Management

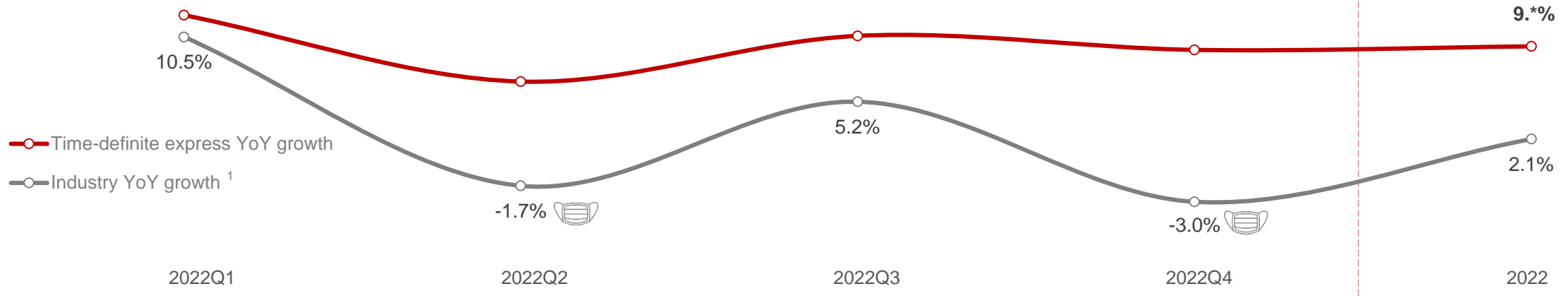
*Product Leadership & Sustainable Growth*

*Lean Operations & Profitability Enhancement*

*Network Optimization & Efficiency Improvement*

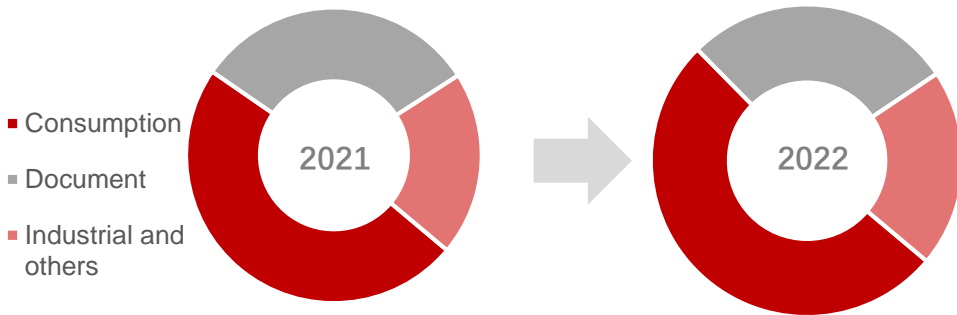
# Product Leadership & Sustainable Growth — Time-definite Express

## Higher-than-industry growth from time-definite express business

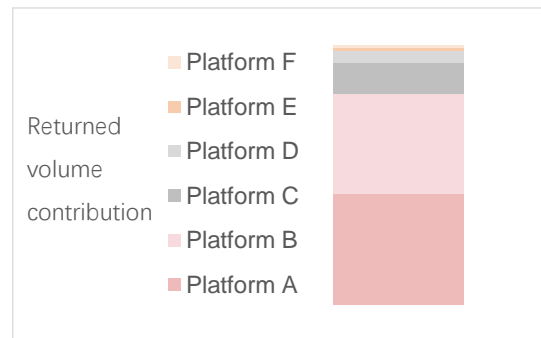


## Driven by robust consumption and manufacturing upgrade

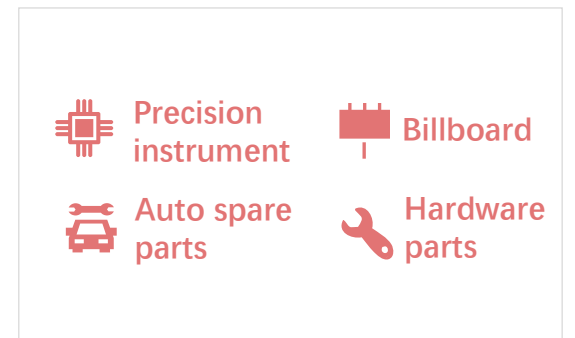
Contribution of time-definite express volume<sup>2</sup>



### Incremental consumption contribution mainly from returned volume



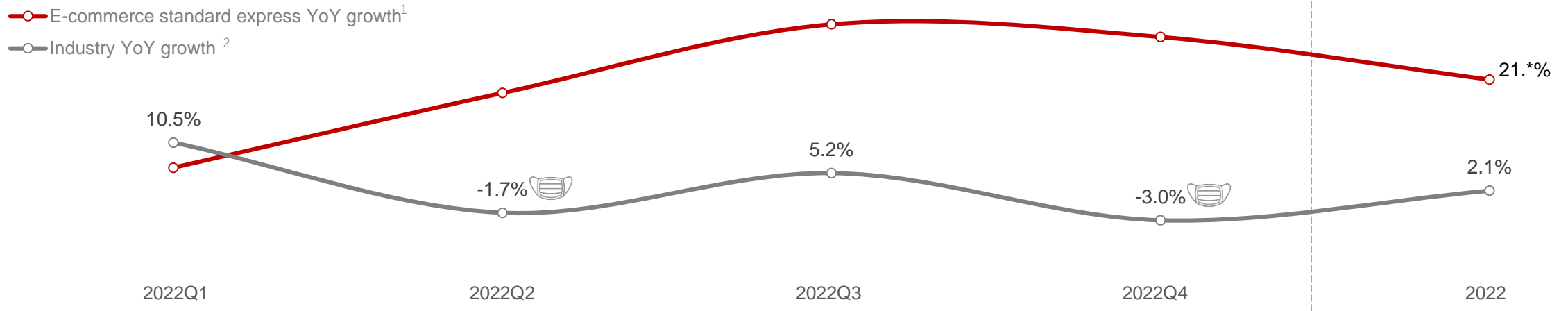
### Industrial sub-categories related to manufacturing upgrade



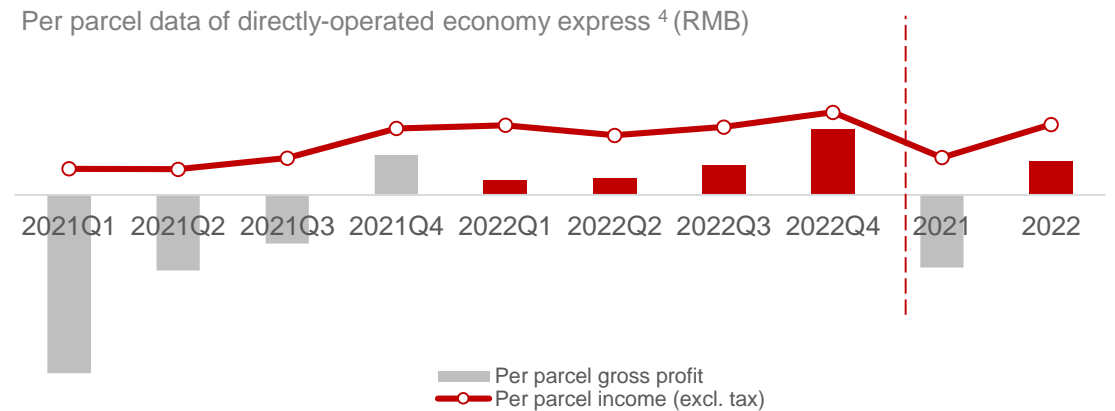
Note 1: Industry YoY growth based on the express service volume published by the State Post Bureau; Note 2: Total contribution may not add up to 100 due to rounding

# Product Leadership & Sustainable Growth — E-commerce Standard Express

## Directly-operated and differentiated services boosted growth in e-commerce standard express



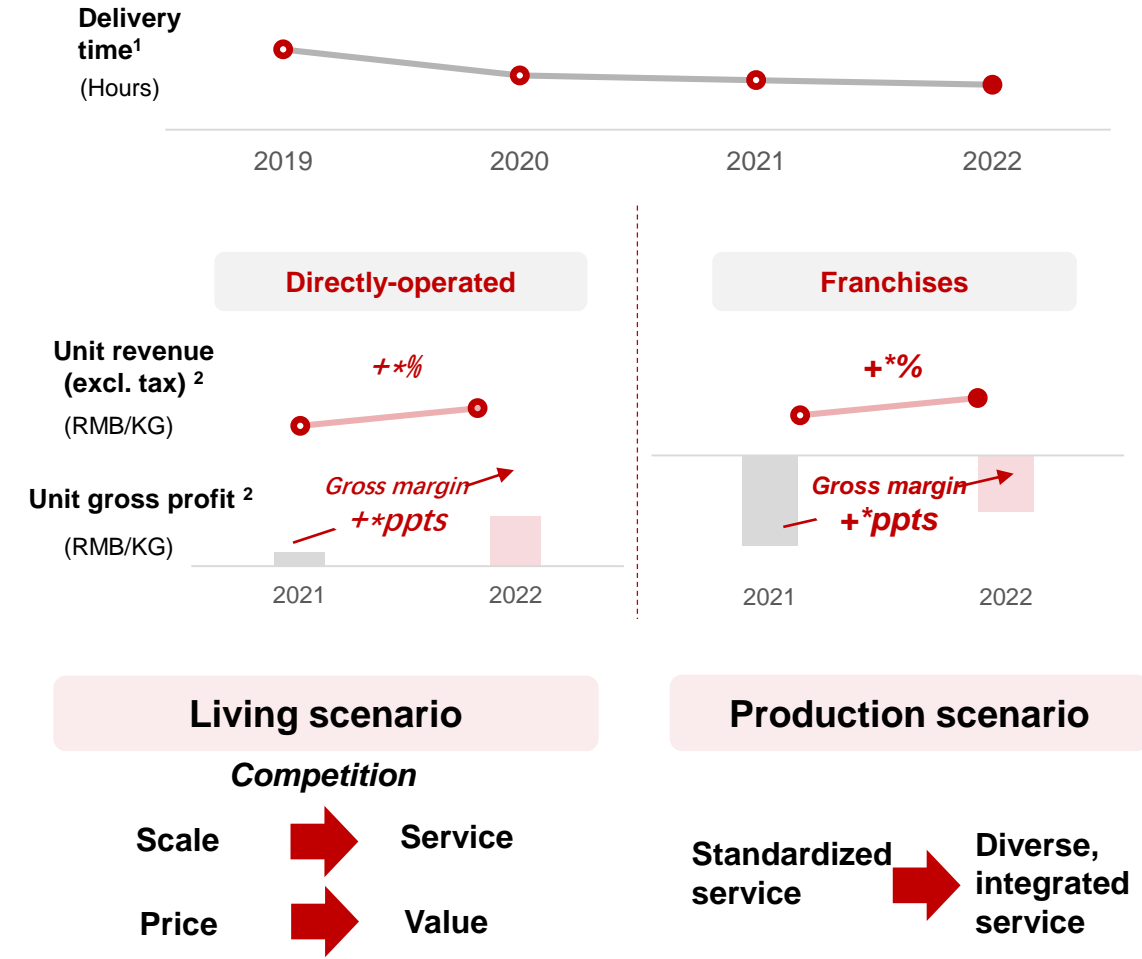
## Unit profit significantly improvement mainly driven by tiered customer management



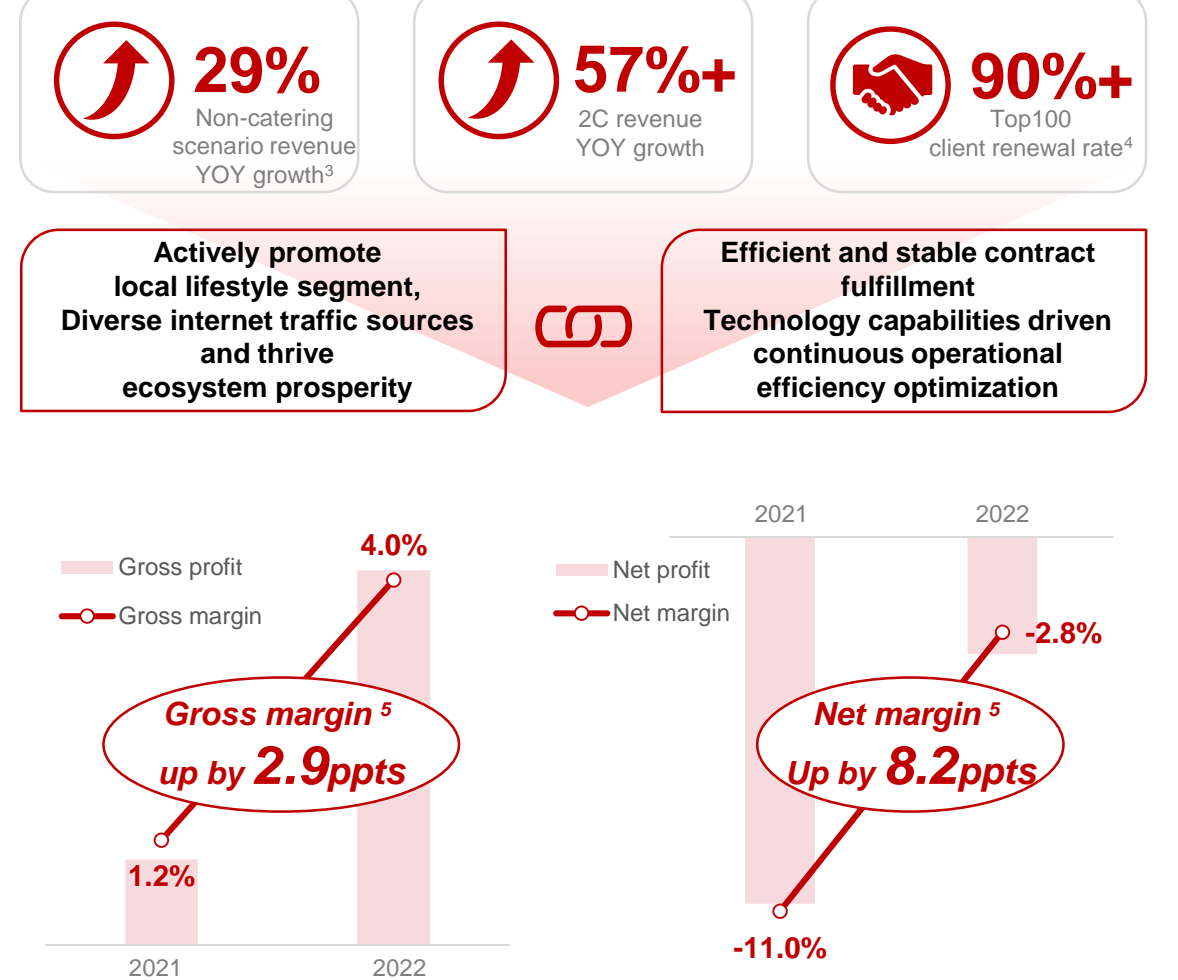
Note 1: E-commerce standard express' YoY growth within Economy Express, excl. volumes of Concessionary Special Delivery and Fengwang Express; Note 2: Industry YoY growth based on the express service volume published by the State Post Bureau; Note 3: Refers to the percentage of SKA volume for e-commerce standard express; Note 4: Excl. Fengwang Express

# Lean Operations & Profitability Enhancement — New Segments

## Large parcel: leading delivery efficiency and improved profitability



## Intra-City: significant loss reduction driven by scenarios & technology



Note1: Delivery time - SF Ground Freight Express has taken external environment into consideration. Oct 2022 data; Note 2: Large parcel refers to Freight business (SF Freight and SX Freight), and Time-definite Express and Economy Express' with goods heavier than 20KG (restricted flow direction and distance); Note 3: Except food delivery, excluded last-mile revenue, January 1, 2022 - December 31, 2022; Note 4: Data from January 1, 2022 to December 31, 2022; Note 5: Based on gross profit reported by SF Intra-City

# Network Optimization & Efficiency Improvement — International Integration

## Deeply cultivated Southeast Asia flow

International express delivery and supply chain business

# 98

Countries and regions covered  
Cross-border e-commerce delivery business

# 208

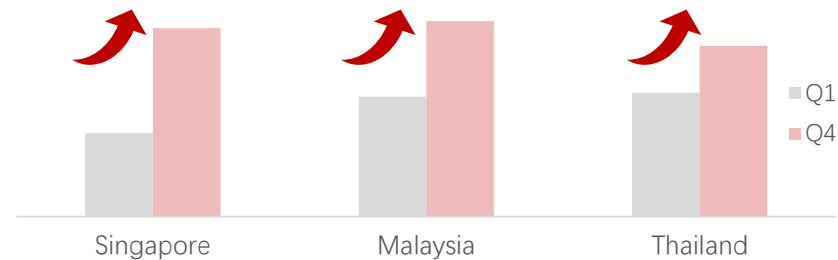
Countries and regions covered

Increased frequency with new direct flights

Southeast Asia last-mile resource

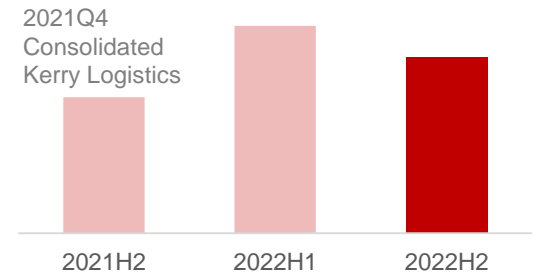
24H customs clearance service

2022 core lines order fulfilment rate



## Segment external revenue <sup>1</sup>

RMB100mm



## All-round integration

Revenue growth

Cross-selling

Innovative industry

Integration & collaboration

Cost saving

Automated operation

Digital operation

Smart resource allocation

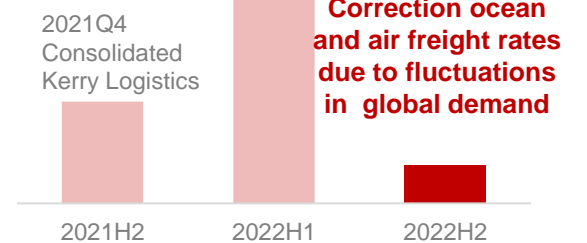
Business model innovation

Hive Box - overseas expansion



## Segment net profit <sup>1</sup>

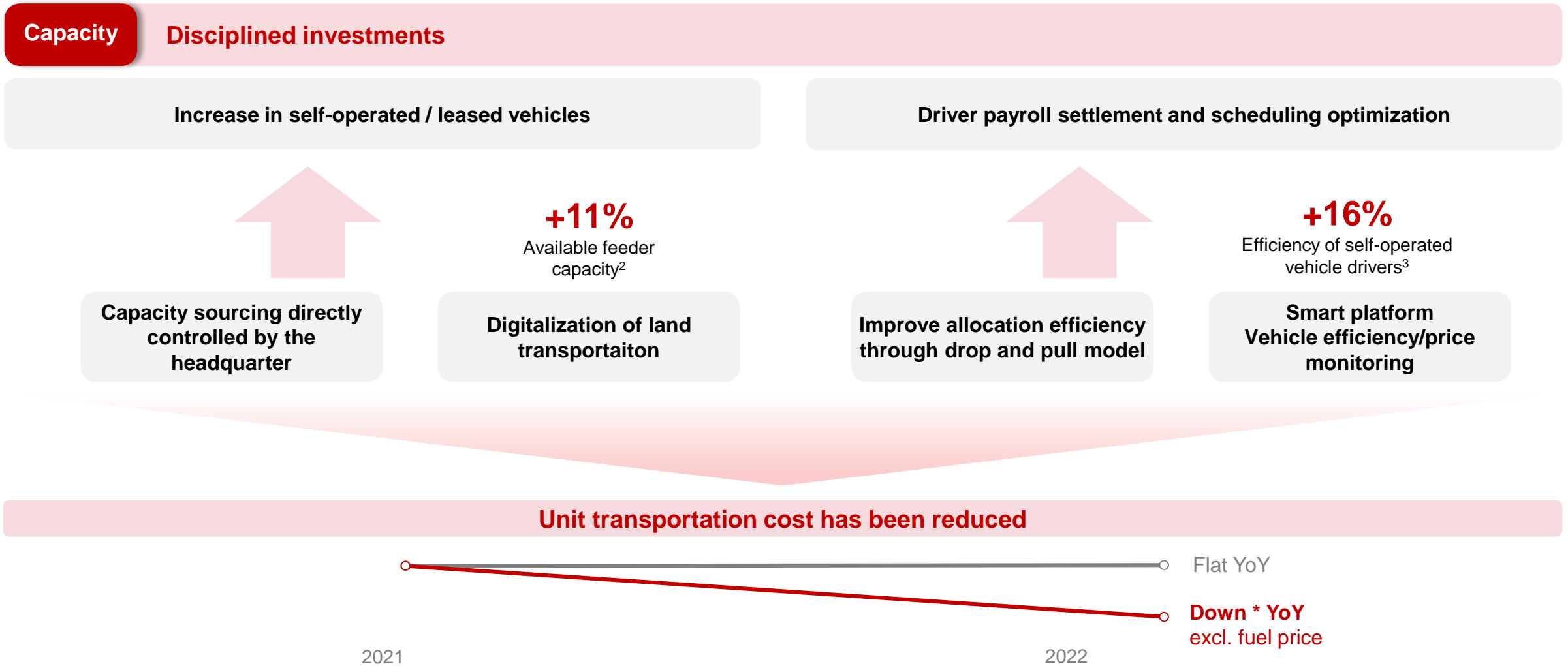
RMB100mm



Note 1: Reported financials of supply chain and international segments



# Network Optimization & Efficiency Improvement – 2022 Initiatives Overview



Note 1: All content excl. Kerry Logistics; Note 2: Available capacity includes self-operated and leased vehicles, proportion of available capacity is calculated based on mileage; Note 3: Per capita daily mileage of self-operated vehicle drivers

# Network Optimization & Efficiency Improvement – 2022 Initiatives Overview (cont'd)

Transit

Efficiency improvement through innovation



Equipment and process innovation



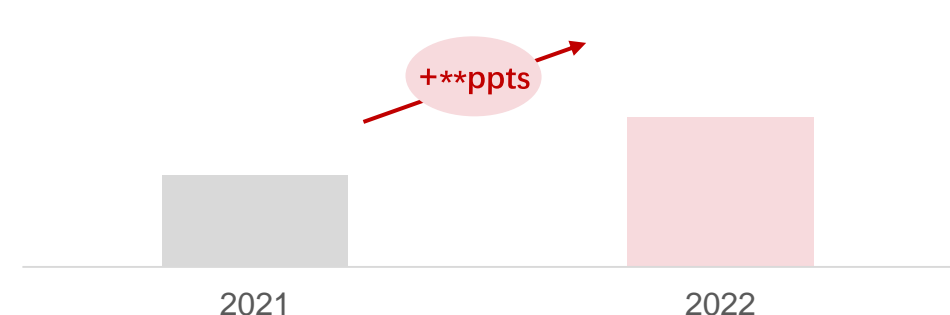
Fine tune sorting slots

## ◆ Automated sorting capability has been improved

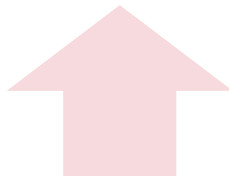
Small parcels automated sorting rate<sup>1</sup>



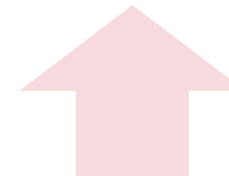
Single shipment automated sorting rate



## ◆ Per capita efficiency and capacity have been enhanced



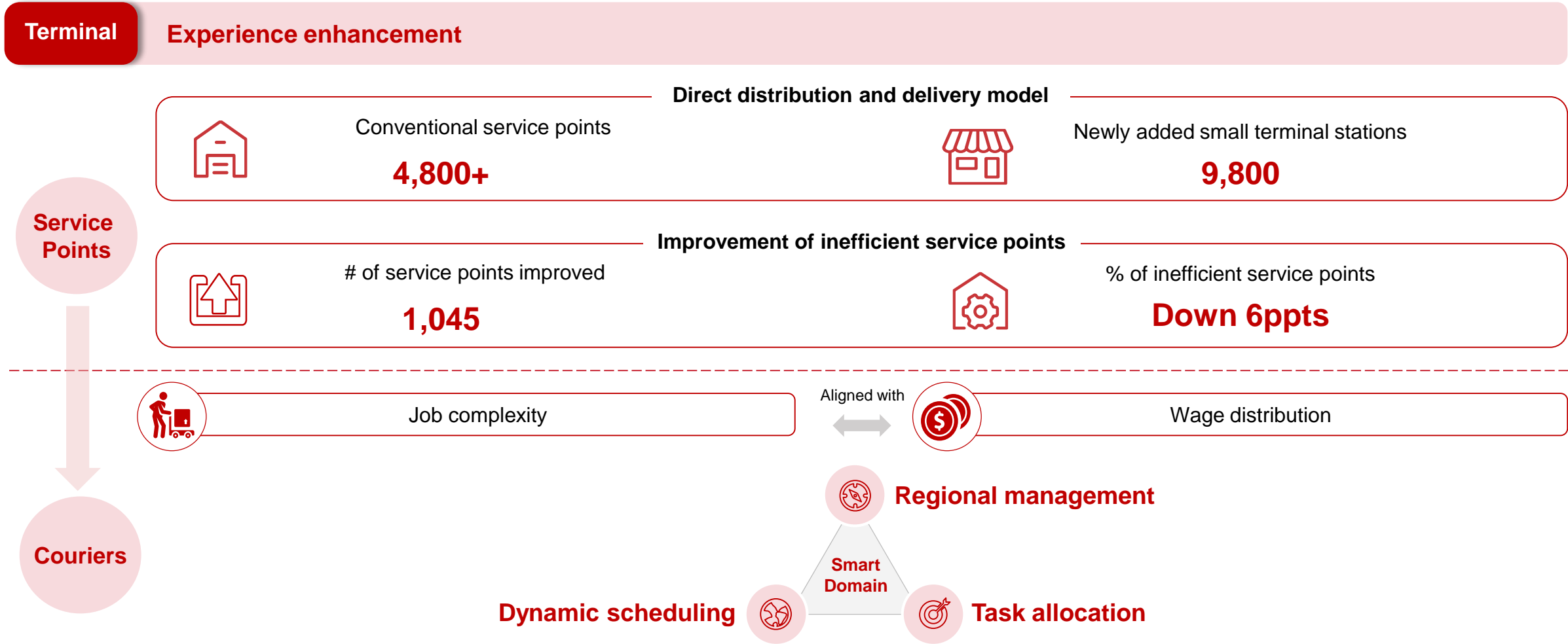
**+8%**  
Per capita efficiency<sup>2</sup>



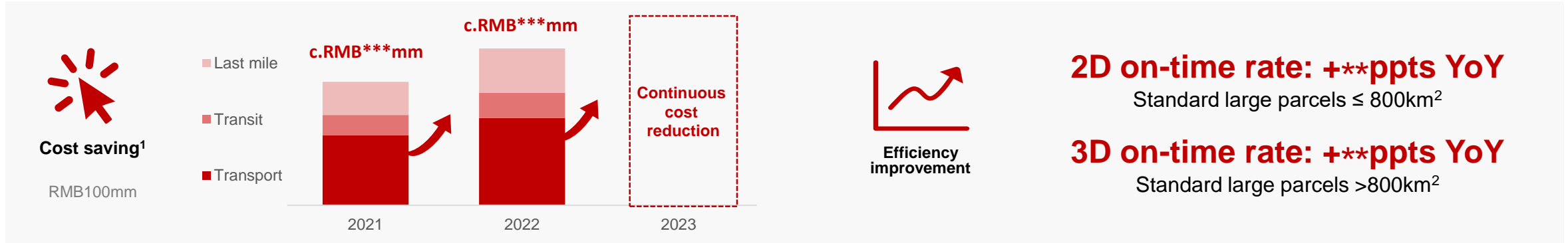
**+12%**  
Daily handling capacity<sup>3</sup>

Note 1: Small and light parcels less than 3KG, except for specific categories such as fresh goods; Note 2: Attendance efficiency of small parcel transit depot; Note 3: Daily handling capacity of small parcel transit depots across the network

# Network Optimization & Efficiency Improvement – 2022 Initiatives Overview (cont'd)



# Network Optimization & Efficiency Improvement — Cost Saving from Network Integration in 2022



## Site: streamlining and coordination

- **49** net site decrease, down \*% from YE2021
- **40** transit depots of large parcels suspended daily on average during holiday seasons, shutdown rate ↑ \*\*ppts

## Operation: flexible coverage

- More large parcels are professionally handled within large parcel distribution sites. Coverage ratio of large parcels<sup>3</sup> ↑\*ppts YoY, unlocking the daily capacity of small parcel sites by **1.27m** orders on average, representing c. \*\*%
- **78%** coverage ratio of large parcels during peak seasons, and **65%** for non-standard parcels<sup>4</sup>

## Route: loading rate enhancement

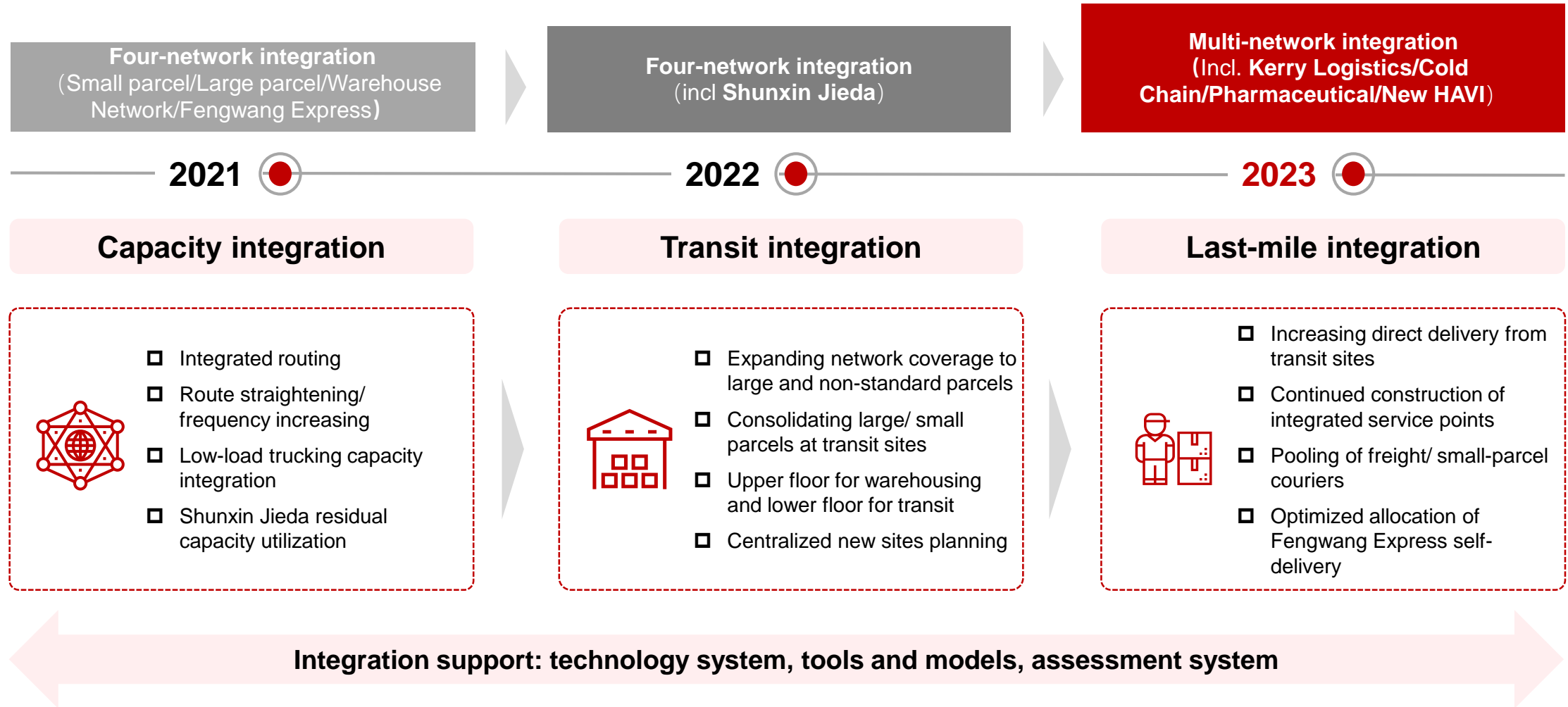
- Optimized **265** line-haul, accounting for c. \*\*% of large parcel lines
- Small parcel loading rate ↑**7ppts** YoY for line-haul, ↑**11ppts** YoY for feeder
- Shunxin Jieda (franchise): **2,200+** tons average daily capacity fulfilled, accounting for c. \*\*% of SX's volume

## Terminal: network optimization

- Integration of small and large parcel sites to **407** comprehensive service points
- **6,800+** tons average daily direct sorting at transit depots, ↑\*\*% YoY
- \*\*% self-delivery rate of Fengwang Express, ↑**48ppts** YoY

Note 1: Cost saving with integration vs. without integration, excluding non-integration factors' impact; Note 2: Dynamic on-time rate of the large parcels coverage rate for standard large parcels; Note 3: Proportion of large parcels entered large parcel distribution sites; Note 4: Proportion of 10-15KG non-standard parcels entered large parcel distribution sites

# Network Optimization & Efficiency Improvement – Network Integration in 2023



## Sustainable and robust growth

Sustainable and competitive operations

Sustainable and competitive business in long-run

Sustainable profitability

Implement strict standards

Enhance barriers through differentiation

Continued innovation in operations

Enhance business model and targeted investments

Integrate resources and improve efficiency

Lean operations and cost optimization

Industry clients

Product Competitive-ness

Business stickiness

Organizational integration

Professional talent

Technology

Corporate culture

Management team

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# Key Themes of 2022 Investor Presentation



# Innovation

*Nine Emerging Sectors*

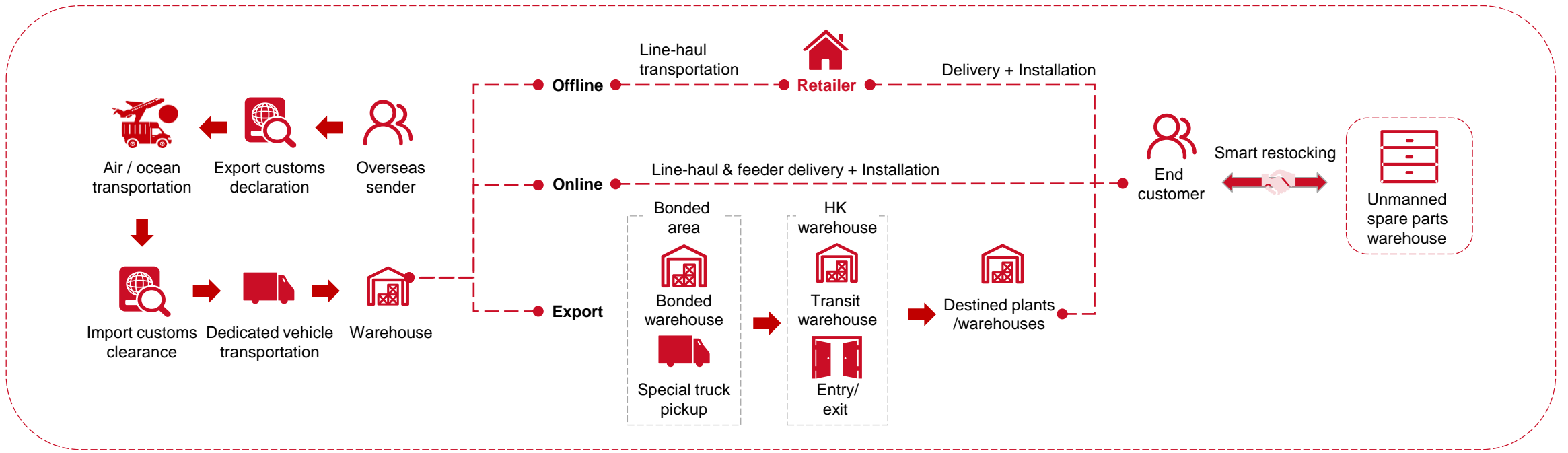
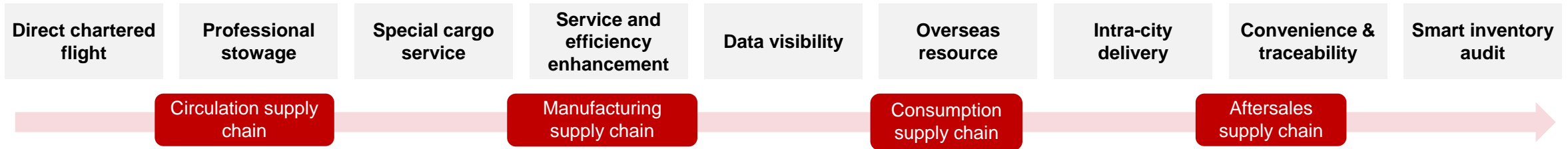
*New Platform Partnerships*

*Ezhou Huahu Air Cargo Hub Bringing New Growth Curve*



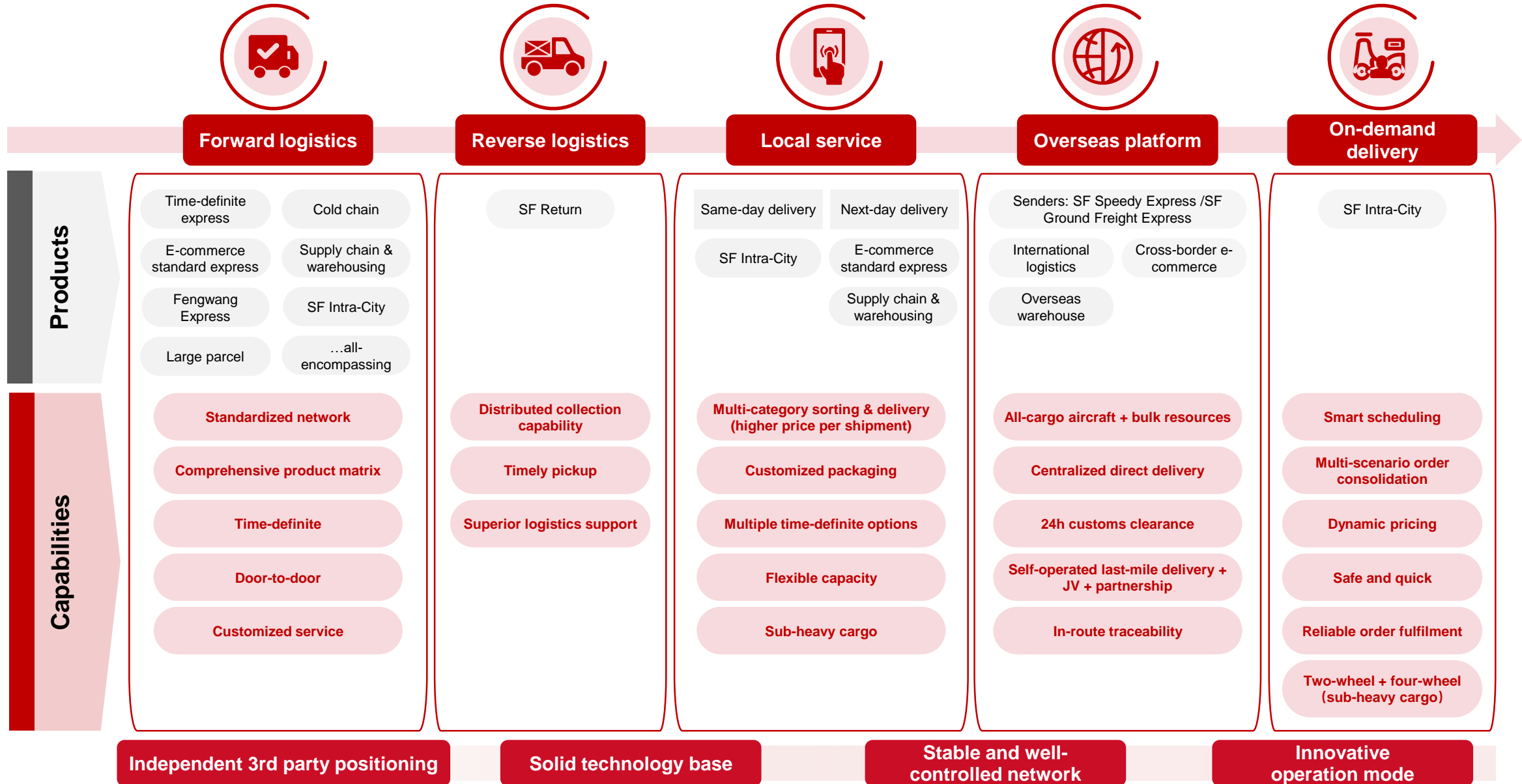
# Comprehensive Product Matrix Targeting Nine Emerging Sectors

CONFIDENTIAL



- ✓ TMT platform
- ✓ Semiconductor
- ✓ Optoelectronic
- ✓ Consumption electronic
- ✓ Biogen
- ✓ New retail
- ✓ New energy
- ✓ Banking
- ✓ Operator

# Comprehensive Product Matrix Covering All E-commerce Scenarios in **New Retail** era



# Ezhou – New Air Cargo Hub Bringing **New Growth Curve**

Prior to switch

**2\*** cities covered by next-morning air delivery <sup>1</sup>



After switch

**3\*** cities covered by next-morning air delivery <sup>2</sup>



- Expected improvement in on-time rates for SF Speedy Express
- 2D12 on-time rates **+9.\*ppts**; 2D18 on-time rates **+2.\*ppts**



- Potential growth in next-morning delivery accounts for **c.\*%<sup>3</sup>** of time-definite express shipments
- **Controllable cost**



Note 1: Cities covered by 800KM+ next-morning air delivery as of YE2022 (including direct-flight destinations); Note 2: Cities covered by 800KM+ next-morning air delivery after completion of Ezhou Hub (including direct-flight destinations), with 11 cities added, and 3 cities removed; Note 3: Estimated based on historical data for time-definite express in cities newly covered by next-morning delivery service

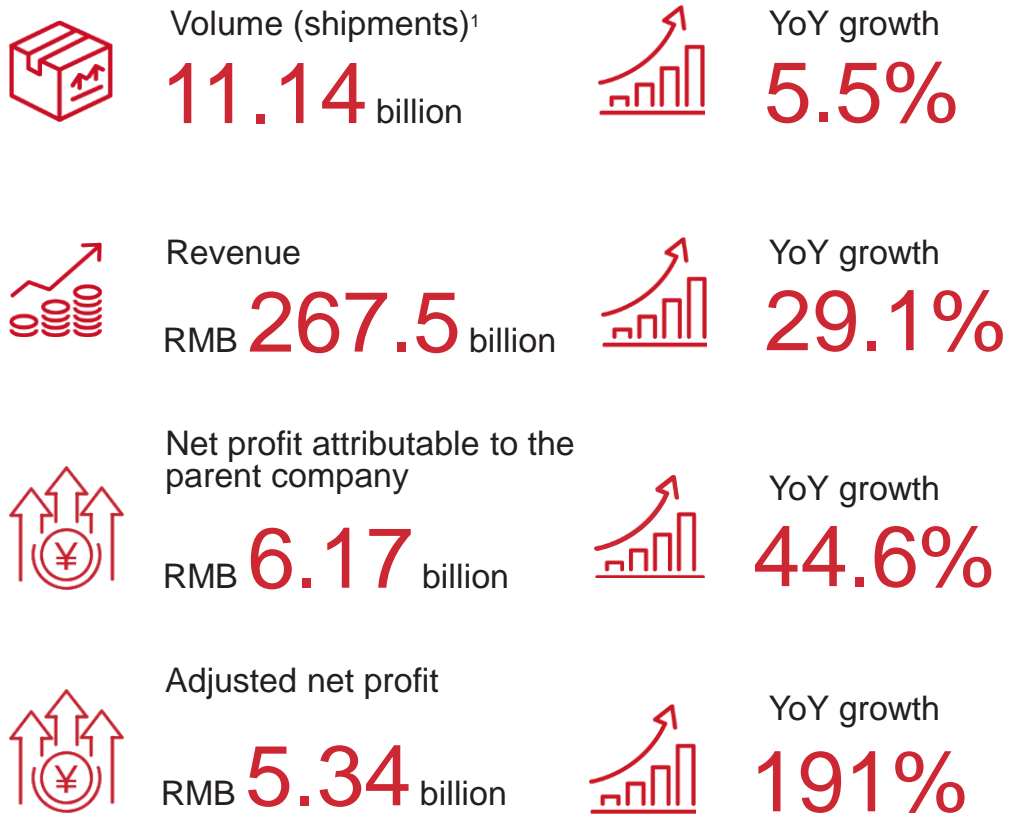
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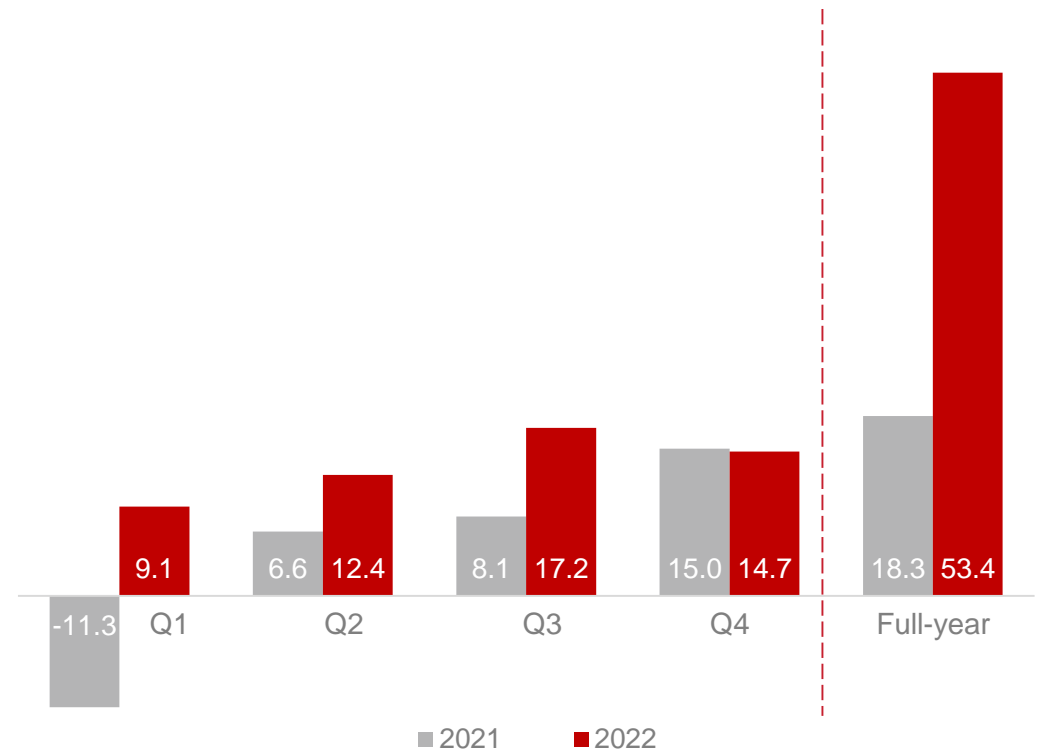
# 2022 Results: Significant Improvement in Profitability Despite External Pressure

## 2022 KPIs



## Adjusted net profit of each quarter

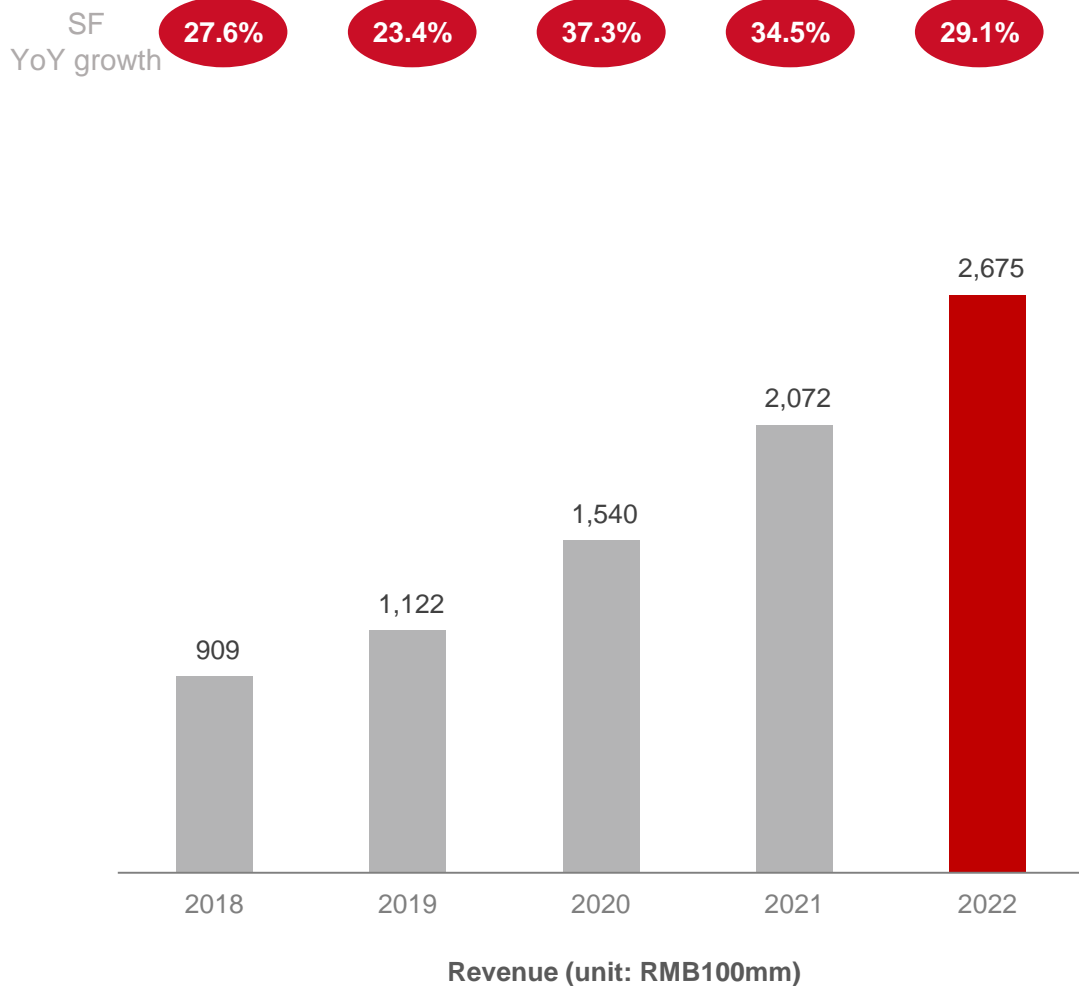
Unit: RMB100mm



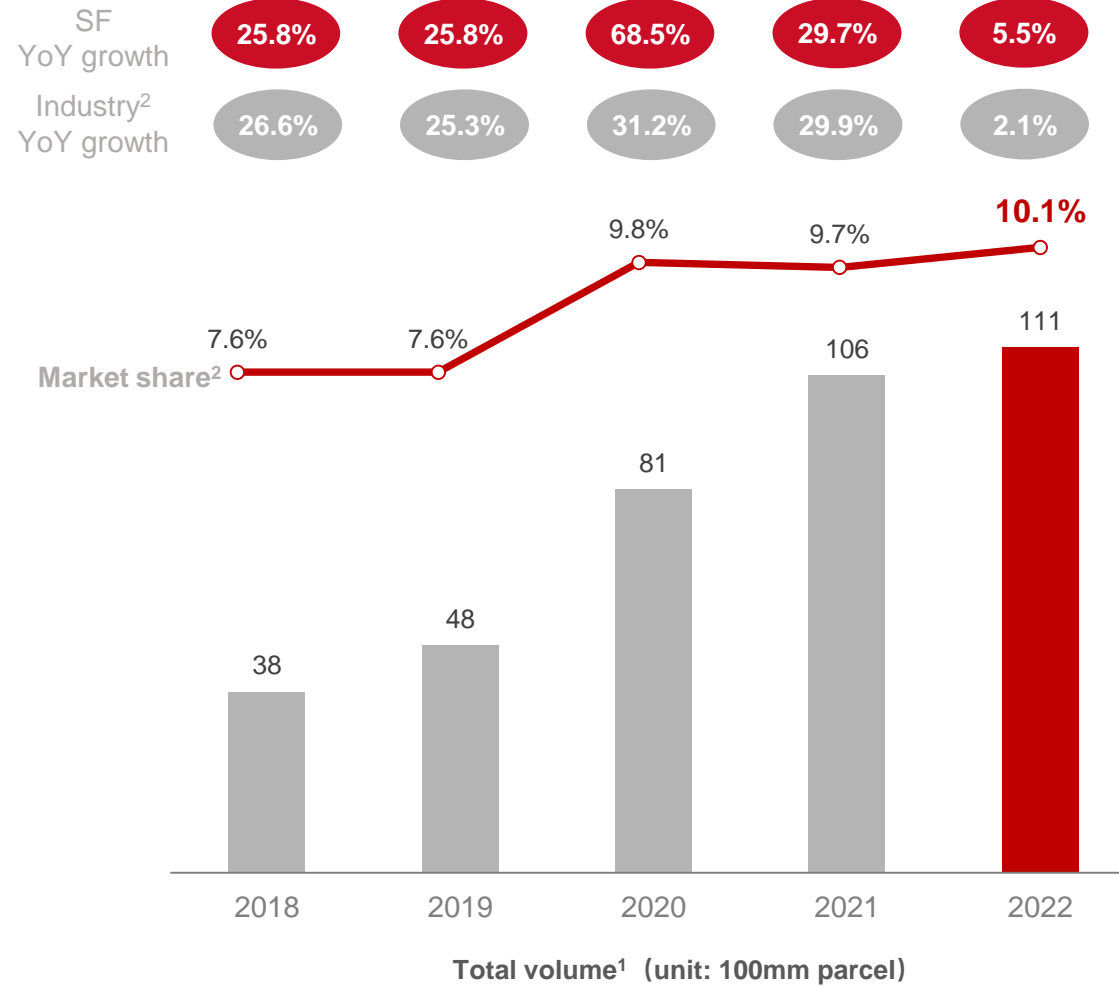
Note 1: The volume does not include the express delivery volume of Kerry Logistics, nor includes volume of international freight and freight forwarding and supply chain

# Revenue and Volume: Growing Revenue and Rising Market Share

## Stable revenue growth

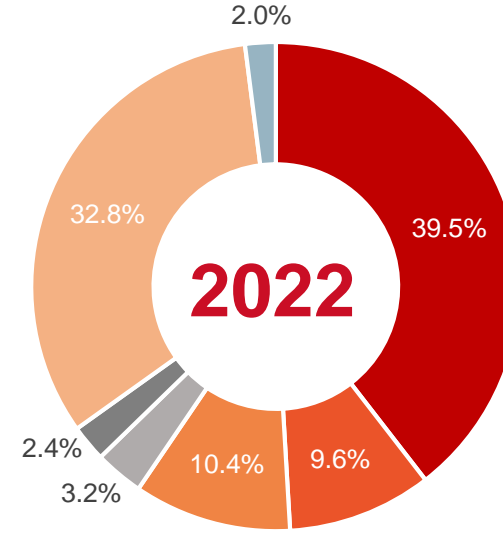
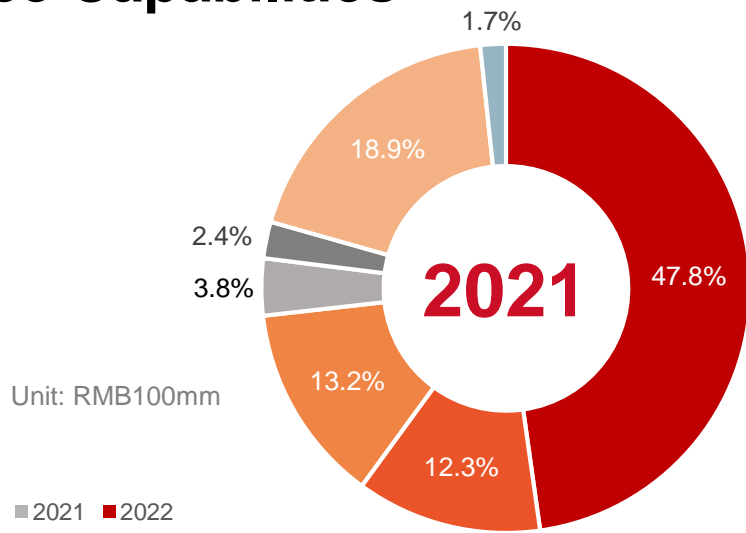


## Higher-than-industry volume growth



Note 1: The volume does not include the express delivery volume of Kerry Logistics, nor includes volume of international freight and freight forwarding and supply chain; Note 2: Overall growth and market share for the industry based on the business volume of the national express service enterprises published by the State Post Bureau

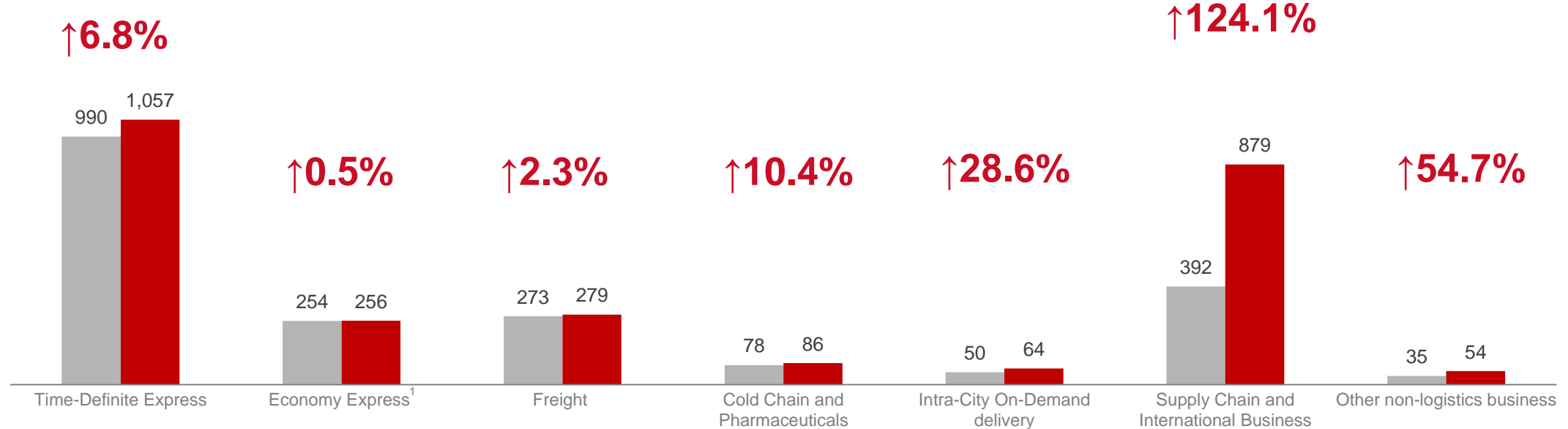
# Revenue Breakdown: Balanced Revenue Mix and Enhanced Integrated Logistics Service Capabilities



- Time-Definite Express
- Economy Express
- Freight
- Cold Chain and Pharmaceuticals
- Intra-City On-Demand delivery
- Supply Chain and International Business
- Other non-logistics business

Unit: RMB100mm

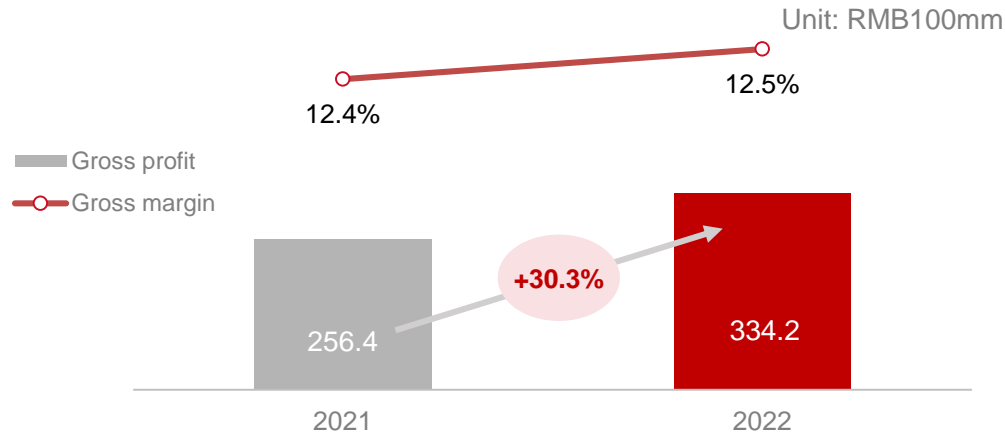
■ 2021 ■ 2022



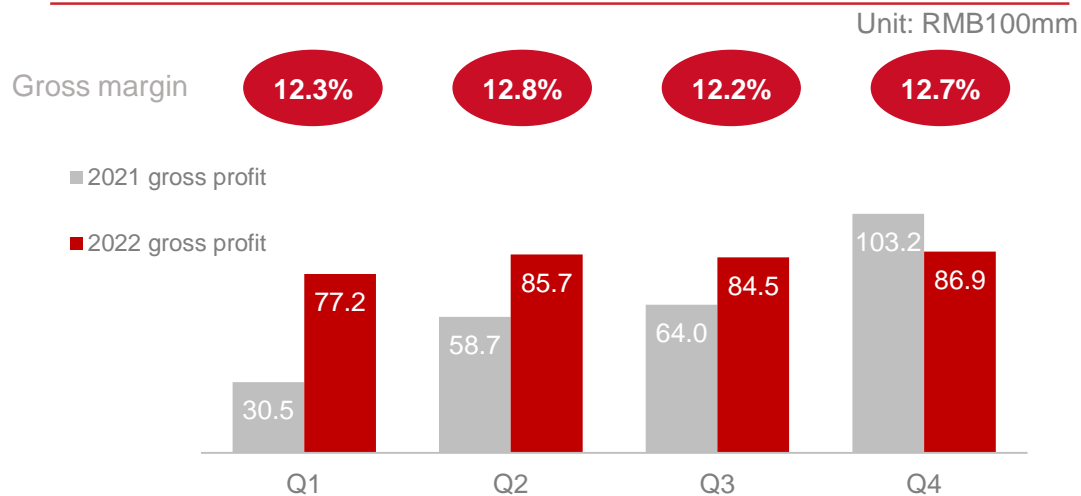
Note 1: Concessionary Special Delivery business under "Economy Express" category has been officially phased out since July 2022

# Gross Profit and Margin: Recovery Driven By Lean Operations

## Gross profit and margin by year



## Gross profit and margin by quarter



### External challenges

- Slower production activities, weaker consumer demand, and temporary closure of service points in certain cities
- Lower global air and ocean freight demand and rates
- Surging fuel price

### Enhancement drivers

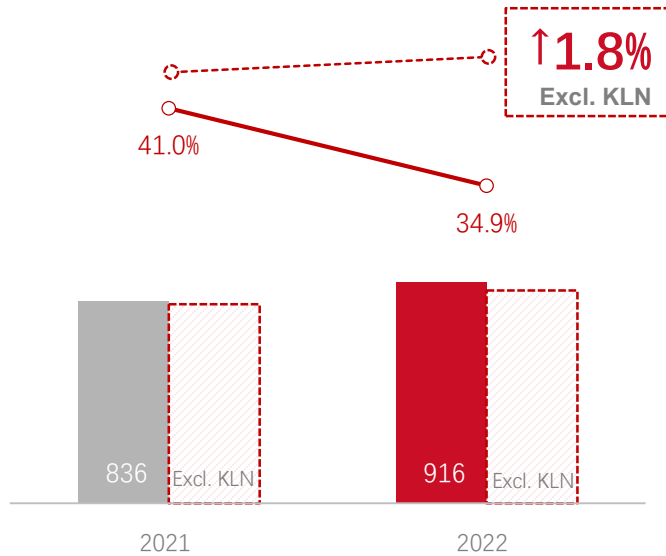
- Focus on core logistics for sustainable and robust growth
- Revenue: proactively optimizing product mix to enhance service quality and product competitiveness
- Cost: cost control and multi-network integration; maximize synergies through resource sharing
- Consolidated Kerry Logistics results starting from 4Q2021



# Costs: Transportation Costs as % of revenue improved

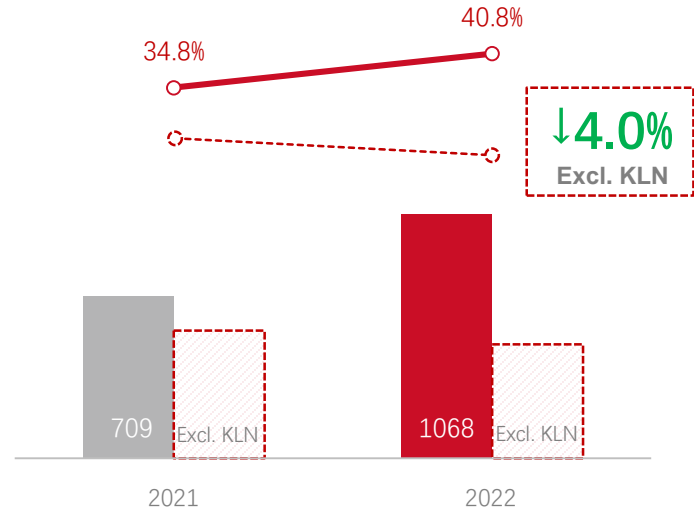
## Labor costs and as % of revenue

Unit: RMB100mm



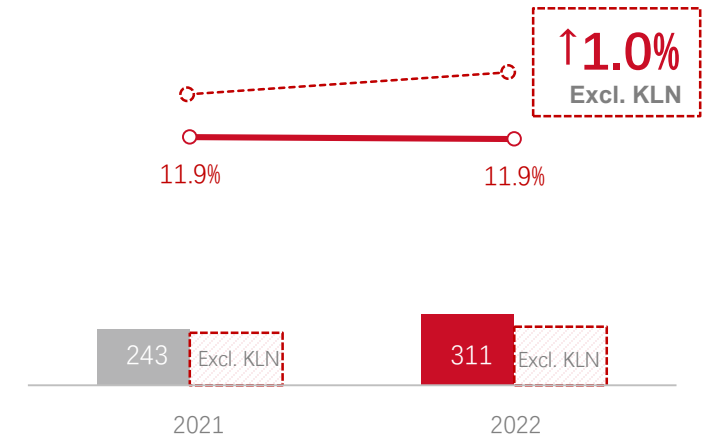
## Transportation costs and as % of revenue

Unit: RMB100mm



## Other operating costs and as % of revenue

Unit: RMB100mm



### Challenges

- Pickup and delivery labor efficiency was impacted by temporary service points closure in some cities

- Higher price of outsourced transportation capacity and higher fuel cost

- Capacity utilization was impacted by temporary service points closure in some cities, thus fixed costs (e.g. site and equipment costs) were not effectively amortized

### Measures taken

- ✓ Payroll settlement and scheduling optimization improved self-operated driver efficiency
- ✓ Integration and automation helped improve per capita transit efficiency

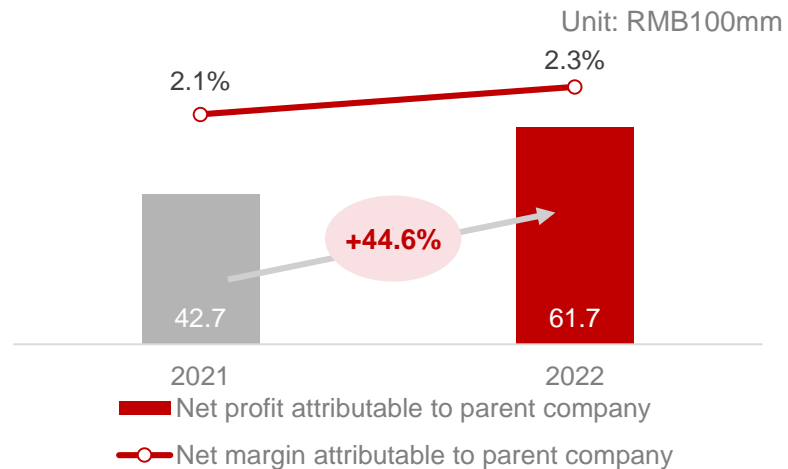
- ✓ Route integration and centralized route planning
- ✓ Added controllable capacity (e.g. self-operated vehicles) and optimized tendering and settlement for outsourced capacity
- ✓ Improved load rate

- ✓ Consolidated sites and reduced number of low-efficiency sites
- ✓ Reduced capital expenditure as % of revenue

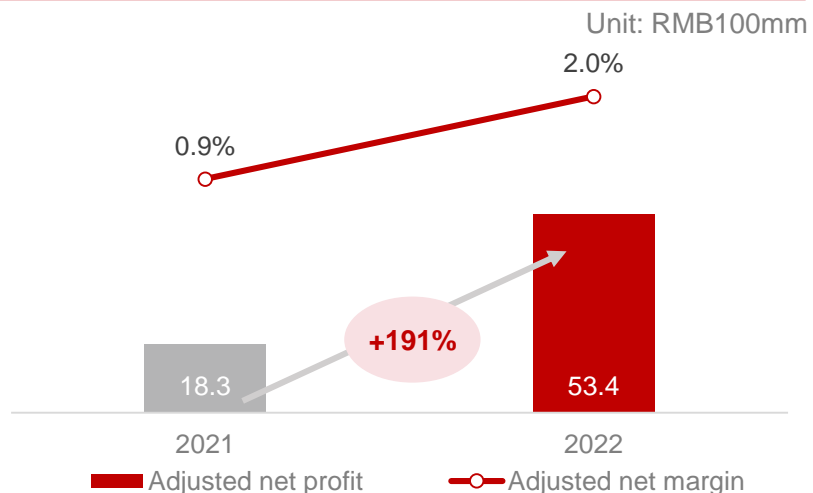
Note 1: Revenue in the ratio of cost to revenue indicates the logistics and freight forwarding revenue; dotted boxes and dotted lines in the charts refer to the cost and as % of revenue ratio excluding Kerry Logistics

# Expense Ratio Slightly Decreased, Leading to Higher Net Margin

## Net profit attributable to parent company



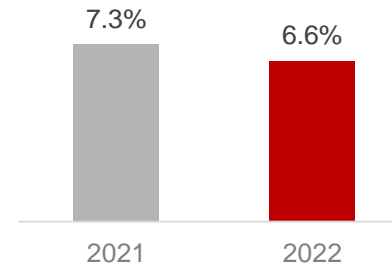
## Adjusted net profit<sup>1</sup>



Note 1: Net profit attributable to the parent company after deducting non-recurring profit or loss

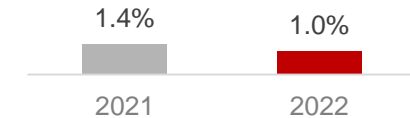
## Management expense as % of revenue

↓0.7ppts



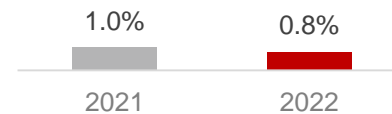
## Sales expense as % of revenue

↓0.3ppts



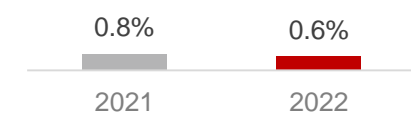
## R&D expense as % of revenue

↓0.2ppts



## Financial expense as % of revenue

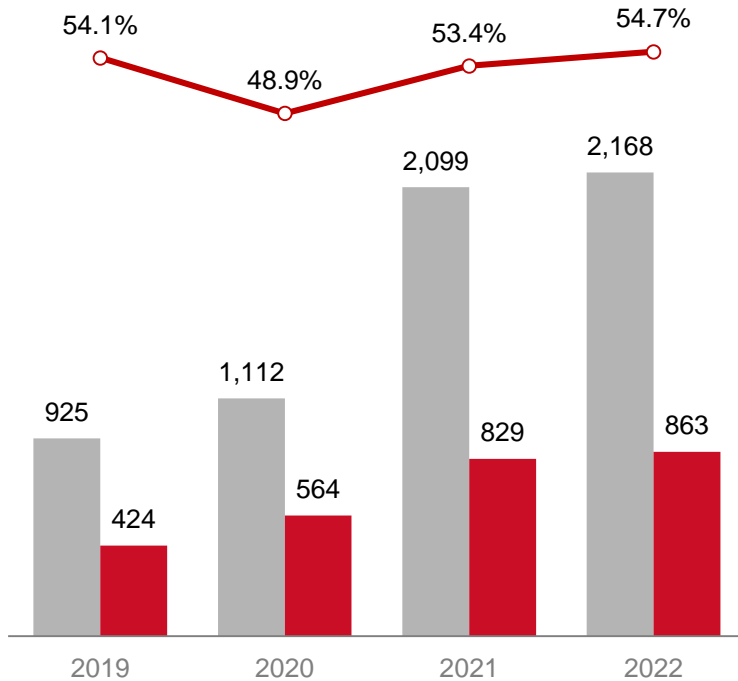
↓0.1ppts



# Net Cash Flow from Operations Increased Significantly, Capital Expenditure as % of Revenue Decreased

## Asset structure

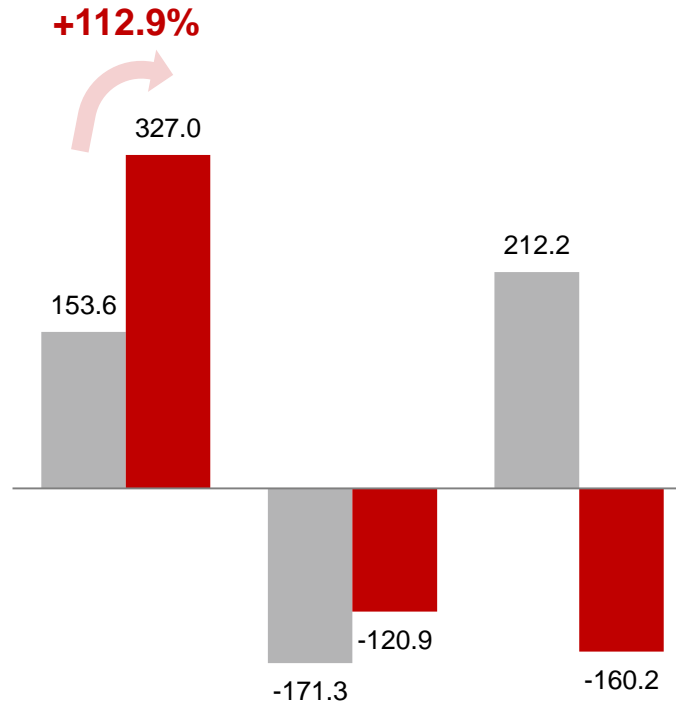
Unit: RMB100mm



■ Total assets  
■ Net assets attributable to parent company  
○ Asset-liability ratio

## Net cash flow

Unit: RMB100mm

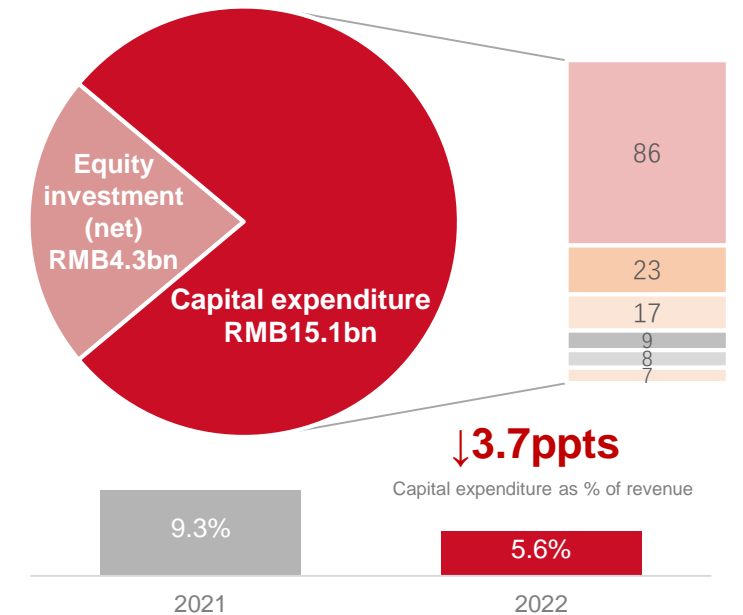


■ Net cash flow from operating activities  
■ Net cash flow from investing activities  
■ Net cash flow from financing activities

■ 2021    ■ 2022

## Capital expenditure

Unit: RMB100mm



■ Equity investment (net)  
■ Aircraft  
■ Vehicle  
■ Land & office building  
■ Sorting center & warehouse  
■ Others  
■ IT equipment

Stock Code 002352. SZ



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We Deliver as Promised*

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1993-2023

因为有你