

Stock Ticker 002352.SZ



1H2024 *Investor Presentation* **S.F. Holding**



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Agenda – 1H2024 Investor Presentation

#	Section
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1	Business Overview
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2	Financial Overview
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3	Q&A
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With Resilience across Cycles, Delivered Outstanding Performance

Resilience across Cycles
Delivered **Outstanding Performance**

Client Demands	SF's Differentiated Capabilities
E-commerce Platforms Competing on Services	Most Comprehensive Product Offerings + High Network Density
Reduce Logistics Costs	Great Value-for-Money + Value-added Services
Enhance Supply Chain Efficiency	Supply Chain Restructuring / Optimization for Customers + Cutting-Edge Tech Solutions
High Requirements for Advanced Productive Forces	Industry-Leading Service Standard #1 in Public Satisfaction for Express Delivery Services for 15 Consecutive Years ¹
Global Supply Chain Restructuring Production Capacities / Brands Going Overseas	The Largest Air Cargo Fleet + Hub in Asia Leading in Air / Ocean Freight Forwarding Cost Advantages vs International Peers >45% of China's Top 500 Companies Use SF's International Services

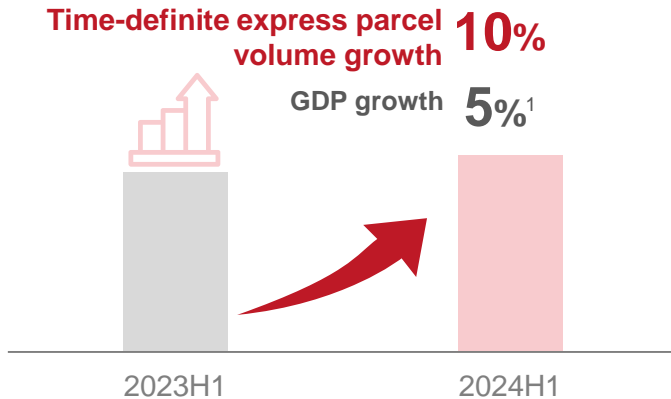


Note: 1 According to the results of the express service satisfaction survey released by the State Post Bureau.

Strengthened Resilience: Time-definite Express

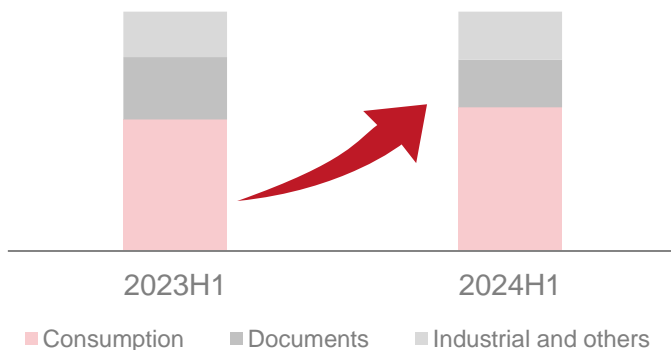
Differentiated Value-for-Money through High Service Quality

Parcel Volume Growth Outperforms GDP



Driven by Consumption and Industrial Segments

% of time-definite parcel volume



Enhance Long-Haul Timeliness



Speed up by **1.6h**

Duration of Speedy Express Product²

Upgrade Short-Haul Half-Day Services

Half-day HK-SZ delivery
Half-day Cross-city delivery

Upgrade

Half-day Intra-city delivery

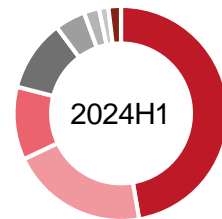
Rapid Growth

Intra-city Express Delivery Volume³

Return Parcels Grow Robustly with Swift Response



Enable platforms to offer Competitive services



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

Swift response
High density of pickup/delivery
Independent third party

Maintain High Parcel Volume Growth

Deepen Penetration with Value-for-Money Products



Promote More Affordable Products



Focus on high-potential regions identified by algorithm



Grant more flexible discounts authorization



Attract more customers to use time-definite land delivery services

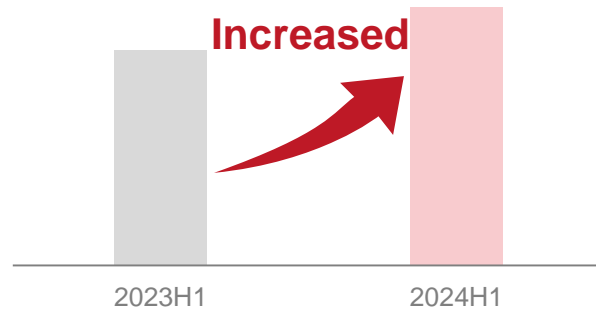
Note: 1. In the first half of the year, GDP increased by 5.0% YoY based on unchanged prices. 2. Refers to total duration of SF Speedy Express products across the entire network. 3. Refers to the parcel volume growth rate of intra-city express delivery project in 1H2024, including half-day intra-city delivery, half-day cross-city delivery and other subproducts

Strengthened Resilience: Economy Express

Expanded Scale Effect through Granular Product Categorization

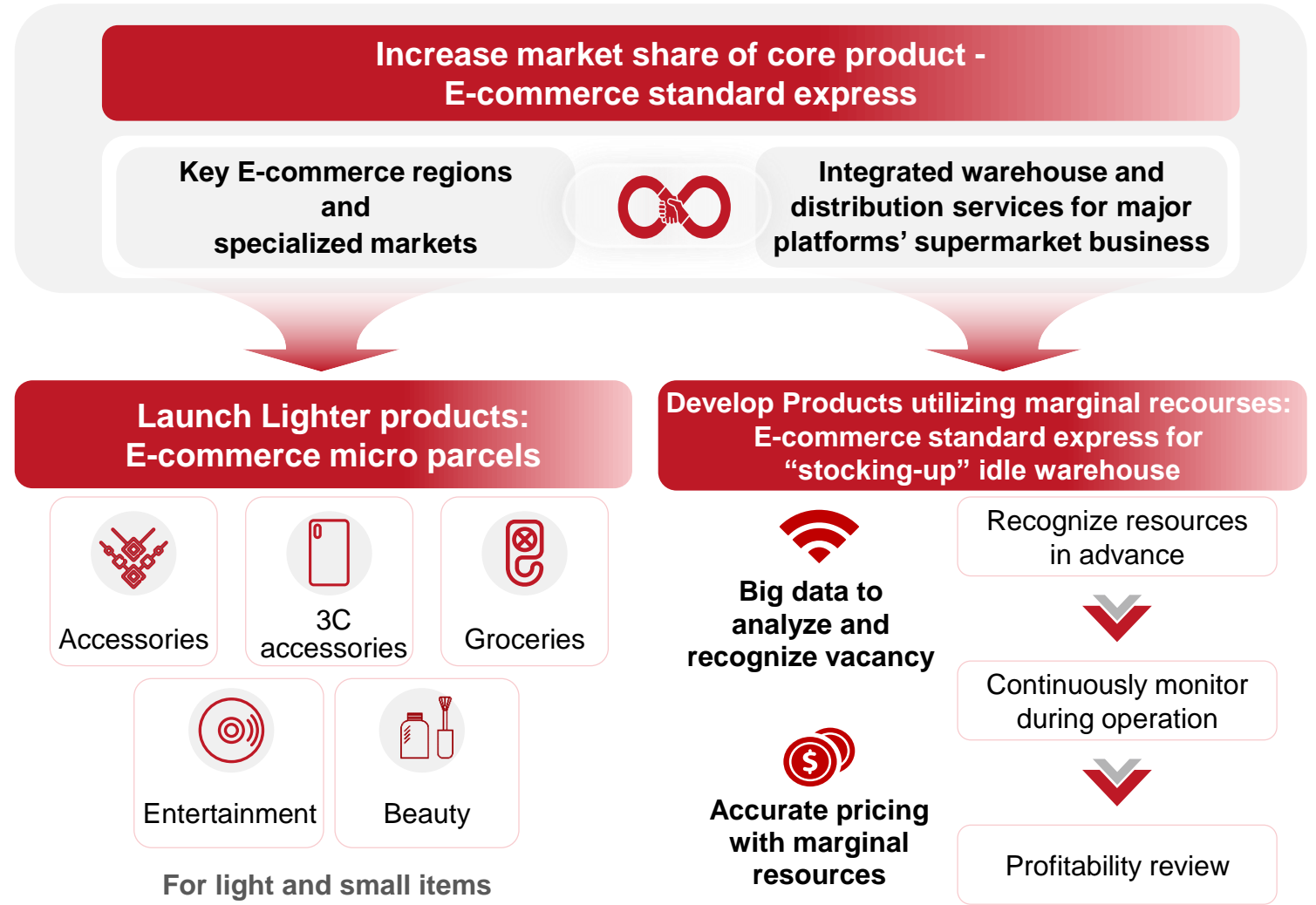
Stable Growth in Parcel Volume

Economy parcel volume growth (excl. Fengwang)



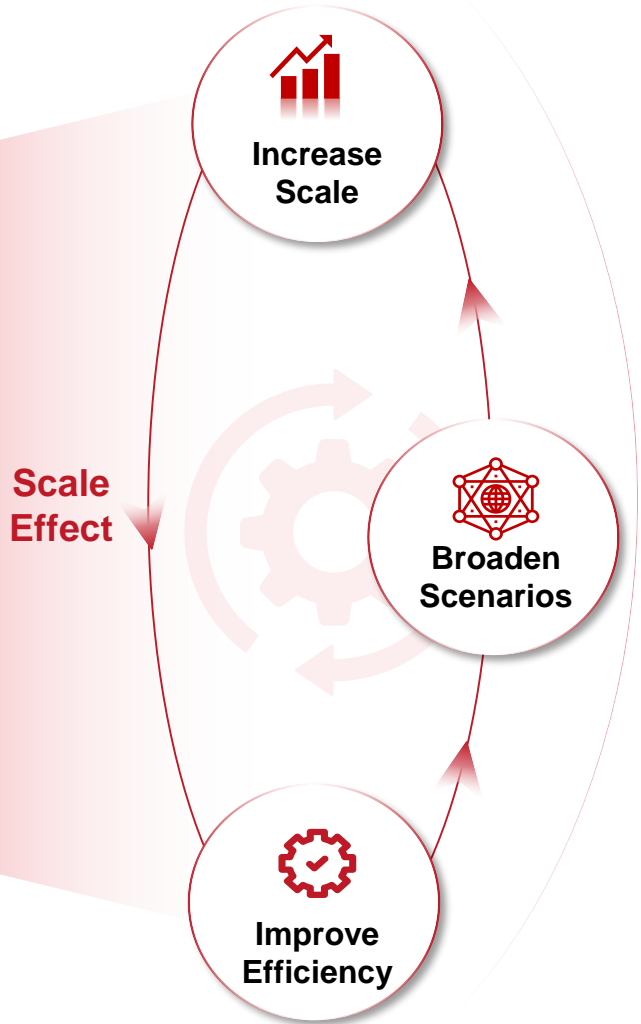
Reduction in Cost per Parcel

Cost per economy parcel (excl. Fengwang)¹



Note: 1. Refers to the average cost per economy parcel, excluding Fengwang and warehousing service, as disclosed in the management account

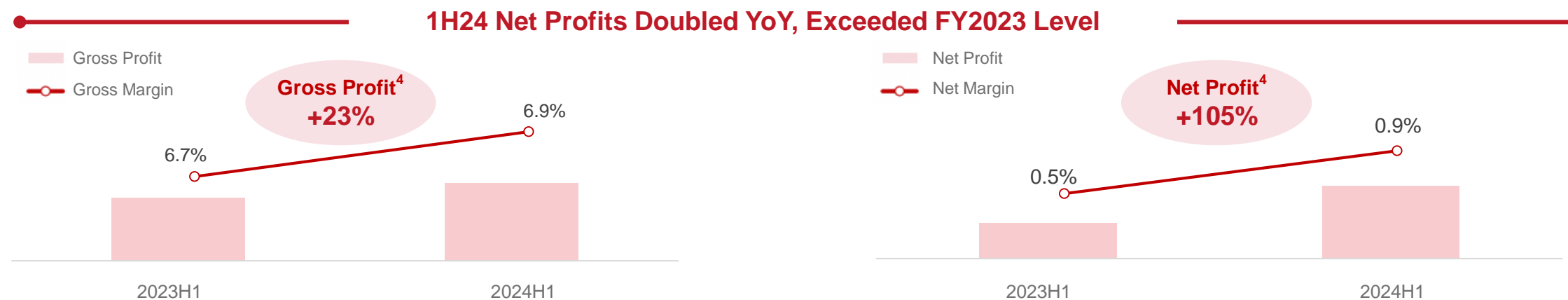
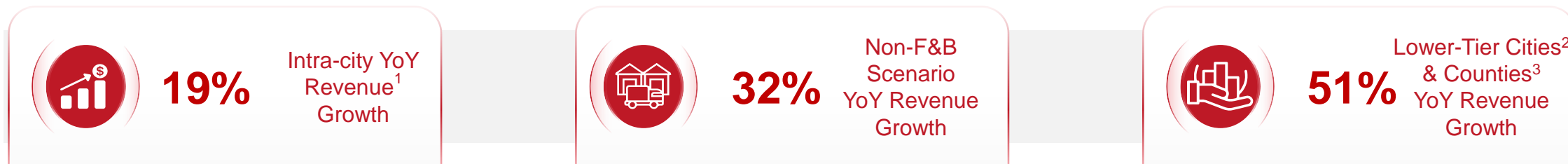
Strengthened Resilience: Freight Drove Growth Flywheel through Cost-Reduction and Efficiency Enhancement



<p>Scale Leadership</p> <p>>60k tons Increased</p> <p>2024H1 Average Daily Volume¹</p>	<p>Market share Gains</p> <p>>25% Increased</p> <p>2024H1 Market Share by Volume²</p>		
<p>Reinforce Leadership in Air Freight</p> <ul style="list-style-type: none"> Shipment of high precision goods from Free Trade Zone Transportation of third-party medical testing sample Pioneer products for special goods including lithium batteries and silver pulp 	<p>Deepen Penetration in Industry Verticals</p> <ul style="list-style-type: none"> >40% Auto industry revenue growth³ >20% High-tech telecom revenue growth³ <p>Industrial manufacturing Furniture and Home appliances </p>	<p>Increase Volume in Industrial Freight</p> <ul style="list-style-type: none"> >30% Industrial area freight volume growth⁴ **% 100kg+ large parcel volume growth 	
<p>Lowered by 6%</p> <p>2024H1 Cost per kg⁵</p>	<p>+11%</p> <p>Sorting Efficiency⁶</p> <p>Sortation</p>	<p>+5ppts</p> <p>Loading rate of line-haul vehicles for large parcels⁷</p> <p>Transportation</p>	<p>+13%</p> <p>Courier's efficiency for large parcels⁸</p> <p>Last-mile Delivery</p>

Note: 1. Refers to the total shipment volume of SF Freight and SX Freight dual-network in 1H2024. 2. Refers to the market share of SF Freight and SX Freight dual-network by shipment volume, and the industry volume refers to the total 20kg+ LTL shipment of CR10. 3. Refers to the YoY growth rate of revenue generated in this industry by SF Freight directly-operated network. 4. Refers to 20kg+ freight at industrial parks based on geographical location. 5. Refers to the cost per kg as disclosed in the management account; 6. Refers to the staff's efficiency at sorting sites. 7. Refers to large parcel line-haul volume loading rate. 8. Refers to average daily pick up and delivery parcel shipments by couriers

Strengthened Resilience: Intra-City Business Doubled Net Profit with High-Quality Revenue Growth



Note 1. Based on the revenue of the intra-city segment. 2. Refers to third-tier and below cities, counties and towns. 3. Refers to the non-urban part of the lower-tier cities, which mainly includes county-level cities, counties, banners, autonomous banners, and forest regions. 4. Based on the gross profit and net profit of the intra-city segment

Strengthened Resilience: Supply Chain & International Expanded into Multiple Scenarios Driven by China Businesses Going Overseas



End-to-end Supply Chain Solutions to Empower Overseas expansion of Businesses

Empower Multiple Industries

E-commerce & Distribution	Industrial Manufacturing	High Technology
Apparel, Shoe & Hat	Automobile & Auto Parts	Home Appliance
Coffee & Tea	

Tap into Multiple Scenarios

International Air Transportation of Precise Instrument	Land Transportation for Finished Goods
Ship Equipment through Sea Freight	After-sales Logistics of Auto Parts
Integrated Cross-Border Warehousing and Distribution for E-commerce Platforms	

<p>40+ Projects Won Bids of Cross-Border Supply Chain Projects¹ in Asia</p>	<p>>45% China's Top 500 Companies Using SF's International Services²</p>
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Efficient International Express to Serve Consumption Scenarios

Develop One-stop Cross-border Solution for Consumption Scenarios

48-Hour Cross-border Direct Air Delivery for SEA Fresh Products

Durian	Mangosteen	Seafood	Cherry	Salak	Pasteurized Eggs

Empower E-commerce Platforms with End-to-end Fulfillment Capabilities

With D+1 timeliness of Singapore cross-border delivery, SF provides cost-effective delivery services to cross-border e-commerce platforms to improve repurchase rate

Ultimate Timeliness

Backed by core resources of cross-border logistics, SF meets the diverse needs of large cross-border e-commerce platforms, small and medium-sized sellers, independent websites, etc.

Core Resources



+%**
International Express Revenue Growth Outperforming Peers³

Note: 1. Map icon refers to the country in which the bid-winning cross-border supply chain projects locate in Asia. 2. Refers to the proportion of companies on the Fortune China 500 List which have used SF's international service since 2023. 3. Refers to the growth rate of SF international express revenue in the first half of 2024, comparing to the international express revenue disclosed by three international peers

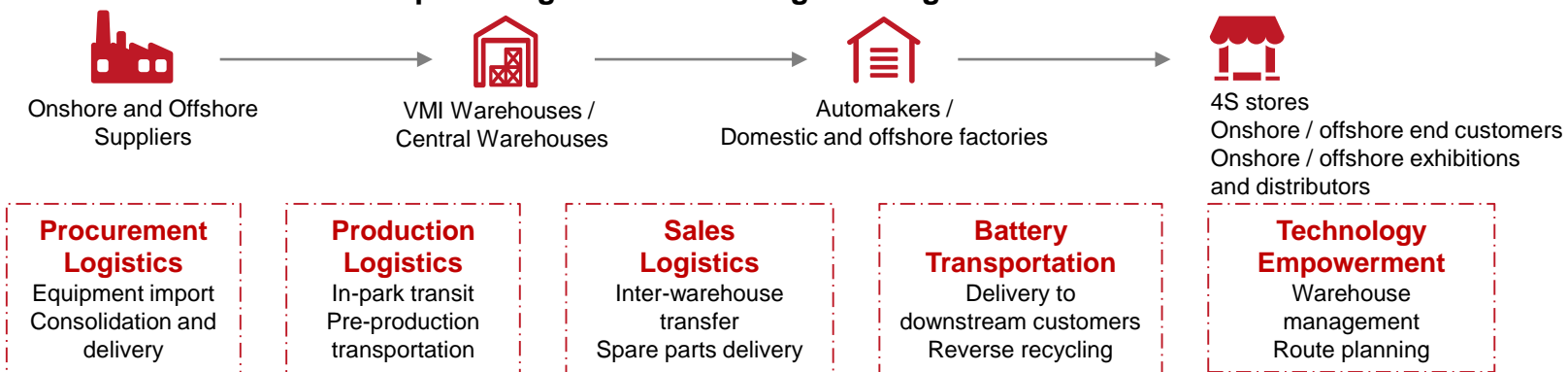


Strengthened Resilience: Supply Chain & International Empowered Production Capacities / Brands to Go Overseas

Empower Production Capacities Going Overseas

Case study of a leading new energy vehicle company in China

Covering full cycle including procurement, production, sales and after-sales, providing end-to-end integrated logistic service



2024H1 Revenue Growth YoY

~170%

Countries covered serving this client

~**

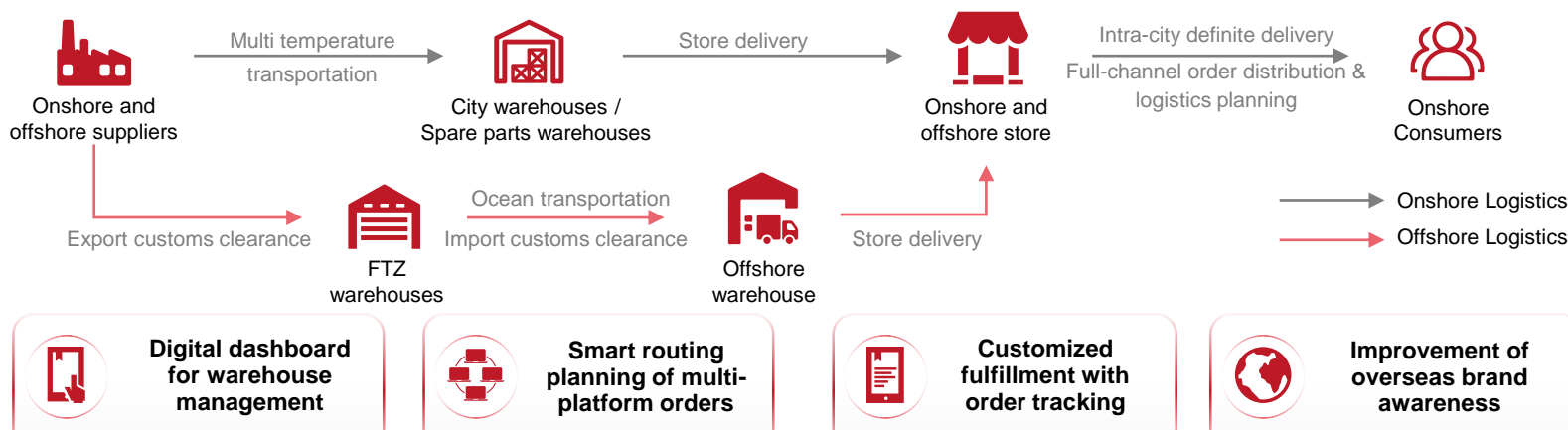
Air cargo export of large lithium battery

Air cargo import of precise instrument

Expanding overseas supply chain cooperation

Empower Brands Going Overseas

Case study of a well-known coffee chain brand in China



2024H1 Overseas Revenue Growth YoY¹

> **%

Number of Overseas Stores Served¹

>30

Swift response and high-quality services

Customer satisfaction >99%

Developing more overseas projects

Note. 1. Refers to data related to the overseas expansion project on which Shunxinhui worked with the client on tapping into the Singapore market

Lean Operations: Ezhou Air Cargo Hub

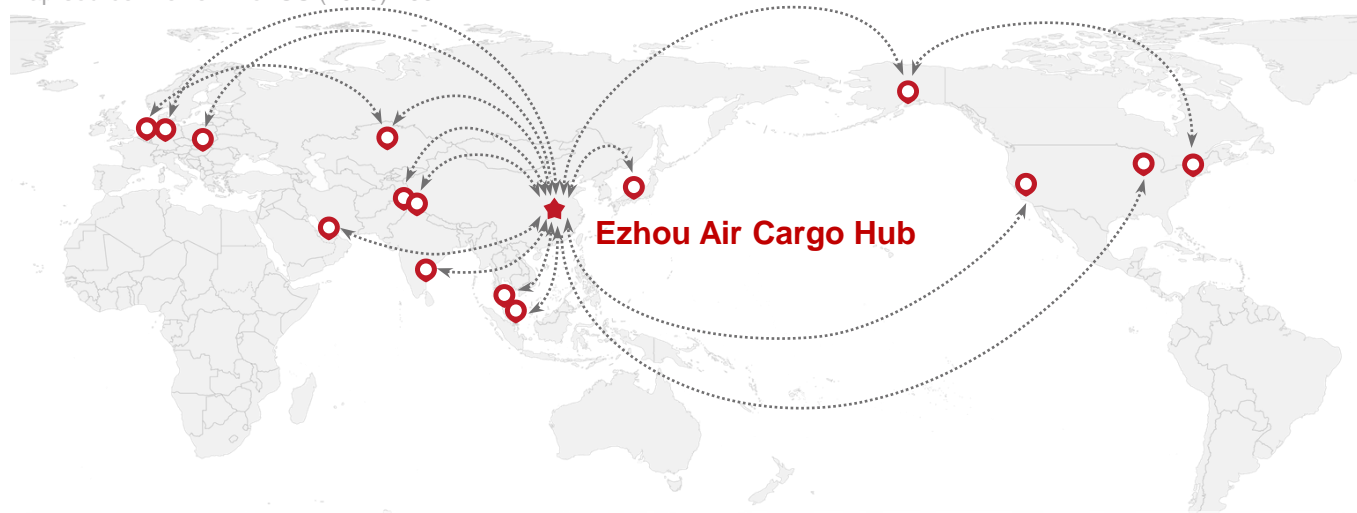
Boosted Cargo Volume Growth with Unparalleled Resources Edge

Cumulative Routes Launched by SF¹

 **55**
Domestic routes

 **13**
International routes

Map source: Review No. GS (2016) 1667








Largest Air Cargo Hub in Asia
with Nationwide Reach and Global Connections

Phase 1.0 Drive Growth through Capacity Enhancement

Domestic Hub-and-spoke mode Better timeliness, wider coverage	Aviation network across the globe Quick multi-category customs clearance
+*% Next-morning delivery parcel volume YoY growth²	>50% International throughput QoQ growth³

Phase 2.0 Boost Cargo Volume with Integrated Warehousing and Delivery Services

 ×  ×  ×  × 

30+ Customers with product in sorting center

Global assembly & warehousing distribution center for an international optical company	Global Aftermarket Service Center for a leading 3C player
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Phase 3.0 Enhance Scale Effect by Industrial Clustering

Large cross-border fresh goods port	Intelligent pharmaceutical supply chain	A global leading airline carrier
Chemicals supply chain services	Bio-degradable materials project	A global leading freight forwarder

Note. 1. Refers to the cumulative launch of SF's routes in Ezhou Hub as of the end of June 2024. 2. Refers to 2024H1 YoY growth rate of volume of parcels delivered by 12:00pm the next day for speedy express over 800km across the entire network. 3. Refers to the percentage growth in international freight throughput in June 2024 compared with December 2023

Lean Operations: Multi-network Integration

Maximized Network Synergies to Drive Quality Improvement and Cost Reduction

Transportation Integration



Route integration

- Consolidate, straighten, and increase frequency of routes
- Leverage idle warehouse resources for less-speedy products



Multi-temperature transportation

- Trucks equipped with triple temperature control for frozen / refrigerated / room temperature
- Room-temperature trucks equipped with thermostatic containers

Sortation Integration



Site planning integration

- Separate operations for large parcels and small parcels during peak seasons
- Temporary suspension of large parcels sites during the trough period



Sorting site consolidation

- Multi-organization sites built nearby
- Agile staffing within the same site

Last-mile Integration



Multi-function outlets

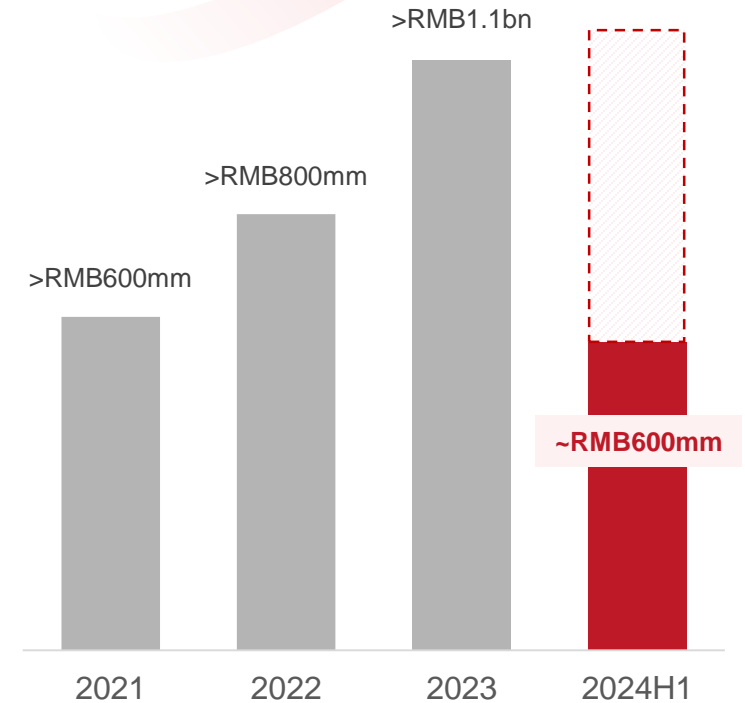
- Integrated service outlet capable of handling both large and small parcels
- Add cold chain capability at service outlets



Collaborative operations

- Large-parcel couriers assist in the transfer of small parcel
- Large-parcel couriers assist with pharmaceuticals delivery

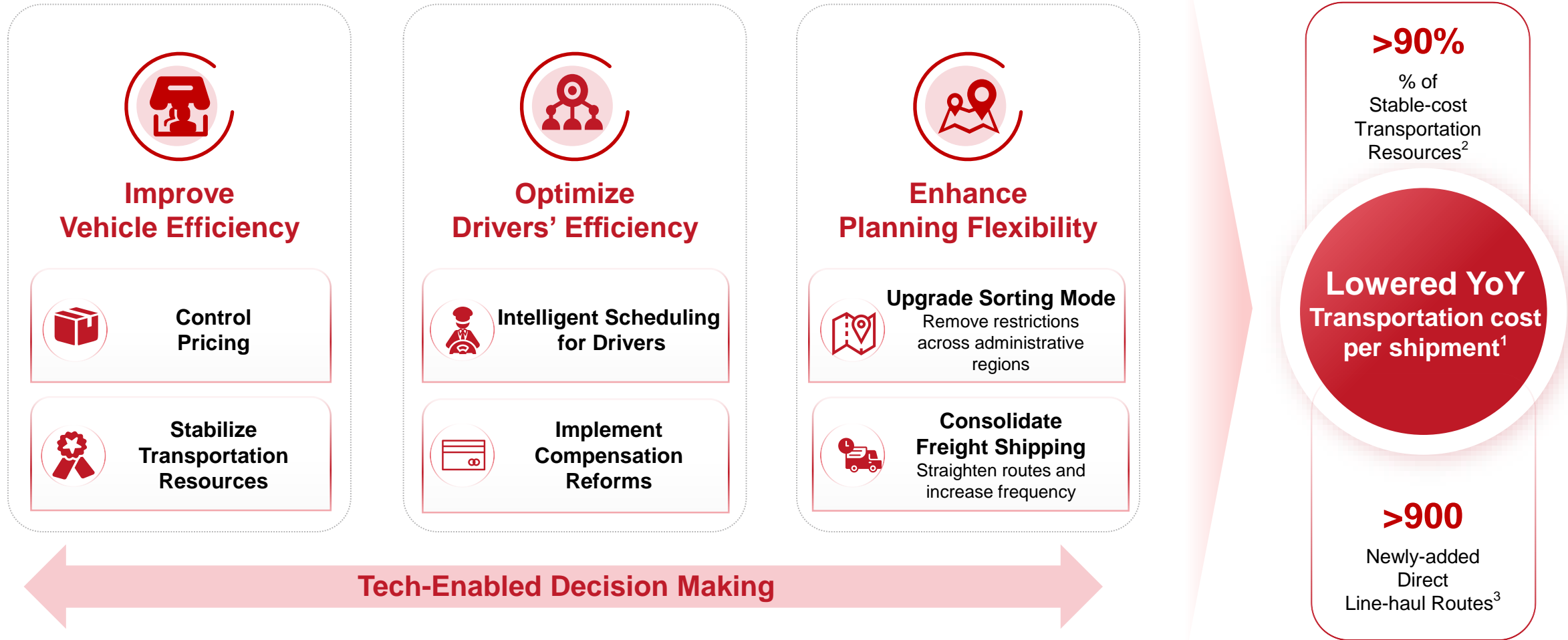
Continuous Cost Reduction¹



Note: 1. Cost reduction after multi-network integration vs before, excluding impacts of certain non integration factors

Lean Operations: Transportation

Precise Management Drove Cost Reduction and Efficiency Enhancement



Note: 1. Refers to the transportation cost per shipment for domestic express and freight business (excluding Fengwang), including land, air and railway transportation. 2. Refers to the proportion of stable-cost transportation resources as of the line-haul and short-haul transportation resources, and stable-cost transportation resources includes self-operated vehicles, annually-contracted vehicles and other vehicles with stable costs. 3. Refers to the number of newly added direct line-haul routes in the first half of 2024 compared to the same period last year

Lean Operation: Sortation

Revitalized Resources and Innovated Process to Reduce Cost and Enhance Efficiency



Revitalize Resources



Ship Directly from
Customer to Sorting Site



Increase Volume to
Reduce Idle Time



Expand Usable Space
Vertically



Innovate Process Designs

Introduce 1st Containerized Sorting Center



- Fully automated
sortation by AGV
- Containerized transit
for line-haul operation

Customize Process Fit to Product



- Customized process
for a beverage client
- Customized process
for a ceramic client

Upgrade Automation Equipment



- Automated packaging
- Automated parcel
feeding

+6 ppt

Capacity
utilization rate¹

**Lowered YoY
Sortation cost
per shipment²**

+10%

Sorting efficiency
for small parcels

Note: 1. Refers to capacity utilization rate of small-parcel sorting site, which is the percentage of ship volume circulated in the whole network as of the site capacity. 2. Refers to the sorting cost per shipment of domestic for domestic express and freight business (excluding Fengwang)

Stimulated Organization Vitality: Courier Management Initiated Multiple Measures to Stimulate Revenue Generation



Encourage Business Development

Revenue Generation Incentives + Team Leader Mechanism

Higher Revenue Generation

Select Team Leaders

Higher Scores

Clarify Authorities

More Rewards

Collaborate



Utilize Tools to Enhance Stickiness

Open WeCom accounts

Facilitate smoother communication

Establish rapid customer connection



Authorize Promotion Flexibly

Algorithm-recommended plans

Flexible discount authorization

Additional sales commission

AIGC-Empowered Courier Smart Service Center

>20k

Average daily number of questions asked by couriers

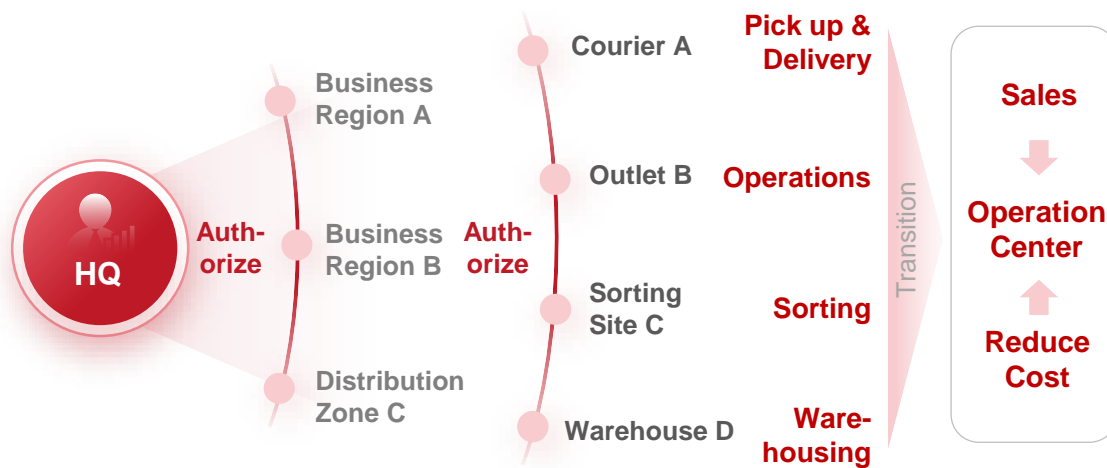
Last-mile Innovation Short-haul Autonomous Vehicle

Hundreds of Self-driving Vehicles for delivery

Stimulated Vitality: Developed Proactiveness and Ownership, Sharpened Competitiveness and Effectiveness

Energize Frontline Operations

① Increase Authorization



Activate Headquarters' Frontline Services

② Deepen Integration with Frontline Operations



Align planning with actual operations



Cultivate more competitive teams



Develop and upgrade the system tools



Seamlessly collaborate with frontline operations

③ Incentivize with Rewards

Agenda – 1H2024 Investor Presentation

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1	Business Overview
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1H2024 Results: Net Profit Attributable to the Parent Company Grew Robustly

1H2024

2Q2024

Net Profit Attributable to the Parent Company

Volume¹

6.24
bn parcels

YoY Growth
6.3%
YoY Growth
(excl. Fengwang²)
14.3%

3.27bn
bn parcels

YoY Growth
9.5%
YoY Growth
(excl. Fengwang²)
15.5%

Revenue

134.4
bn RMB

YoY Growth
8.1%
YoY Growth
(excl. Fengwang²)
8.7%

69.1
bn RMB

YoY Growth
9.1%
YoY Growth
(excl. Fengwang²)
9.1%

Net Profit
Attributable
to the Parent
company

4.81
bn RMB

YoY Growth
15.1%
Net Margin Attributable to
the Parent company
3.6% (↑0.2ppts)

2.90
bn RMB

YoY Growth
17.9%
Net Margin Attributable to
the Parent company
4.2% (↑0.3ppts)

Adjusted Net
Profit³

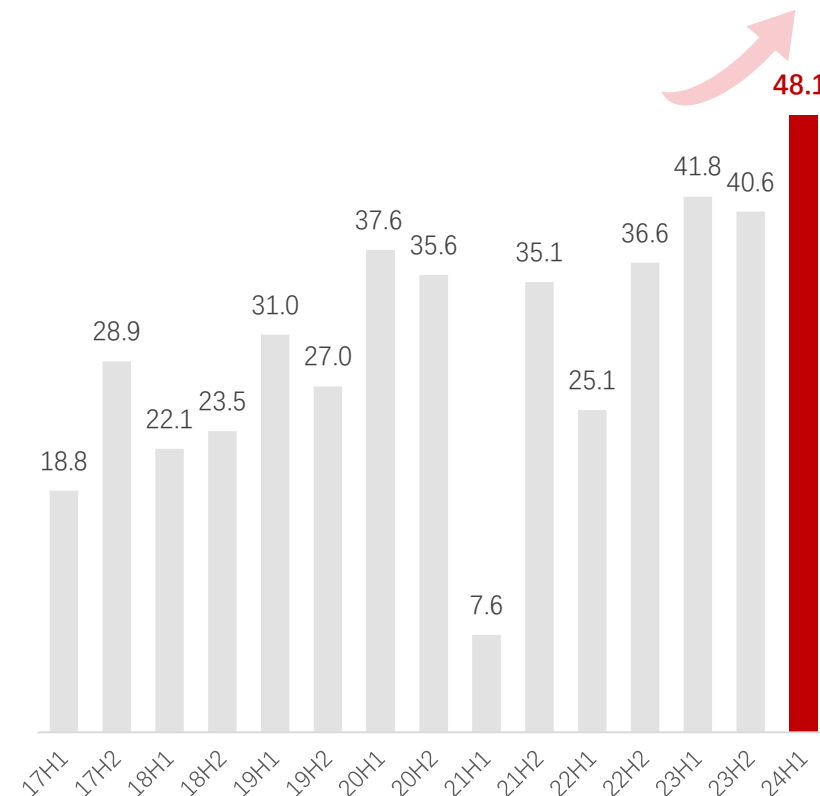
4.15
bn RMB

YoY Growth
11.9%
Adjusted net margin
3.1% (↑0.1ppts)

2.49
bn RMB

YoY Growth
13.8%
Adjusted net margin
3.6% (↑0.2ppts)

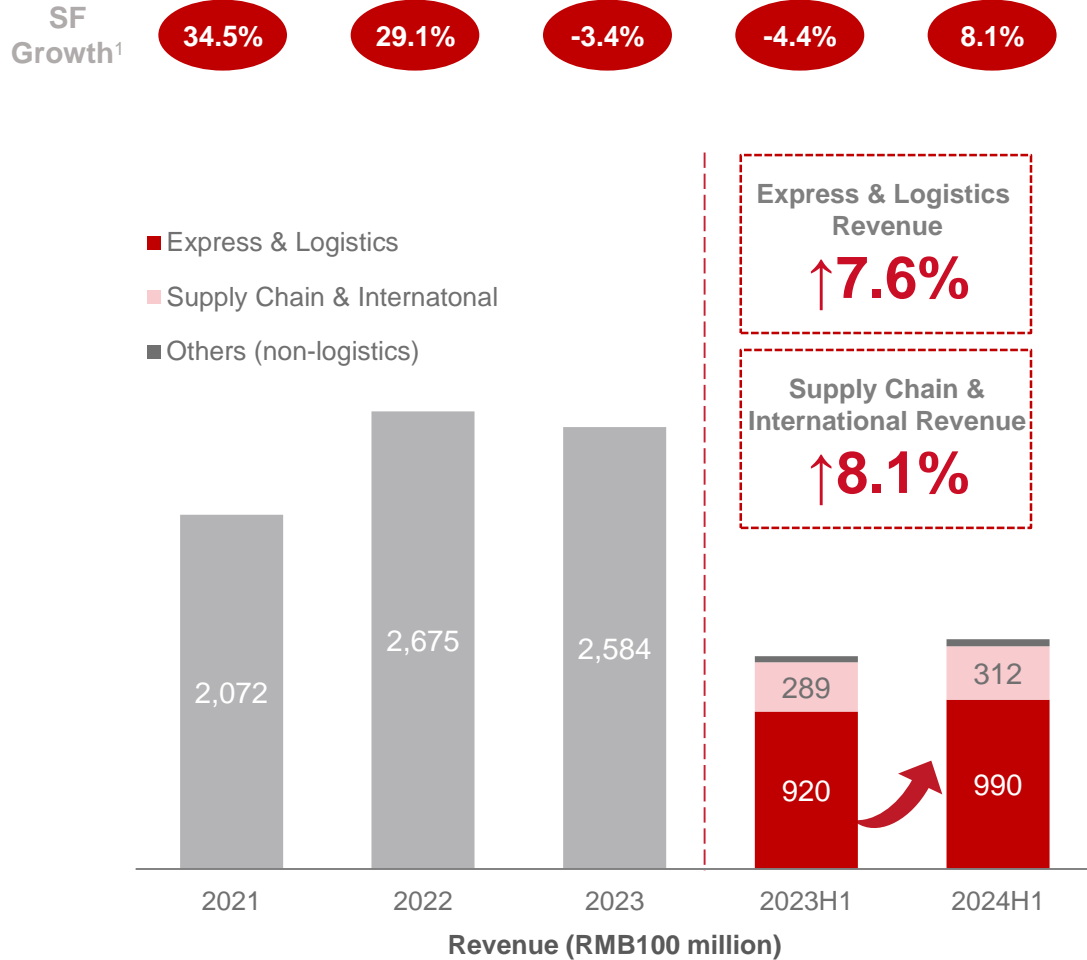
Unit: RMB100 million



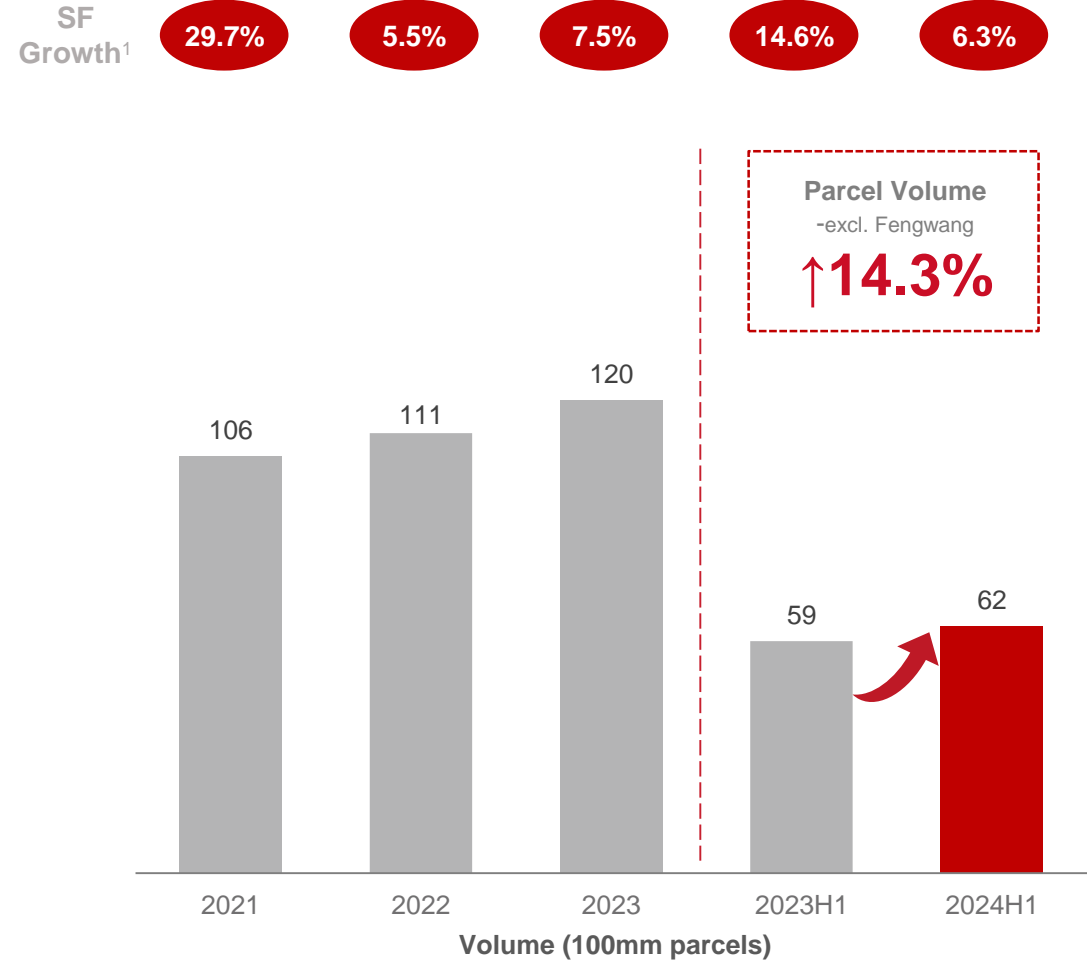
Note: 1. Includes parcel volume of the Express & Logistics segment and shipment volume of SF international express (excluding overseas local express). 2. At the end of June 2023, the Company has completed the sales and delivery of the franchise model business Fengwang Express. 3. Net profit attributable to the parent company after deducting non-recurring profit or loss

Revenue and Volume Achieved Steady Growth

International Growth Outpaced Domestic Growth

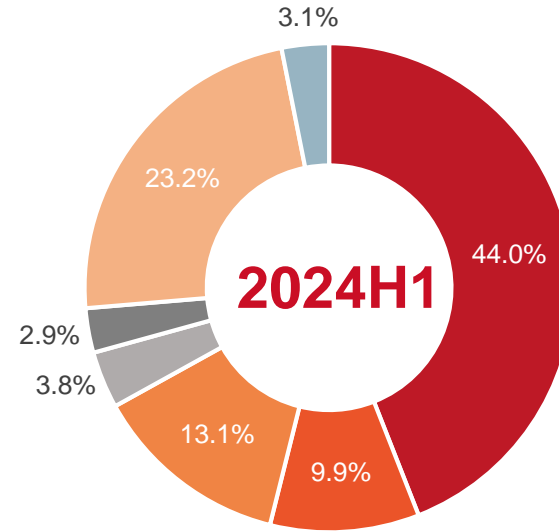
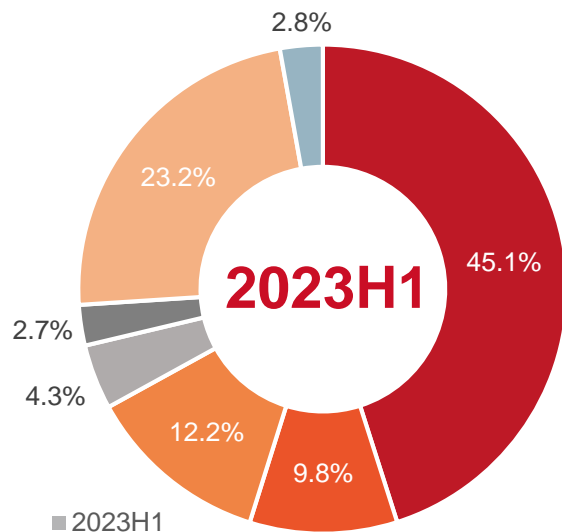


Parcel Volume Grew Steadily



Note: 1. Includes shipment volume of the Express & Logistics segment and shipment volume of SF international express (excluding overseas local express)

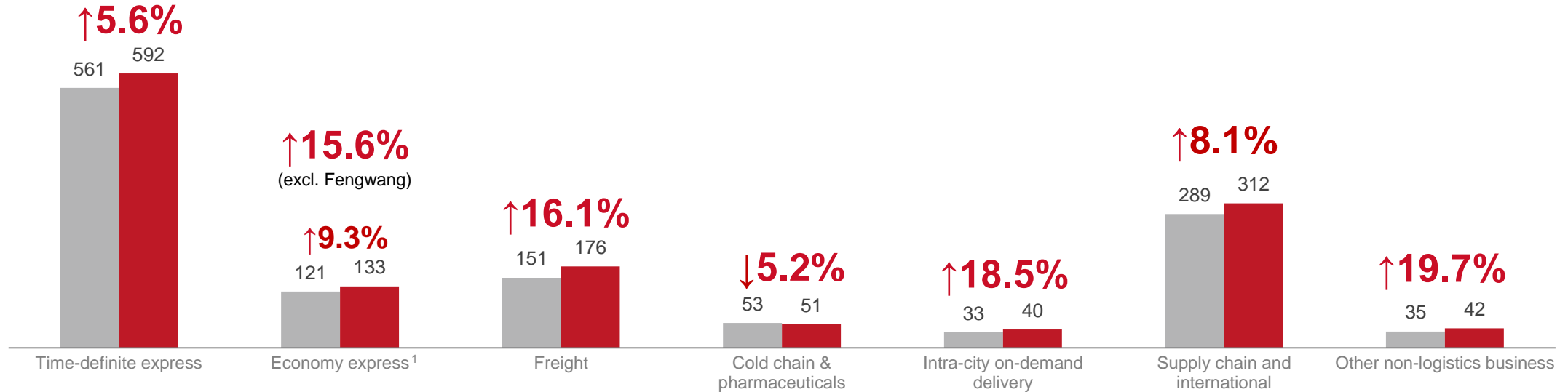
Revenue Breakdown: Balanced Mix Underpinned High-Quality Revenue Growth



- Time-Definite Express
- Economy Express
- Freight
- Cold Chain & Pharmaceuticals
- Intra-City On-Demand Delivery
- Supply Chain and International
- Other Non-Logistics Business

Unit: RMB100 million

■ 2023H1
■ 2024H1

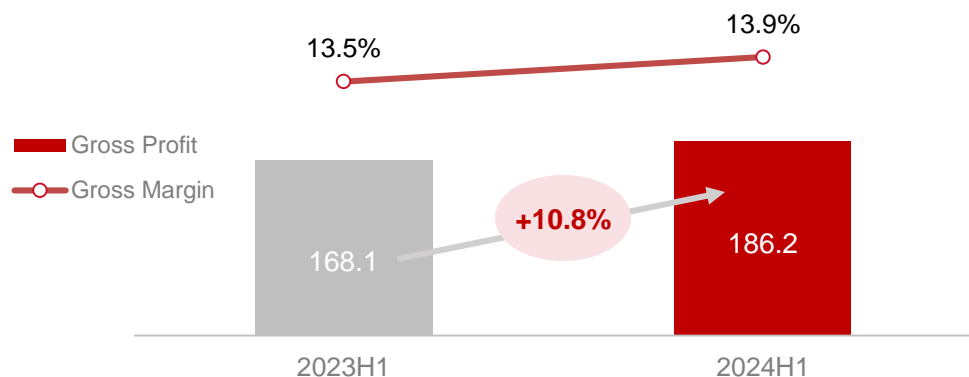


Note: 1. At the end of June 2023, the Company has completed the sales and delivery of the franchise model business Fengwang Express

Gross Profit and Margin: Lean Operations Drove Improvements

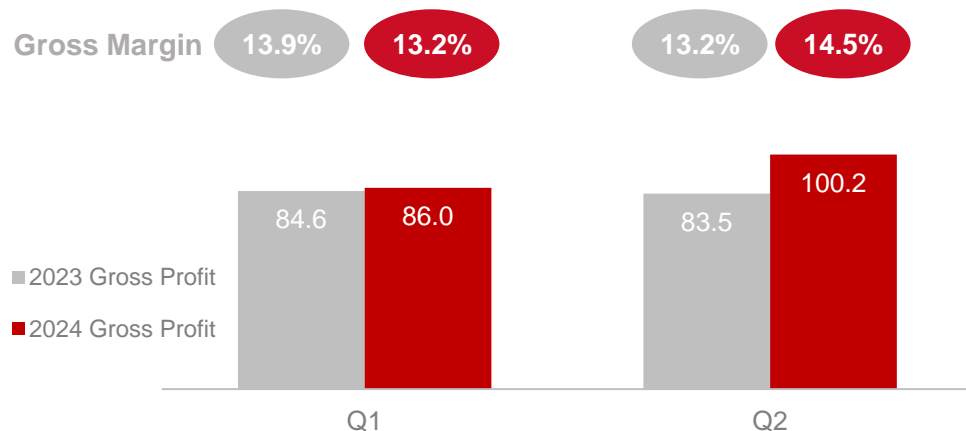
Annual Gross Profit and Gross Margin

Unit: RMB100 million



Quarterly Gross Profit and Margin

Unit: RMB100 million



External Environment



Domestic: Enterprises and consumers pursue more cost-effective services



International: Air and ocean freight demand recovers, rates increase YoY

Drivers for Improvement



Commit to sustainable and healthy development and strive for high quality business growth



Stimulate organizational vitality to develop proactiveness and ownership, sharpen market competitiveness and effectiveness



Revenue: Satisfy the diversified demands of clients through integrated logistics services, and expand international business by capturing overseas expansion opportunities

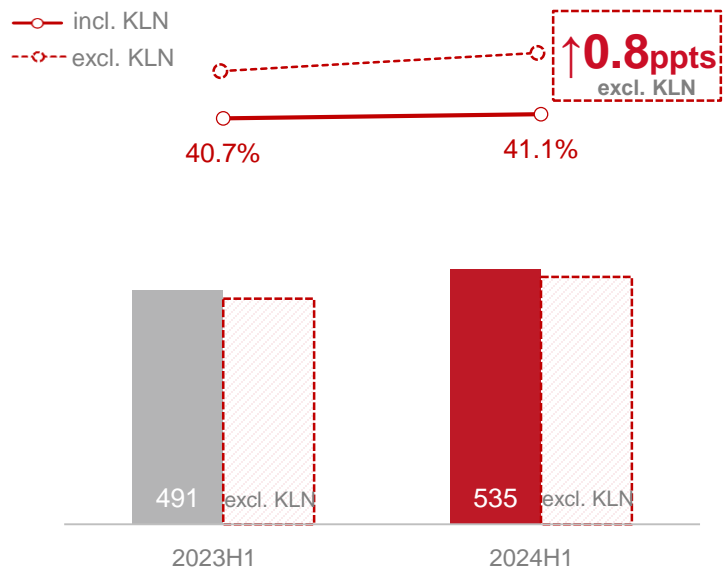


Cost: Reform operational model, strengthen multi-network integration, and promote cost reduction and efficiency improvement through lean operations

Costs: Operating Costs as % of Revenue Improved

Labor Costs and as % of Revenue

Unit: RMB100 million



Drivers for the increase in labor costs as % of revenue (excl. KLN):

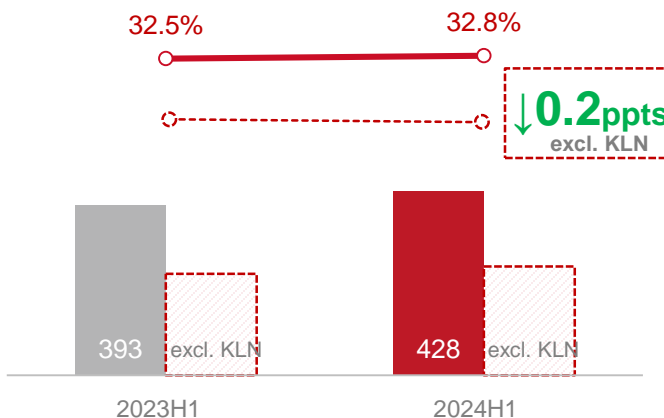
- ✓ Enhance compensation competitiveness and satisfaction of courier and operation staff to incentivize revenue generation

Measures taken:

- ✓ Refine operation model and deploy automatic equipment to improve staff efficiency

Transportation Costs and as % of Revenue

Unit: RMB100 million

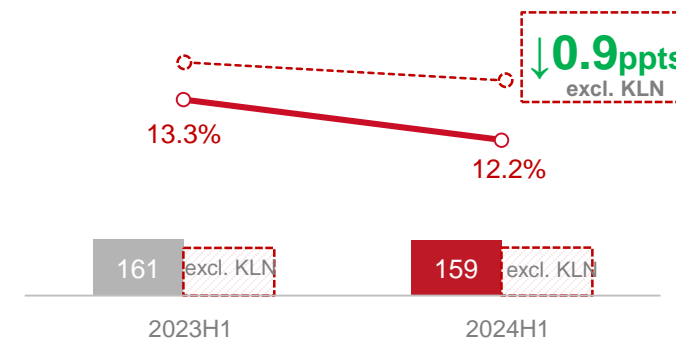


Drivers for the decrease in transportation costs as % of revenue (excl. KLN):

- ✓ Price increase for aviation fuel and diesel for land transportation
- ✓ Optimize capacity structure and increase the proportion of capacity with long-term cooperation and stable price
- ✓ Refine procurement process for outsourced capacity to tighten cost control
- ✓ Adopt flexible route planning, consolidate the volume to straighten the routes and reduce sorting frequency

Other Operating Costs and as % of Revenue

Unit: RMB100 million



Drivers for the decrease in other operating costs as % of revenue (excl. KLN):

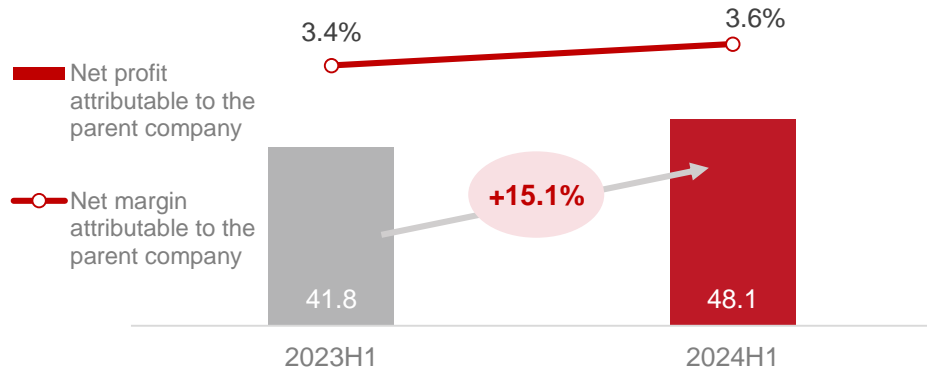
- ✓ Strengthen the productivity management for sites, equipment and other resources, and sustain a healthy level of capex as percentage of revenue, leading to better scale effect as volume grows
- ✓ Operational reform helps to improve service quality and reduce claim costs
- ✓ Due to the impact of the Covid-19 and the disposal of Fengwang, the claim costs last year set a high base

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

Net Profit & Expenses: Expenses as % of Revenue Decreased Moderately, and Net Margin Improved

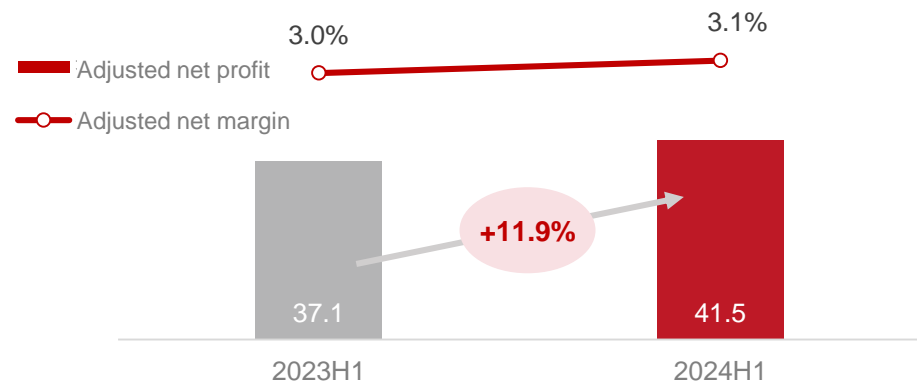
Net Profit and Margin Attributable to the Parent Company

Unit: RMB100 million

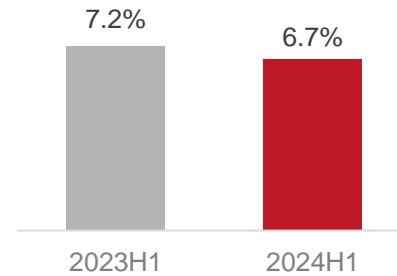


Adjusted Net Profit and Margin¹

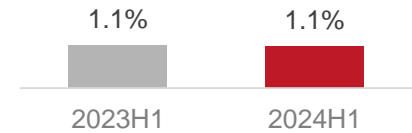
Unit: RMB100 million



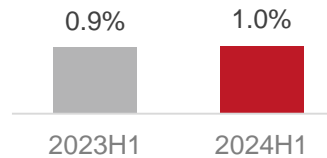
G&A Expense as % of Revenue ↓0.5 pts



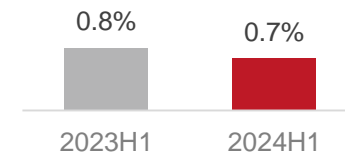
S&M Expense as % of Revenue ↓0.03 pts



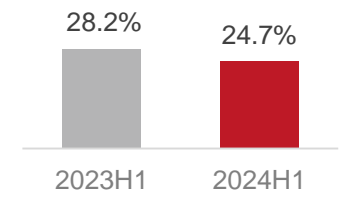
R&D Expense as % of Revenue Remained Flat



Financial Expense as % of Revenue ↓0.1 pts



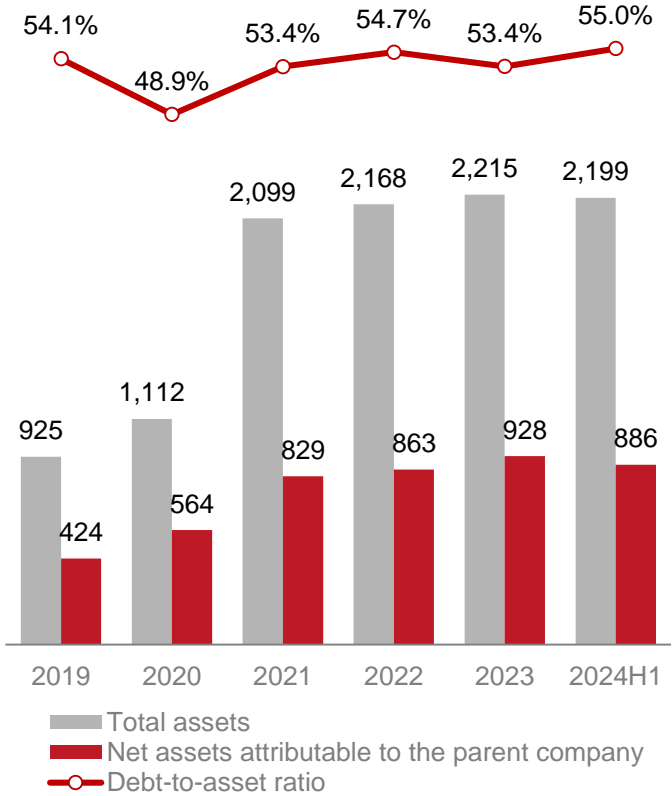
Effective Income Tax Rate ↓3.5 pts



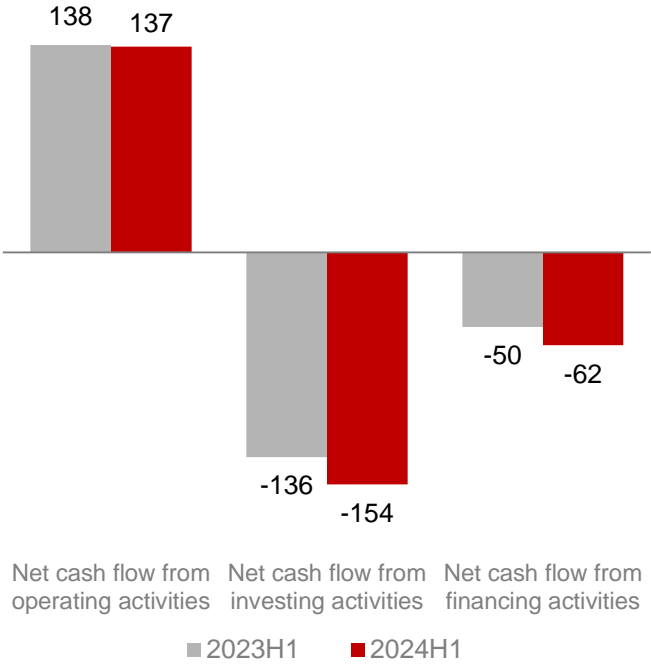
Note: 1. Net profit attributable to the parent company after deducting nonrecurring profit or loss

Capital Structure & Cash Flow: Healthy Capital Structure, with Lowered CapEx as % of Revenue

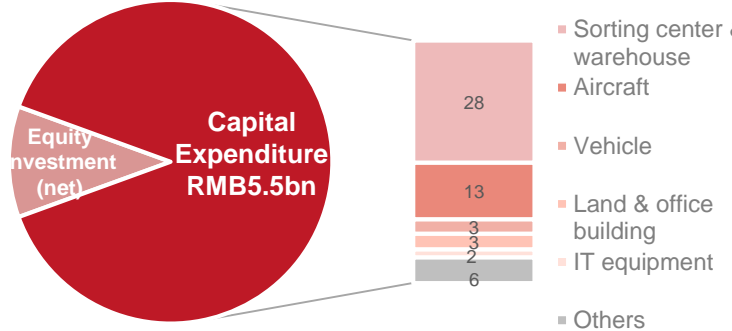
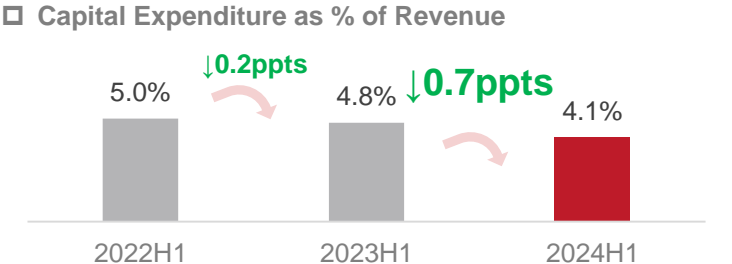
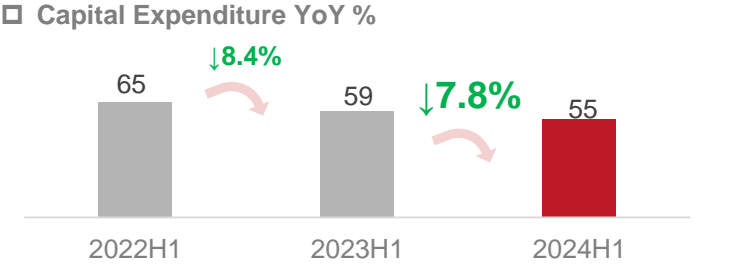
Capital Structure (RMB100mm)



Net Cash Flow (RMB100mm)



Capital Expenditure (RMB100mm)





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!