

Ticker 002352.SZ



S.F. Holding **2023** Investor Presentation



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Agenda – 2023 Investor Presentation

Number	Section
1	Business Overview
2	Financial Overview
3	Q&A

2023 Keywords



Time-definite Express, Economy Express, Freight, Intra-city Delivery



Multi-Network Integration, Operational Reform



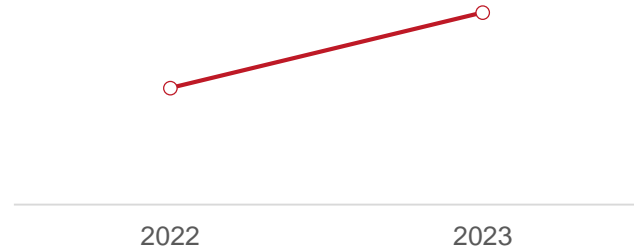
Ezhou Air Cargo Hub, Supply Chain and International

Time-Definite: Remained Resilient

Outstanding Business Resilience

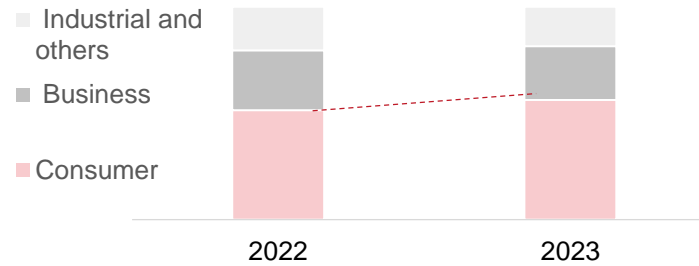
Robust Growth from a High Base

Time-definite parcel volume growth %



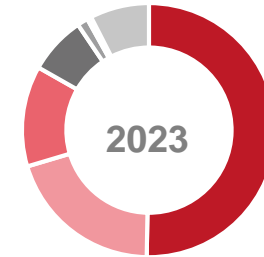
Consumer Segment as the Key Driver

% of time-definite parcel volume



Significant Growth of Return Parcel Volume

- Platform A
- Platform B
- Platform C
- Platform D
- Platform E
- Platform F
- Others



Rapid Growth

Return parcel volume

Third-party Independence + Strength in Retail Parcel Collection

Continuous Capability Enhancement

Long-haul: Improved Timeliness

Short-haul: Upgraded Intra-city Delivery Services



In-house Resources



Serve Consumption & Manufacturing

✓ Half-day intra-city delivery

200+² Cities

✓ Same-day FDC delivery

100+² Cities

+*%

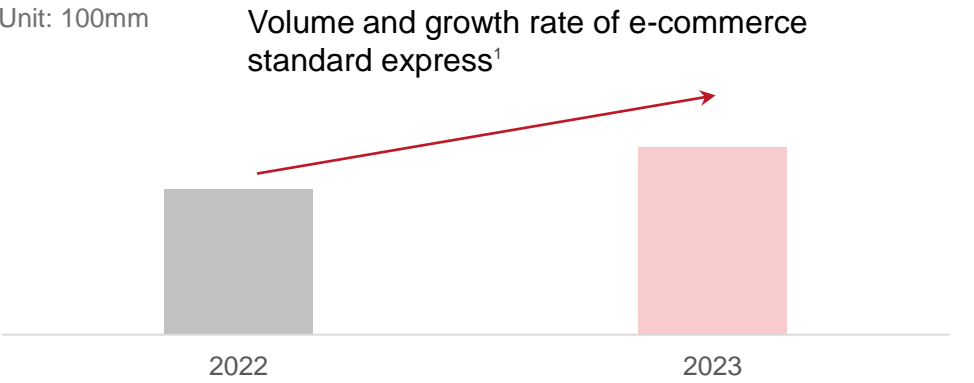
Volume growth
Dec 23 vs Jan 23³

Note: 1. Refer to total duration of SF Speedy Express products over 800km across the entire network. 2. Cities covered as of December 31, 2023. 3. The growth rate of parcel volume for intra-city half-day delivery and same-day delivery in December 2023 vs. January 2023

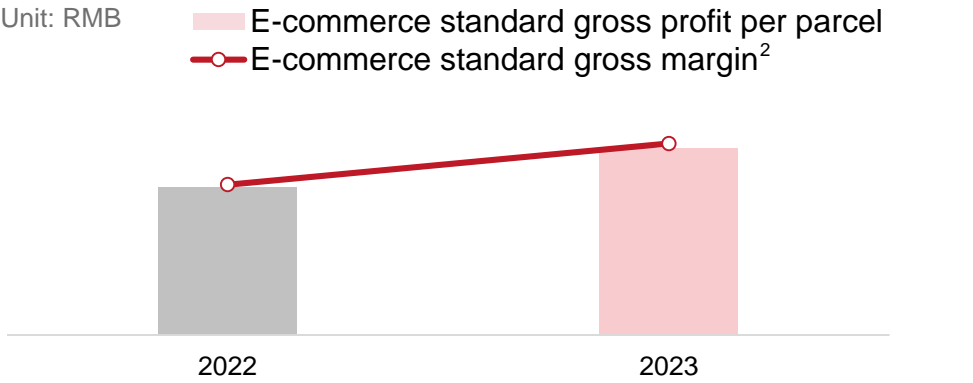
Economy: Improved Volume and Profitability with Differentiated Positioning

Both Parcel Volume and Profit Increased

Steady Growth of Parcel Volume



Profitability Improvement



Established Differentiated Positioning

Customer Differentiation

- Focus on top and long-tail customers
- Emphasiz key regions and specialized verticals

Pricing Differentiation


- Factor in peak & low seasons and region differences
- Conduct diversified pricing

Service Differentiation


- Pre-delivery calls and commitment to door-to-door service
- Personalized tags and on-demand delivery services

Note: 1. YoY growth % of parcel volume for e-commerce standard express only. 2. Gross Profit and GPM (gross profit margin) based on management account. 3. This slide focuses on e-commerce standard express only as they are flagship products

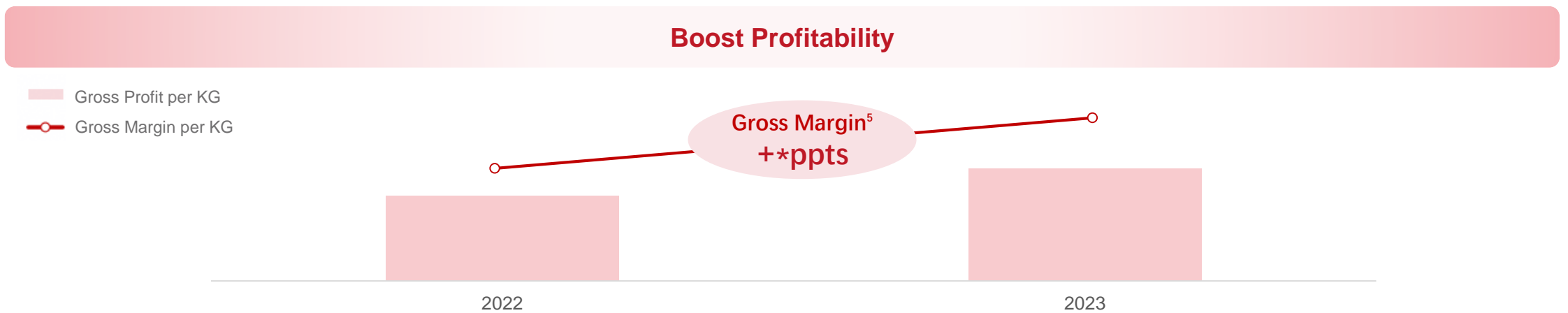
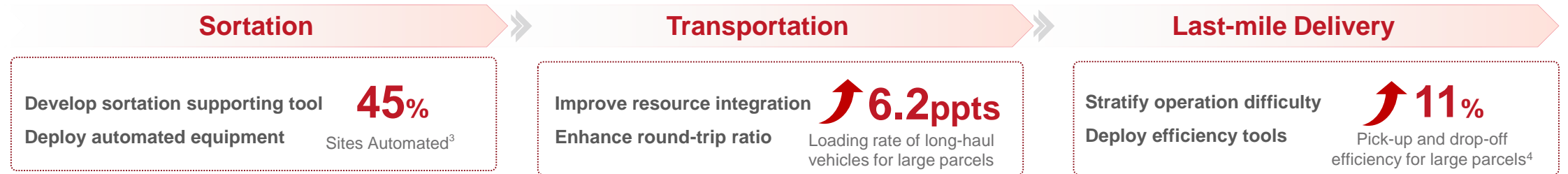
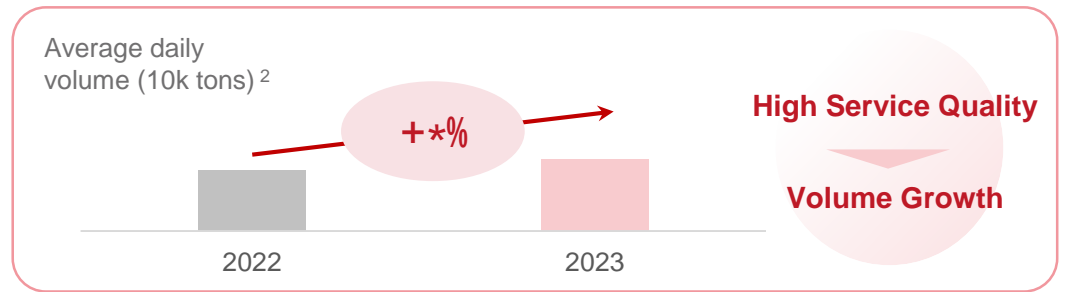
Freight: Volume growth Driven by Quality, Profitability Driven by Cost-Efficiency

 **Leading Timeliness**

 **Expanding Consumption Scenarios**


 **No. 1 in NPS¹**

 **Scaling up Manufacturing Scenarios**



Note 1. The net promoter score (NPS) of SF Freight ranks first in the industry. 2. Refers to the total daily average volume of SF Freight and SX Freight dual-network. 3. The number of large-scale automated sites accounts for the total number of transit sites. 4. The couriers' efficiency for large parcels refers to the daily pick-up and delivery volume per capita. 5. Refers to the gross profit and gross profit margin per kilogram based on management report


Intra-City: Turned Profitable for the First Time



21% Non-F&B Scenario¹ Growth



34%+ 2C Business 3-year CAGR



147% Growth in Lower-tier Cities² & Counties³

Merchants / Individuals 

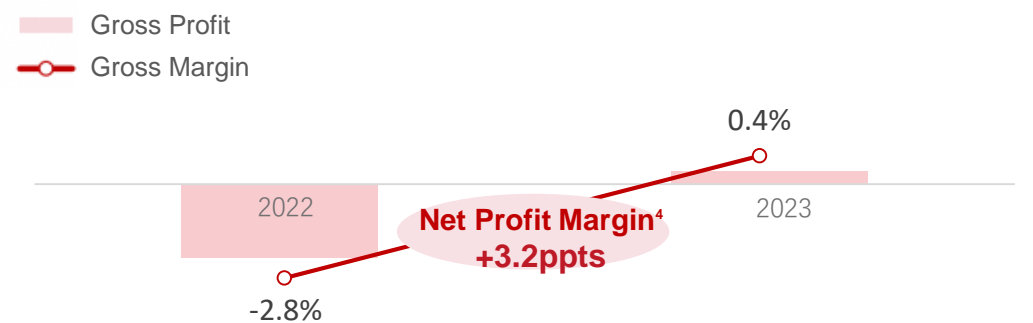
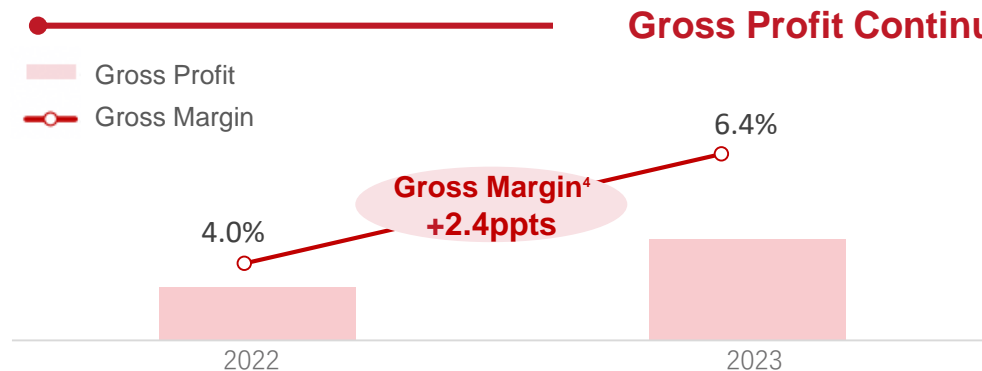
- Deepen cooperation by expanding target merchants' cohort through full-scenario, omni-channel coverage and customized services
- Increase retention rate and repurchase rate of individual users through high-quality services



Intra-city Technology

Riders 

- Optimize delivery routes and rider dispatch to improve per rider efficiency
- Coordinate rider dispatch across business districts, and broaden network coverage in lower-tier cities



Note: 1. Refers to local consumption scenarios excluding food & beverage deliveries (i.e. intra-city retail, local on-demand e-commerce and local services including last-mile services). 2. Tier-3 or lower-tier cities, counties and towns. 3. The non-municipal areas in the lower-tier cities and counties, mainly including county-level cities, counties, banners, autonomous banners, and forestry areas. 4. Based on the gross profit and net profit of intra-city segments

Multi-Network Integration Led to Cost Reduction

V1.0

- Small parcels
- Large parcels
- Warehouse network

Transportation Integration

- Long-haul Integration**
 - Loading rate of line-haul vehicles for large parcels went up by **6.2ppts**
- Short-haul Synergies**
 - Couriers in charge of pick-up and delivery of large parcels also take short-haul and interconnection tasks during idle time

Sortation Integration

- Flexible Operation**
 - The fulfillment rate of large parcels sorted in freight sortation centers during peak seasons¹ reached **77%**
 - Temporary sites for large parcels will be closed during the low seasons
- Integrated Warehousing and Sortation Center**
 - Integrated **130** warehouses and sortation centers
 - Integrated area **increased by 26%**

Last-mile Integration

- Integrated Service Outlet**
 - Integrated large/small parcels outlets
 - Built **746** integrated service outlets
- Capacity Improvement**
 - Enhanced large-parcel handling capabilities at service outlets
- Direct Delivery from Sortation Center**
 - 8500+ tons** of parcels were directly sent to customers from sortation centers

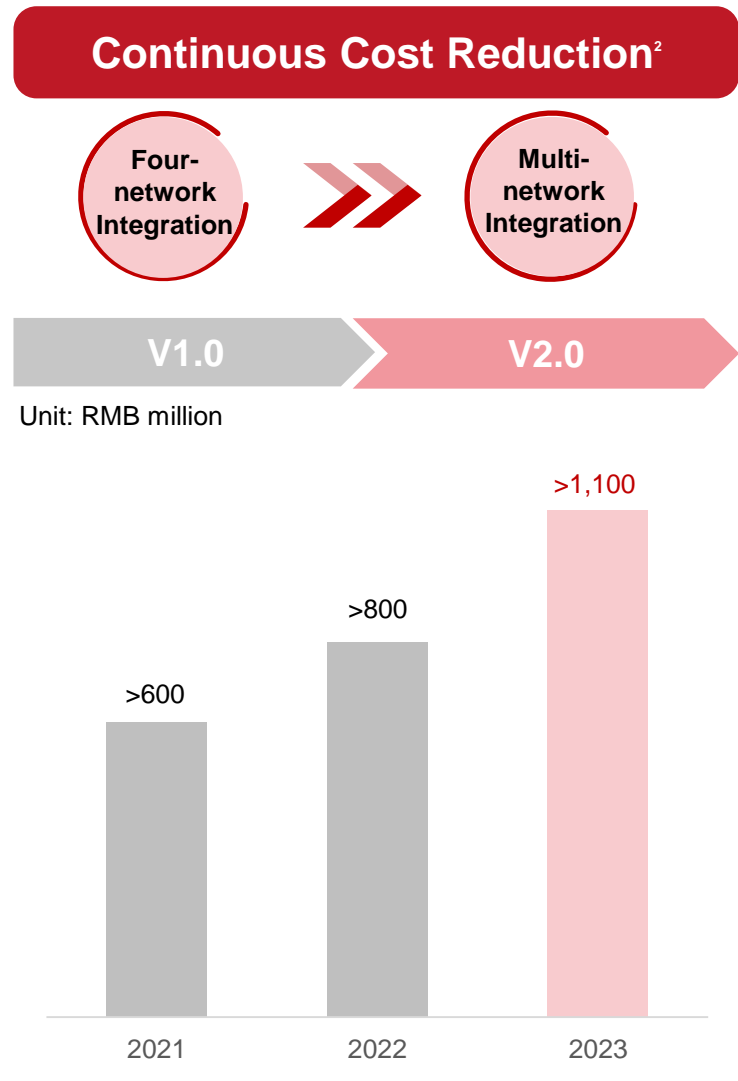
V2.0

- SX Freight
- Pharmaceutical
- KLN
- Logistics
- HAVI

- Idle-route Fulfilment**
 - Fully leveraged idle line-haul from express networks
- Multi-temperature Transportation**
 - Equipped dual / triple-temperature control vehicles for low-temperature pharmaceutical good delivery
- Container Application**
 - Integrated thermostatic containers for pharmaceutical cold chain with room temperature land transportation

- Site Planning**
 - Unified site deployment by the Group
- Same-site Construction**
 - 46** SX Freight sortation centers
 - Built along the principle of sharing the "same / near sites" with directly-operated sites for large parcels

- Low-temperature Delivery**
 - Built cold chain operation capability for comprehensive service outlets
- Bring more network resources for integration*
- Unlock more scenarios for integration*



Note: 1. Refers to percentage of large parcels admitted into large-parcel transit during peak days such as June 18 and November 11 as of total number of large parcels admitted. 2. Cost reduction after multi-network integration vs before, excluding impacts of certain non-integration factors

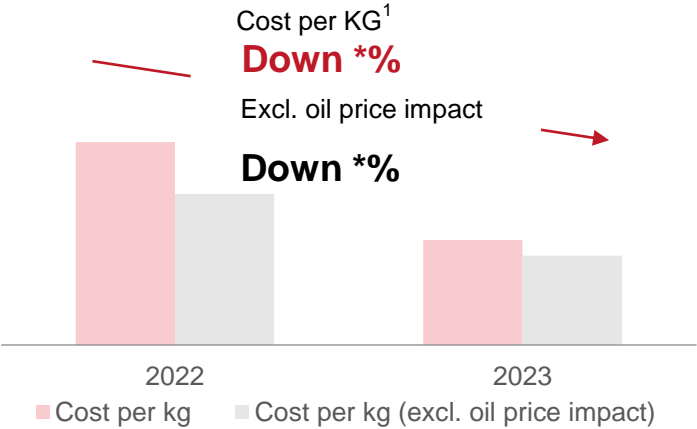
Enhanced Efficiency through Operational Excellence

Transportation

Optimize Operations

- Optimize Procurement Strategy
- Adopt Standardized Pricing for Short-haul
- Cultivate a Healthy Supplier Ecosystem
- Improve Efficiency for Self-operated Vehicles
- Enhance Management Capability

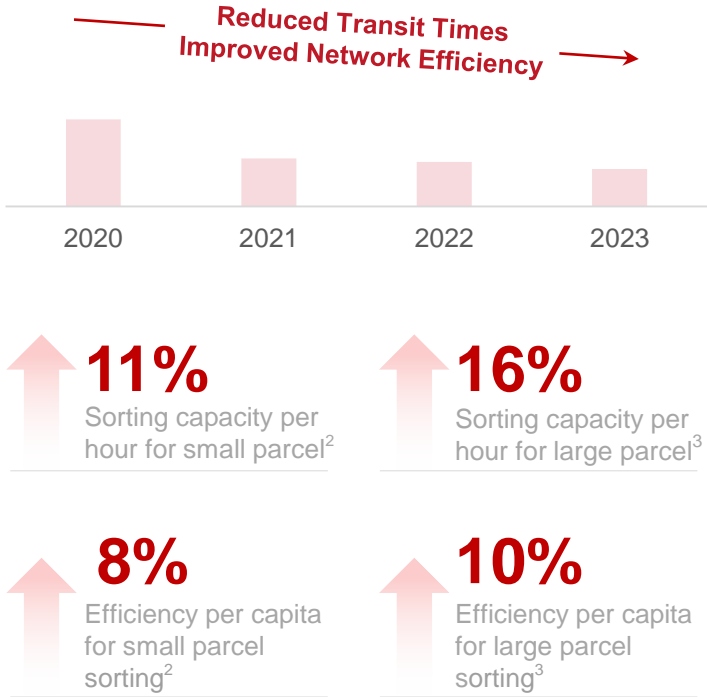
Transportation Cost Reduction



Sortation

Enhance Efficiency

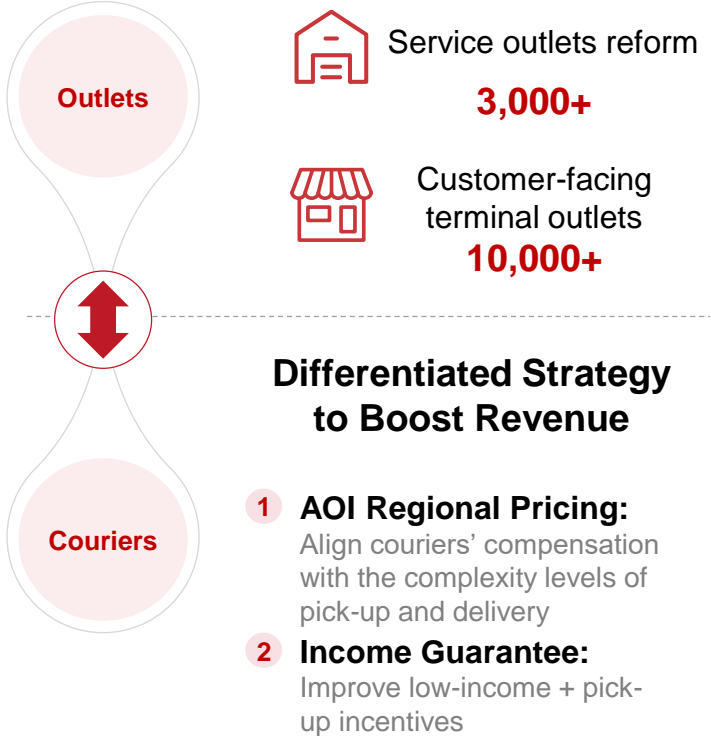
Enhance Sortation Centers Capabilities Improve Sorting Accuracy



Last-mile

Upgrade Experience

Direct Sortation and Delivery Broaden Customer Coverage



Note: 1. Costs of line-haul and short-haul per kg based on management account. 2. Capacity and efficiency for small parcels are measured in volume. 3. Capacity and efficiency for large parcels are measured in ton.

Ezhou Air Cargo Hub Commencement

Operational Progress

◆ Launch of New Flight Routes¹



45

Domestic routes



10

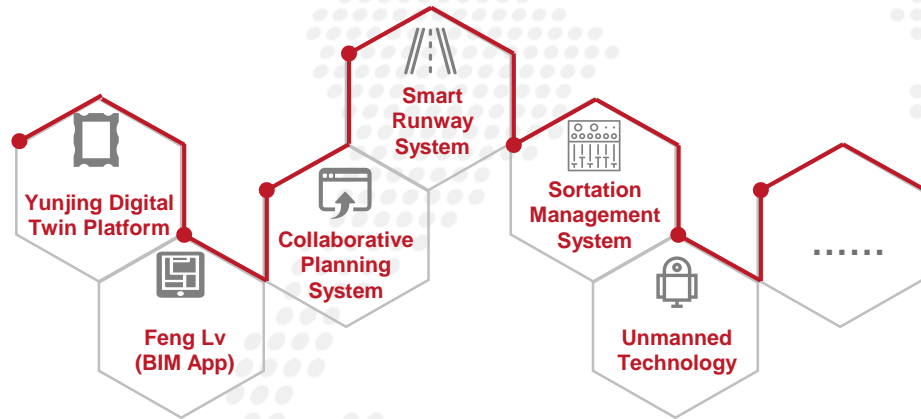
International routes



~90

Daily inbound and
outbound cargo
flights

◆ Technology Applications



Volume Growth

▶ Phase 1.0 Capability Enhancement



Timeliness

Improved
on-time ratio of
2D12² for SF
Speedy Express



Coverage

Expanded
next-morning delivery
destinations



Stability

Improved
flight on-time ratio³
after hub switch



Service

Decreased
complaint rate for
SF Speedy
Express

▶ Phase 2.0 Integrated Warehousing Offerings

Integrated Warehousing and Distribution Services

3C High-tech

Intelligent
Manufacturing

Pharmaceutical

.....

▶ Phase 3.0 Industrial Clusters Formation (Industrialization) + High-Caliber Carriers (Platform-driven)

Integrated Supply Chain Services

Modern Logistics
Services

Chemicals Supply
Chain

Intelligent Pharmaceutical
Supply Chain

.....

Resource Expansion

A Leading Air Cargo
Carrier

.....

Note: 1. Refers to flight routes launched at SF Ezhou Air Cargo Hub as of 2023 year-end. 2. Refers to the percentage of parcels delivered by 12:00pm the next day for speedy express over 800km across the entire network. 3. Peak time and low time data comparison for Ezhou Air Cargo Hub vs Hangzhou Hub

Capture Growth Momentum, Focus on Asia, and Expand Globally


Industry Trends



Chinese Manufacturing Enterprises' Overseas Expansion



Global Enterprises' Supply Chain Restructuring



Traditional Trade's Transition to Cross-border E-commerce

Global US\$10.8tn¹

Asia US\$4.9tn¹



Asia logistics market has the fastest growth rate
Asia 5.9% vs Global 4.7%²

Product Portfolio



Note: 1. Refers to the total global and Asia logistics expenditure in 2022; industry data sourced from the Frost & Sullivan report. 2. Based on 2022-2027E total expenditure, data from Frost & Sullivan report

International Express: Reinforced Competitive Strengths

Our Advantages

vs Global Top 3




Asia Domestic Market




Relative Cost Advantage


vs Domestic Peers



Critical Logistics Resources



Extensive Global Customer Base



Integrated Service Capability



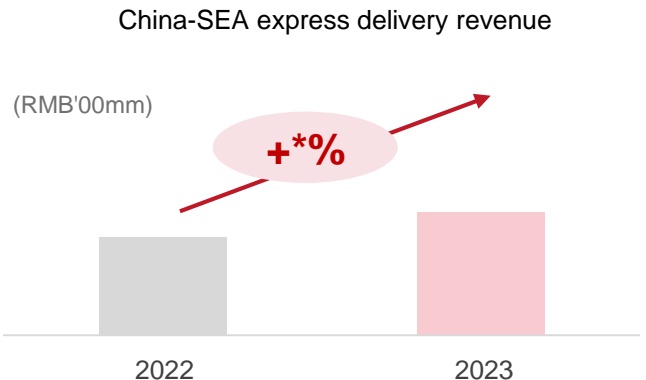
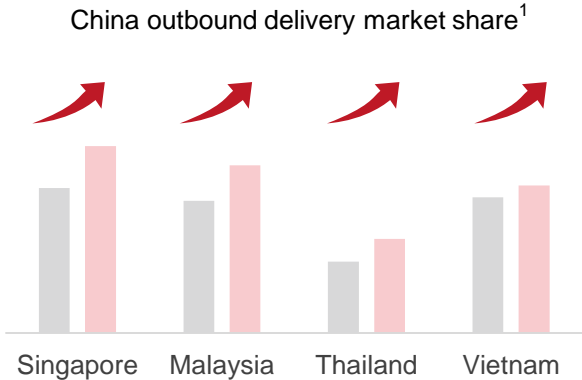
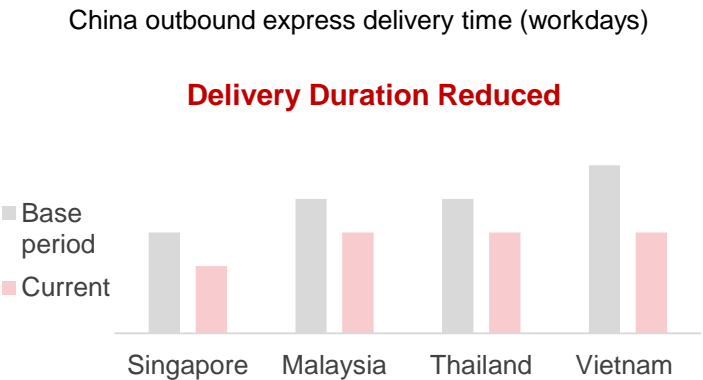
Capability Enhancement



Market Share Gain

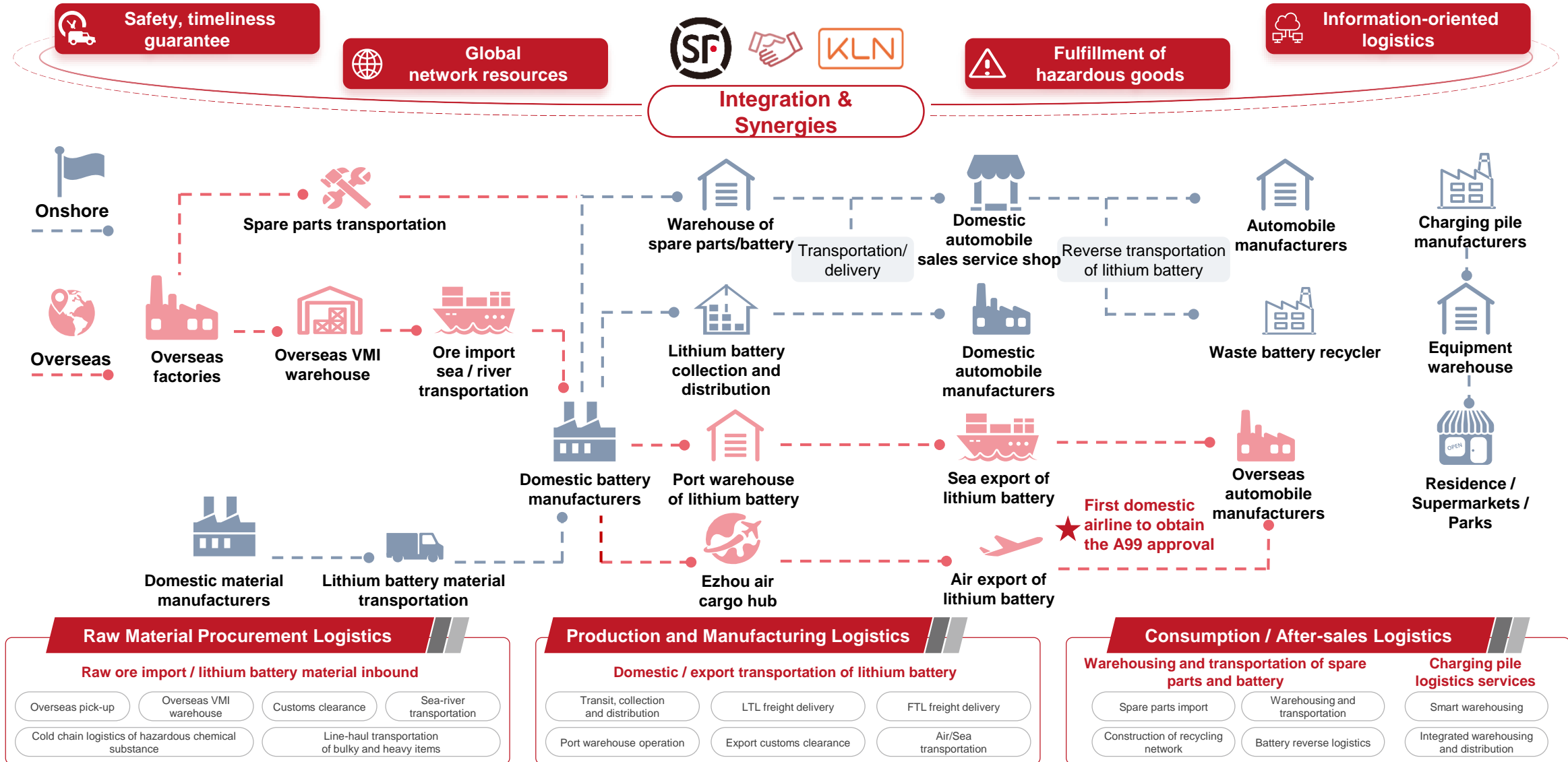


Robust Revenue Growth



Note: 1. Data based on seabury industry database

International Supply Chain Case Study: Multi-Scenario Logistics Services for New Energy Lithium Battery Industry



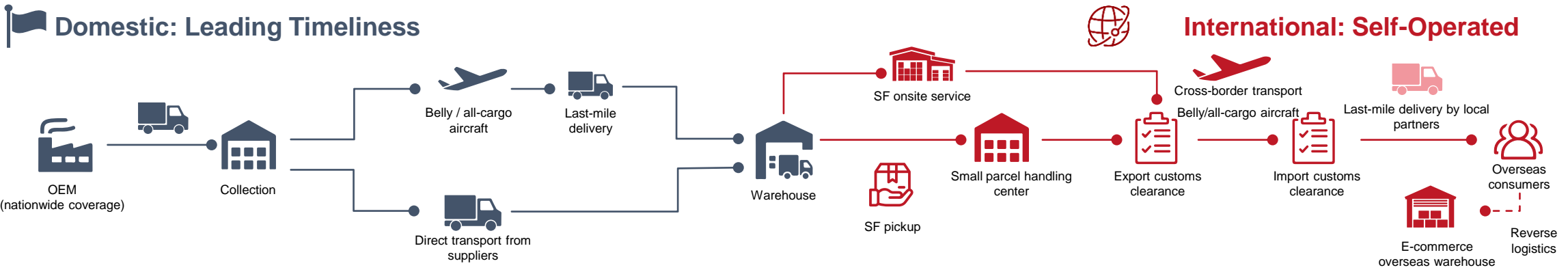
Differentiated Strengths for Cross-border E-commerce

Our Differentiated Strengths

vs. Industry Players	End-to-end Services	Third-party Independence	All-Cargo Aircraft	Last-Mile Delivery	Global Network
SF	✓	✓	✓	✓	✓
Air cargo companies	×	✓	✓	×	✓
E-commerce platform backed logistics	✗	×	×	✓	✗
Freight-forwarding	×	✓	×	×	✓
Dedicated FTL logistics	✓	✓	✗	×	✗
Express companies	×	✗	✗	✓	×

Case Study: Global One-Stop, End-to-End Services

- SF Time-Definite
- SF Standard
- LTL
- Large Parcel
- FTL
- International Express**
- International E-commerce**



Strive for Sustainable and Healthy Growth

Strengthen Customer Loyalty

Warmth · Speed · Depth · Breadth

Customer Satisfaction Underpinned By
Courier Satisfaction

Deepen Operational Reform

Ensure Professional and Dedicated Services

Achieve Healthy & Sustainable Business Growth

Product Competitiveness · Integration ·
Overseas Expansion

Grow Parcel Volume

Offer Services as a Package

Expand International Business

Maintain Robust Profitability

Healthy Structure · Lean Operation

Refine Cost Structure

Promote Lean Operations

Leverage Business Intelligence






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#	Section
1	Business Overview
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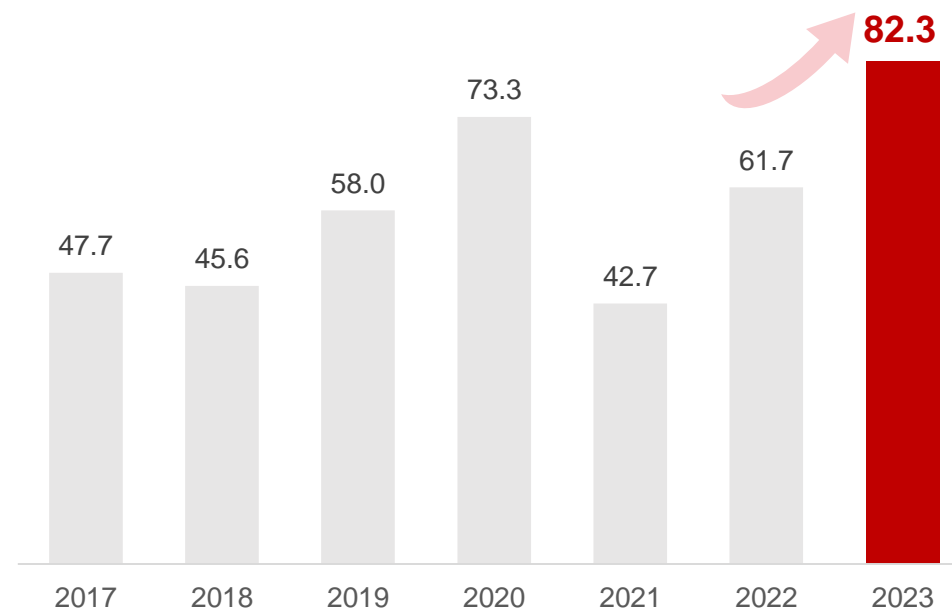
Sustainable Profitability Growth

2023 Key Metrics

	Volume ¹ 11.97bn parcels	YoY Growth 7.5%	YoY Growth (excl. Fengwang) 16.2%
	Revenue RMB258.4bn	YoY Growth -3.4%	
	Express Logistics Revenue ² RMB191.1bn	YoY Growth 9.7%	YoY Growth (excl. Fengwang) 11.3%
	Adjusted Net Profit ³ RMB7.13bn	YoY Growth 33.7%	Adjusted Net Profit Margin 2.8% (↑0.8ppts)
	Dividend Per Share RMB0.6	YoY Growth 140%	Dividend Payout Ratio ⁴ 35% (↑15ppts)

Steady Growth of Net Profit and Net Margin Attributable to the Parent Company

	Net profit attributable to the parent company RMB8.23bn	YoY Growth 33.4%	Net margin attributable to the parent company 3.2% (↑0.9ppts)
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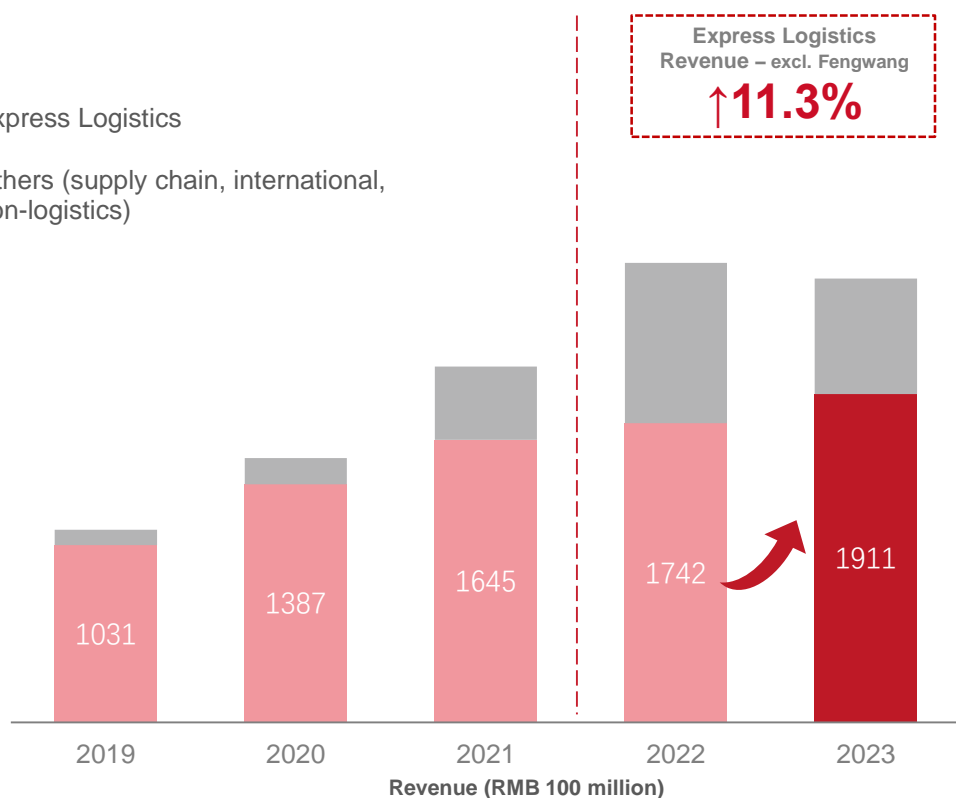
Note: 1. Excludes the express delivery volume of KLN, international freight, freight forwarding and supply chain volume. 2. The express logistics business mainly includes time-definite express, economy express, freight, cold chain and pharmaceuticals, and intra-city on-demand delivery. 3. Net profit attributable to the parent company after deducting non-recurring profit or loss. 4. Dividend payout ratio = current year's dividend distributed / current year's net profit attributable to the parent company

Revenue and Volume Growth in Express Logistics

Robust Growth of Express Logistics Revenue

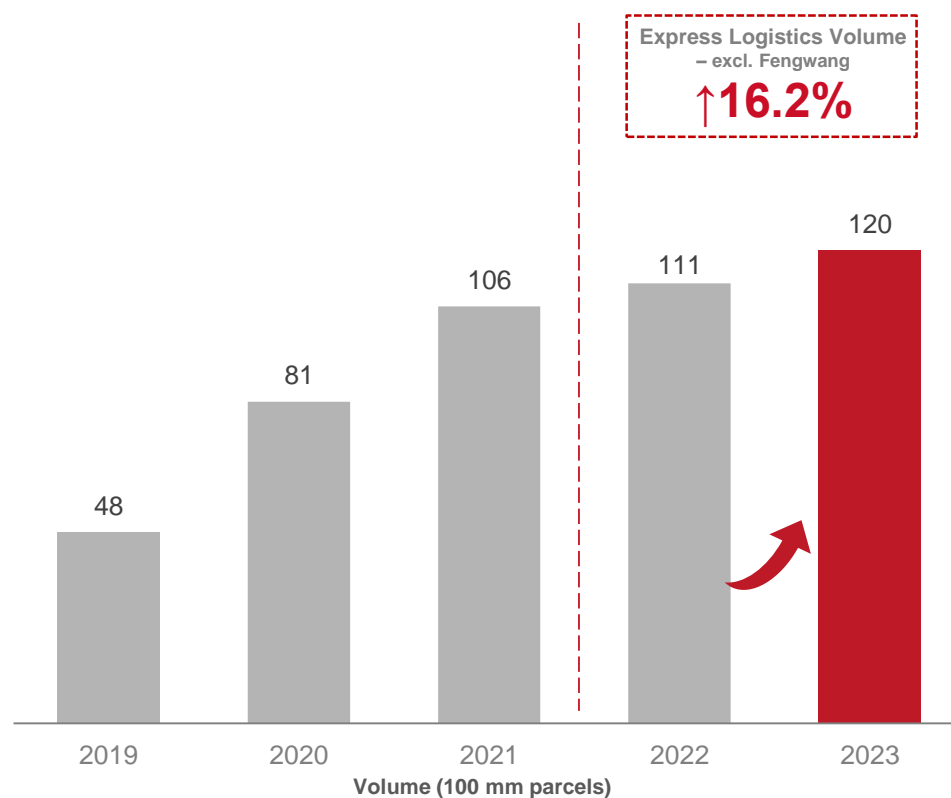
Growth¹ 23.4% 37.3% 34.5% 29.1% -3.4%

■ Express Logistics
■ Others (supply chain, international, non-logistics)



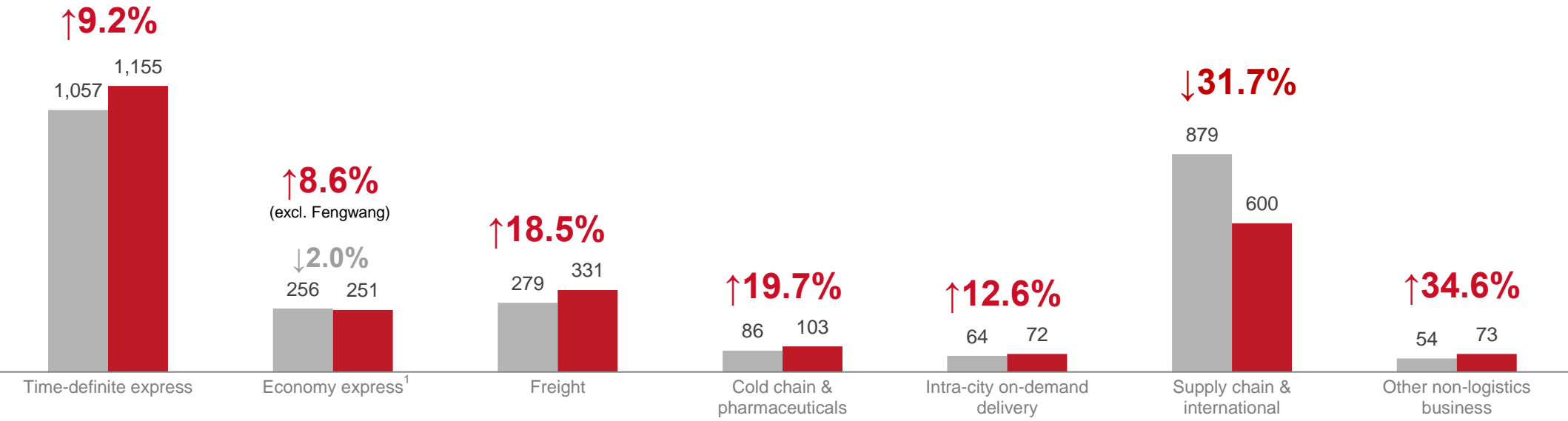
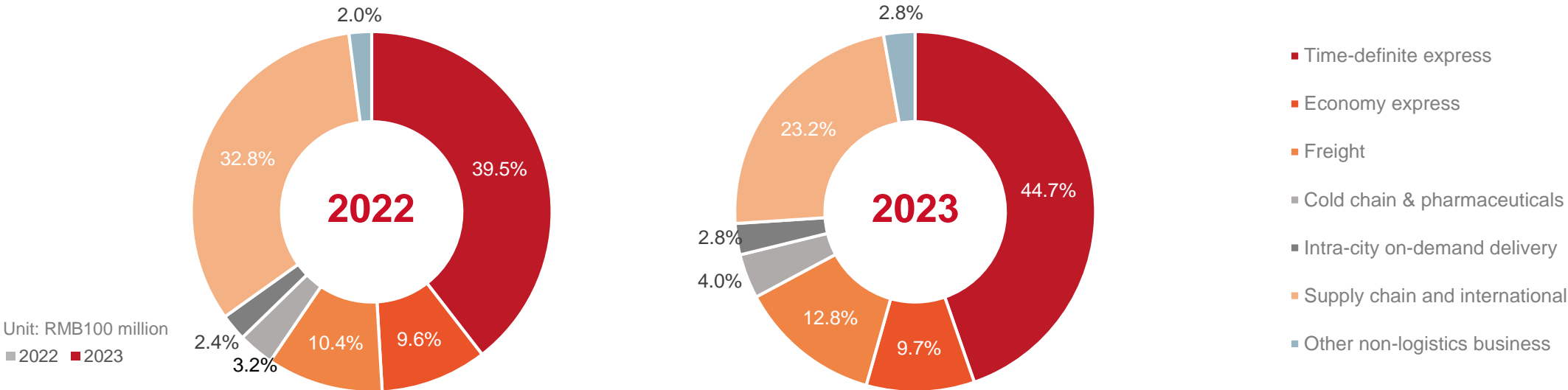
Increasing Parcel Volume from a High Base

Growth² 25.8% 68.5% 29.7% 5.5% 7.5%



Notes: 1. Refers to SF revenue growth. 2. Excludes the express delivery volume growth of KLN, international freight, freight forwarding and supply chain volume.

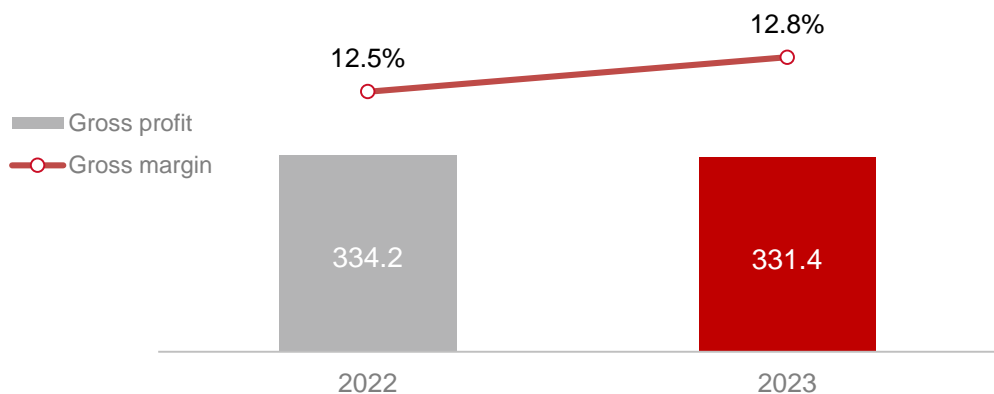
High-Quality Business Growth with Balanced Revenue Mix



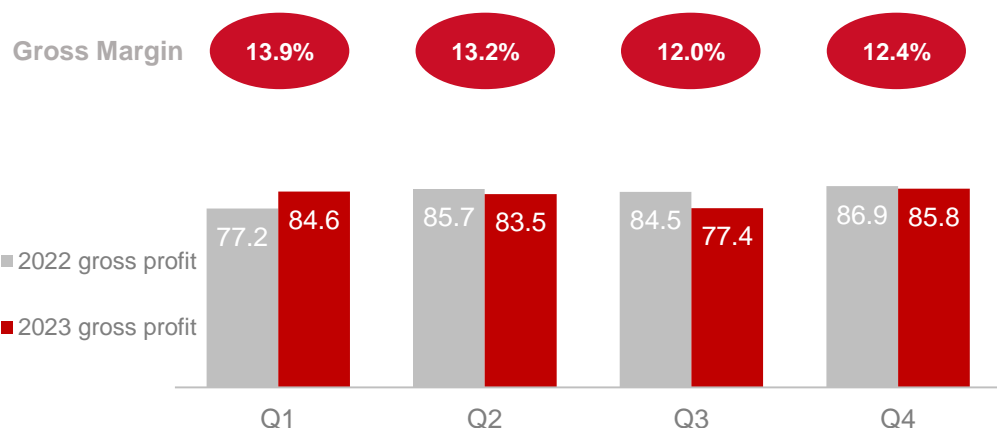
Note: 1. At the end of June 2023, the company completed the sale of the franchise model business – Fengwang Express

Gross Profit and Margin Improved by Lean Operations

Annual Gross Profit and Gross Margin Unit: RMB100 million



Quarterly Gross Profit and Margin Unit: RMB100 million



Drivers for Improvement

- Committed to sustainable and healthy development and strive for high-quality business growth
- Revenue:** Optimize business structure, enhance product competitiveness, and fulfill the diversified needs of customers
- Cost:** Strengthen multi-network integration, deepen operational reform, and allocate resources effectively

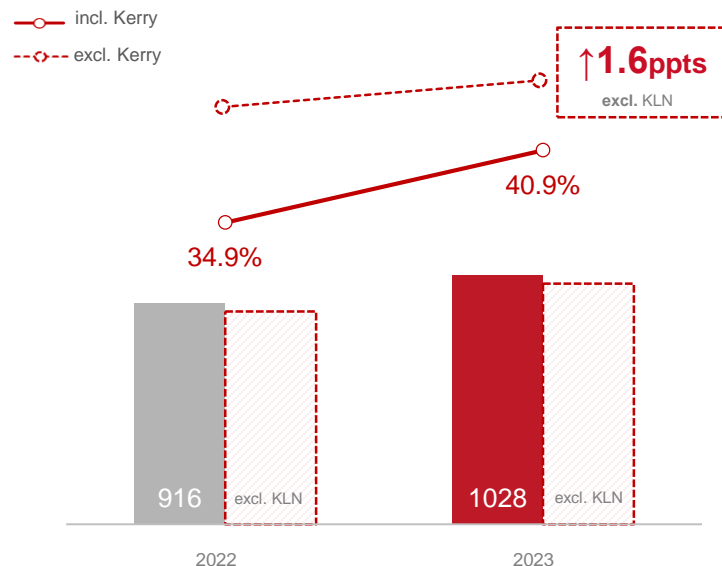
External Factors

- Improve employee compensation competitiveness: Prioritize the improvement of compensation and benefits for our courier and operation staff
- Build long-term competitiveness: Ezhou air cargo hub operation and continued operational reform
- Macro factors: Demand growth pressure encountered by the domestic industries, decreasing global air and ocean freight demand and rates

Decreased Transportation Costs as % of Revenue

Labor Costs and as % of Revenue

Unit: RMB100 million



Drivers for the Increase in Labor Costs as % of Revenue (excl. KLN):

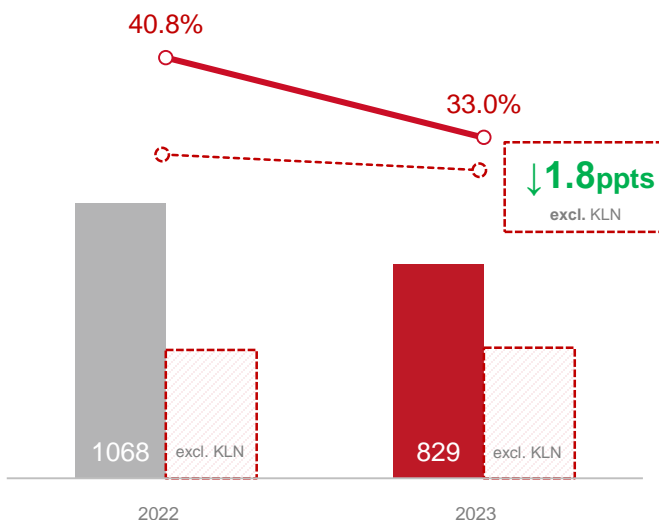
- ✓ Offer competitive pay to courier and operation staff to improve employee satisfaction

Measures Taken:

- ✓ Deploy automatic equipment and optimize operations to increase staff efficiency

Transportation Costs and as % of Revenue

Unit: RMB100 million

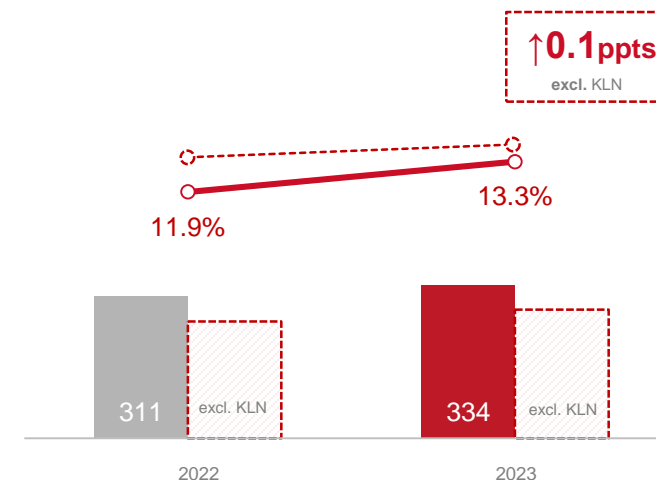


Drivers for the Decrease in Transportation Costs as % of Revenue (excl. KLN):

- ✓ Optimize capacity structure and improve utilization rate
- ✓ Refine procurement process for outsourced capacity and standardize procurement prices to enhance cost control
- ✓ Achieve economies of scale through unified route planning and shipment

Other Operating Costs and as % of Revenue

Unit: RMB100 million



Drivers for the Increase in Other Operating Costs as % of Revenue (excl. KLN):

- ✓ Increase in D&A as a result of the commencement of Ezhou air cargo hub operation, sortation centers and equipment recorded as fixed assets

Measures Taken:

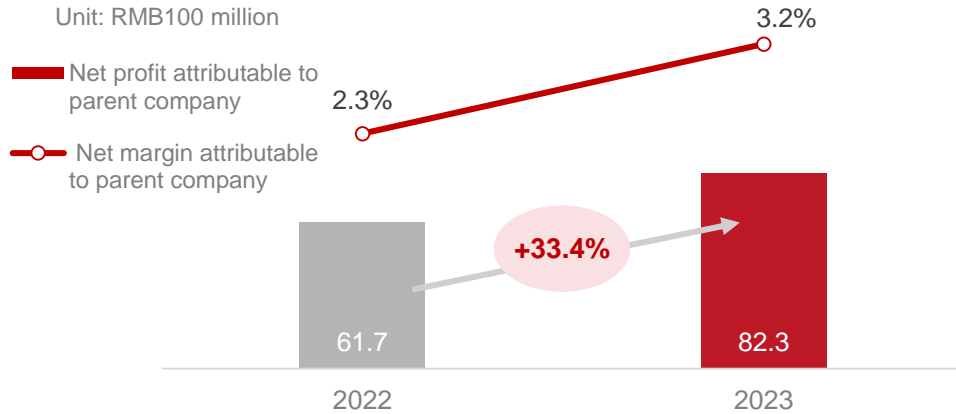
- ✓ Reinforce input-output efficiency supervision, sustain healthy capital expenditure, and promote site integration and operational synergies

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

Robust Growth of Net Profit and Margin Attributable to the Parent Company

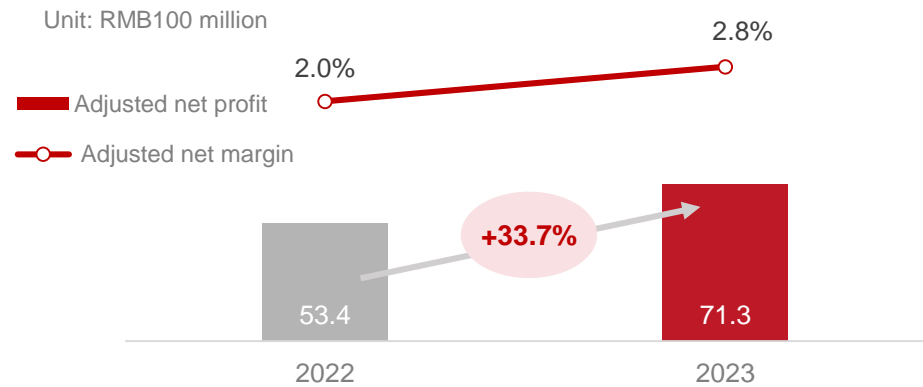
Net Profit and Margin Attributable to the Parent Company

Unit: RMB100 million

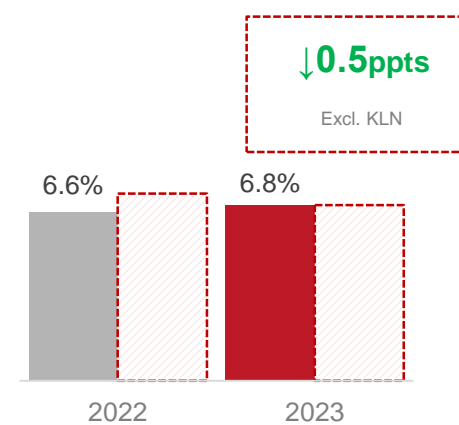


Adjusted Net Profit and Margin¹

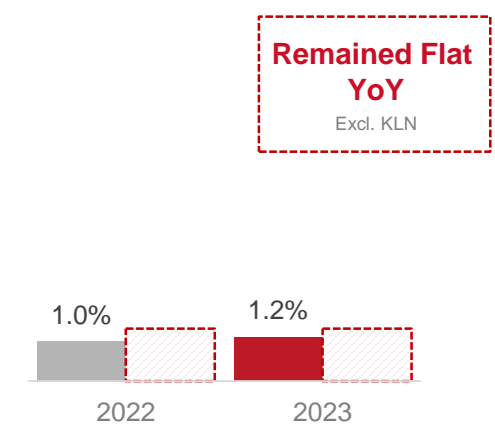
Unit: RMB100 million



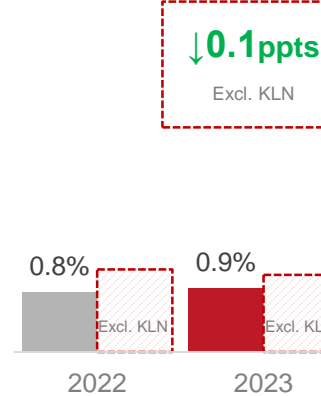
General and Administrative Expenses as % of Revenue



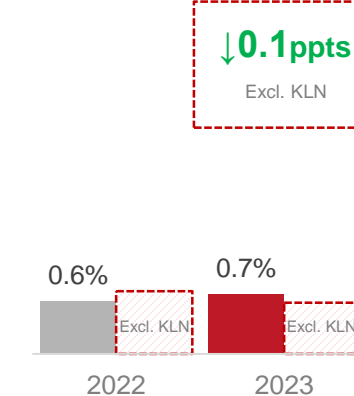
Selling and Distribution Expenses as % of Revenue



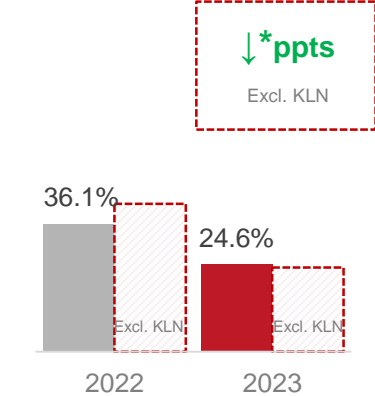
R&D Expenses as % of Revenue



Financial Costs as % of Revenue



Effective Income Tax Rate

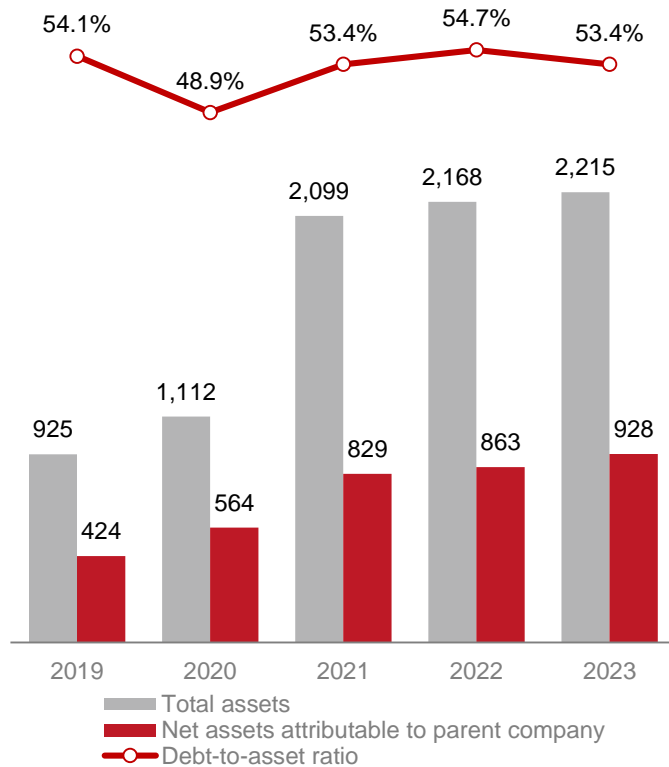


Note: Dotted boxes in the charts refer to cost and cost as % of revenue ratio excluding KLN. 1. Net profit attributable to the parent company after deducting nonrecurring profit or loss

Optimized Capital Structure, Decreased Capital Expenditure as % of Revenue

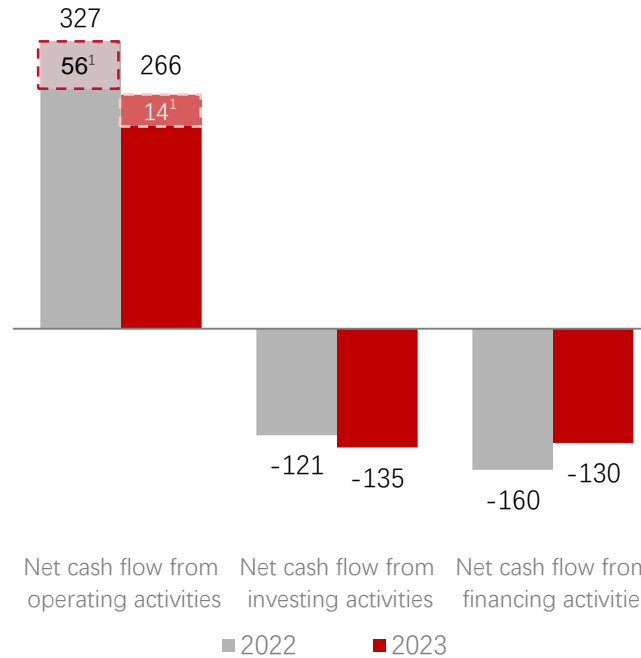
Capital Structure

Unit: RMB100 million



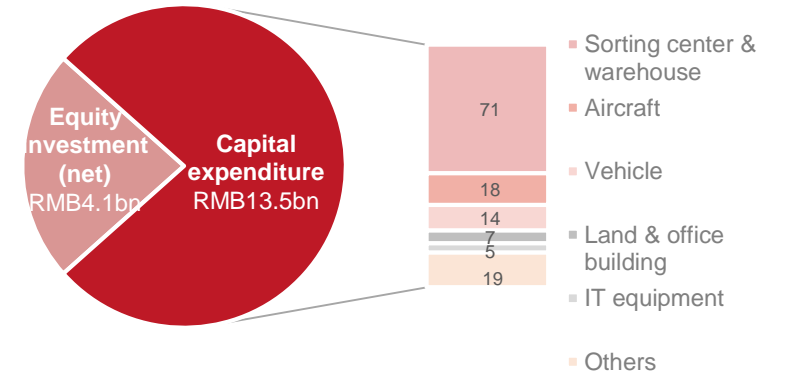
Net Cash Flow

Unit: RMB100 million

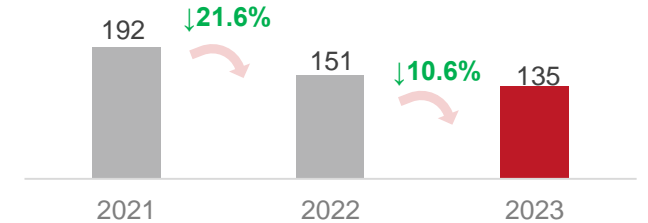


Capital Expenditure

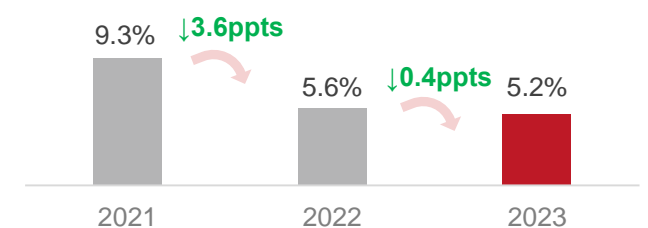
Unit: RMB100 million



Capital Expenditure YoY %



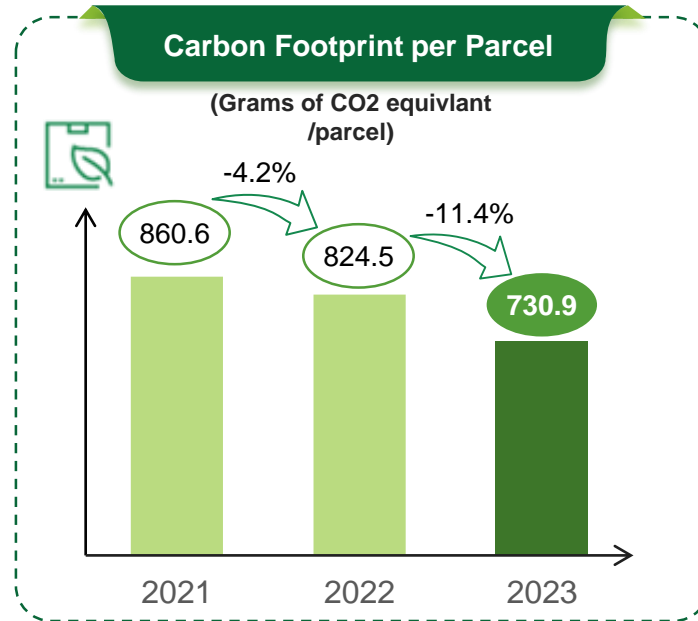
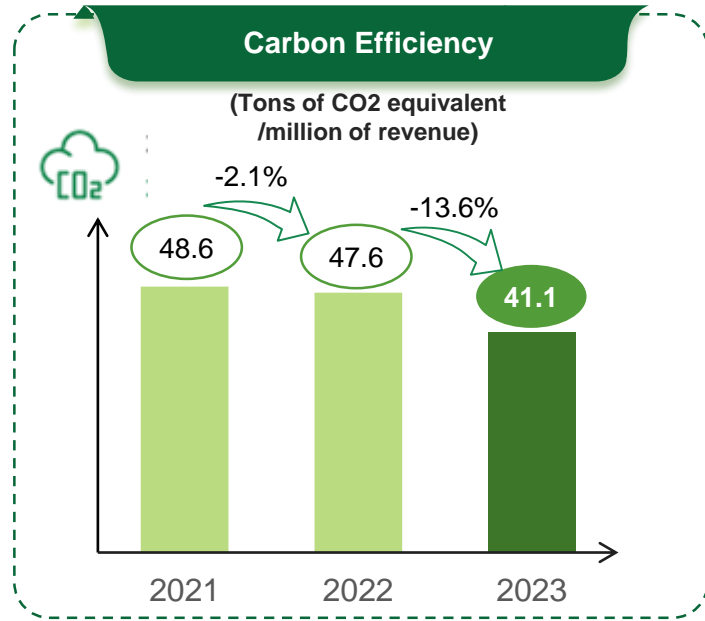
Capital Expenditure as % of Revenue YoY%



Note: 1. The operating cash flow includes tax refunds of RMB 5.6bn received in 2022 and RMB1.4bn in 2023

Embrace ESG and Build Green Logistics

Significantly Improved Carbon Efficiency and Continued Reduction of Carbon Footprint¹



Carbon Target with Year 2021 as the base year²

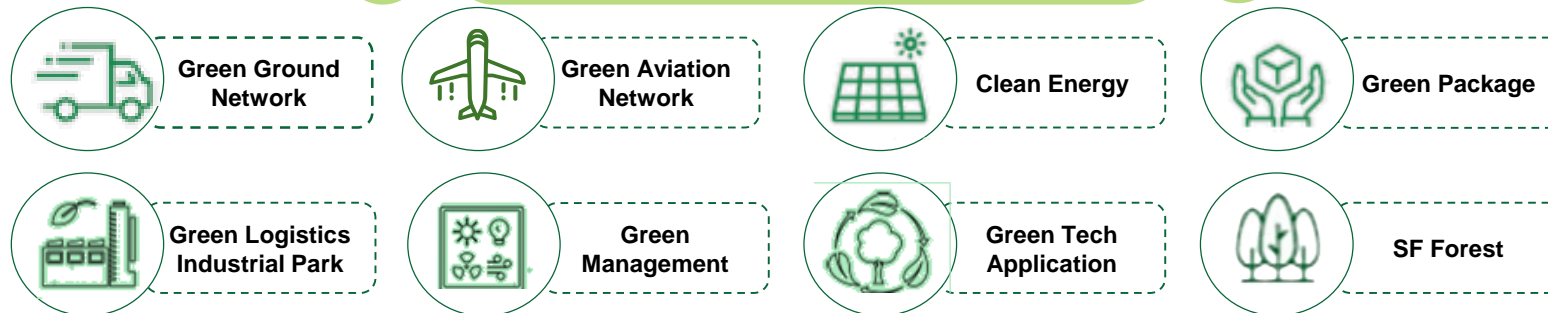
2030 Carbon efficiency improved by **55%**↑

2030 Carbon footprint for each parcel reduced by **70%**↓



More details can be found on the "SF Website – Sustainability"

Our Initiatives



Note: 1. SF greenhouse gas emission data was verified by an independent international third-party vendor for three years consecutively (2021-2023) and the Company has obtained the verification certificate. 2. As Kerry Logistics has formulated and announced its carbon target, and there is a difference in business model between SF and Kerry Logistics, this long-term target does not include Kerry Logistics

Industry Leading ESG Ratings

SF ESG Practices are Widely Recognized by Domestic and International Rating Agencies and Media, and Have Received Multiple Awards

Two years consecutively (2022-2023)

➤ MSCI rated **BBB**

No.1 in China Express & Logistics Industry



Two years consecutively (2022-2023)

➤ Sustainalytics rated **Low Risk**

Best Rating in Global Express & Logistics Industry



Two years consecutively (2022-2023)

➤ CDP Climate rated **B (Management Level)**

Leading Rating in Global Express & Logistics Industry



Three years consecutively (2021-2023)

➤ Included in **FTSE ESG Index Series**



2023 Fortune China ESG Impact List (2 years consecutively)



2023 China Association for Public Companies
 “Best Case for Public Companies’ ESG Practices”
 “Best Case for Public Companies’ Governance”
 “Best Case for Public Companies’ Board”



Ministry of Civil Affairs of the People’s Republic of China
 12th China Charity Award



CCTV Finance
 ESG Pioneer 100 of China Public Companies

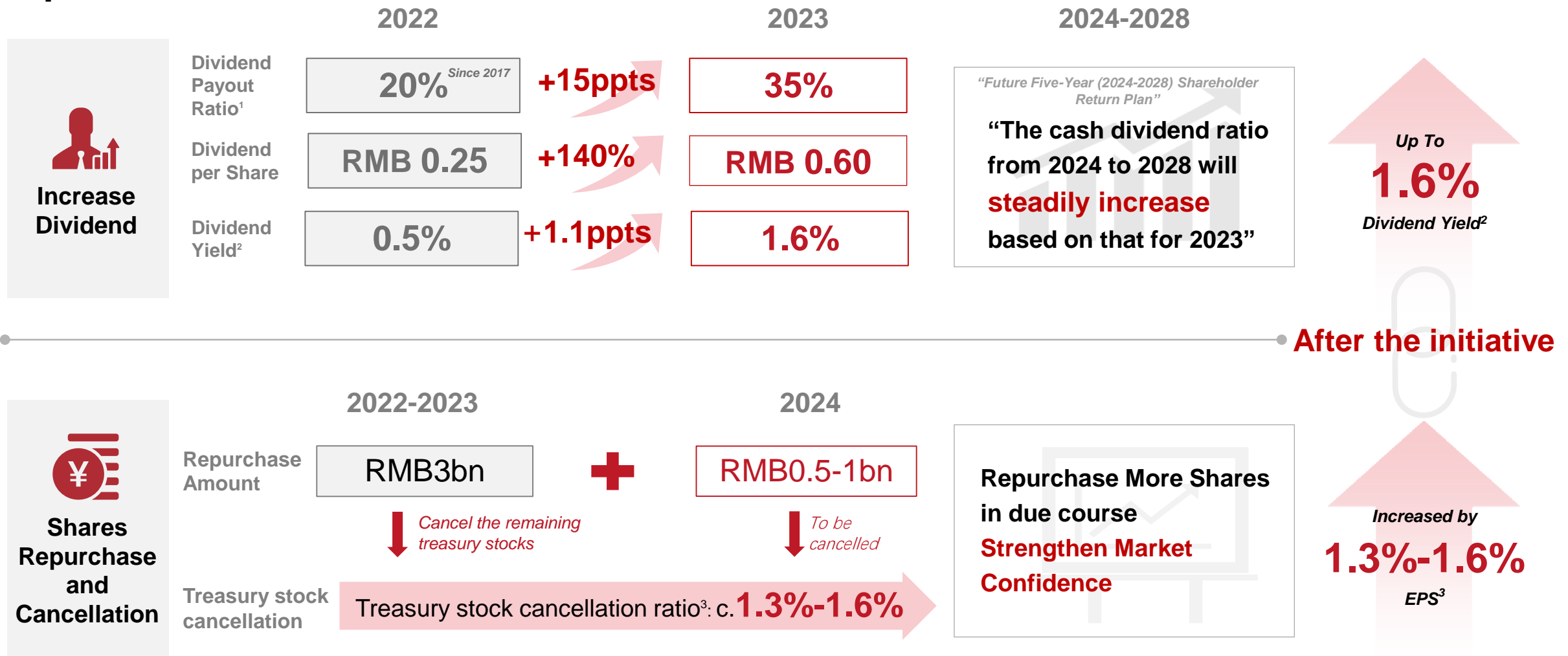


2023 The Times Weekly
 “ESG Exemplary Corporate Award for Public Companies”



More details can be found on the “SF Website – Sustainability”

Enhanced Shareholder Returns through Higher Dividends and Cancellation of Repurchased Stock



Note: 1. Dividend payout ratio = current year's dividend distributed / current year's net profit attributable to the parent company. 2. Dividend yield = announced annual cash dividend payout / market cap on the day of announcement, and dividend yield estimated based on the closing price on March 26, 2024. 3. Proposed retirement of repurchased shares / total share capital before retirement. Due to the ongoing share repurchase in 2024 Jan, the range of share retirement ratio, EPS increase and the repurchase amount of 0.5bn to 1bn is estimated based on the closing price on March 26, 2024. Final share purchase execution result is to be determined in the subsequent announcement. 4. Relevant details on this slide shall only be effective after receiving shareholder meeting approval.

2024 Outlook

Shifted focus from high-speed growth to high-quality growth in China express logistics industry

External Market Environment

Complex, ever-changing global environment with structural development opportunities

Domestic Market

Strengthen Competitive Moats
Unlock Market Potential

International Market

Accelerate Global Network Expansion
Build the Second Growth Curve



Direction of Investment

Compensation for Courier and Operation Staff

Operational Reform

Ezhou Air Cargo Hub

Global Network Coverage

- Optimize Mid-to-long-term Cost Structure
- Build Differentiated Service Capabilities
- Enhance Customer Experience

Strengthen Long-term Competitive Moats



Overall Revenue

Achieve Steady Growth

2024



Net Profit Margin Attributable to the Parent Company

Maintain Stable at FY2023 Level



Create a Digital Ecosystem, Empower Global Customers

Foster Shared Growth, Celebrate Better Life

Building a digital smart supply chain ecosystem, laying the foundation for reshaping global business civilization and production, enabling global enterprises to achieve excellence!

Providing consumers with a more convenient, reliable, and warm services, delivering a happy life!