

# S.F. Holding Corporate Overview

2023Q1



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# S.F. Holding: the Largest Express Logistic Group in China



**214.1bn**

Total assets by the end of 2023Q1



**61.0bn**

2023Q1 Revenue

State Post Bureau

**1<sup>st</sup>**

14 consecutive years

Overall satisfaction of express delivery service and public satisfaction

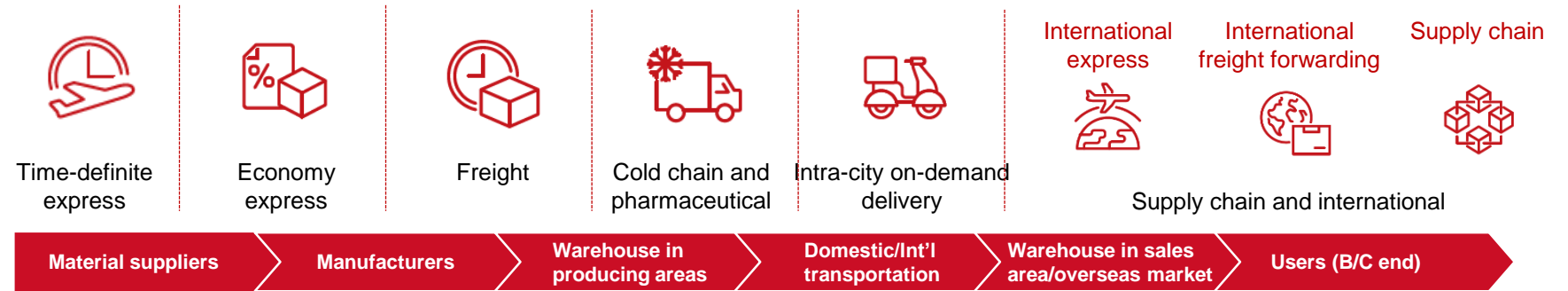
Fortune

**5<sup>th</sup>**

Shortlisted for 6 consecutive years

2022 Most Admired Chinese Companies

Providing domestic and international end-to-end integrated logistics services



Global expansion with entrenched foothold in China



Covering **99.4%** cities in China

International express and supply chain services in **98** countries and regions

Cross-border e-commerce parcel delivery services cover **208** countries and regions

Note: Unless otherwise specified, the data will be as of Dec 31, 2022




# Business Overview: Comprehensive Product Matrix with End-to-end Integrated Logistics Capabilities



## Time-definite express

**1<sup>st</sup>** Market share  
**1<sup>st</sup>** Whole-process time limit (<48 hours) <sup>1</sup>  
 9 consecutive years




## Freight

**1<sup>st</sup>** China LTL service provider by revenue <sup>2</sup>  
 3 consecutive years



## Cold chain and pharmaceutical

**1<sup>st</sup>** Top 100 cold chain logistics service provider in China<sup>3</sup>  
 4 consecutive years



## Economy express

Self-operated  
 Efficient service for e-commerce market



## Intra-city on-demand delivery

**1<sup>st</sup>** Independent third-party on-demand delivery service platform in China <sup>4</sup>



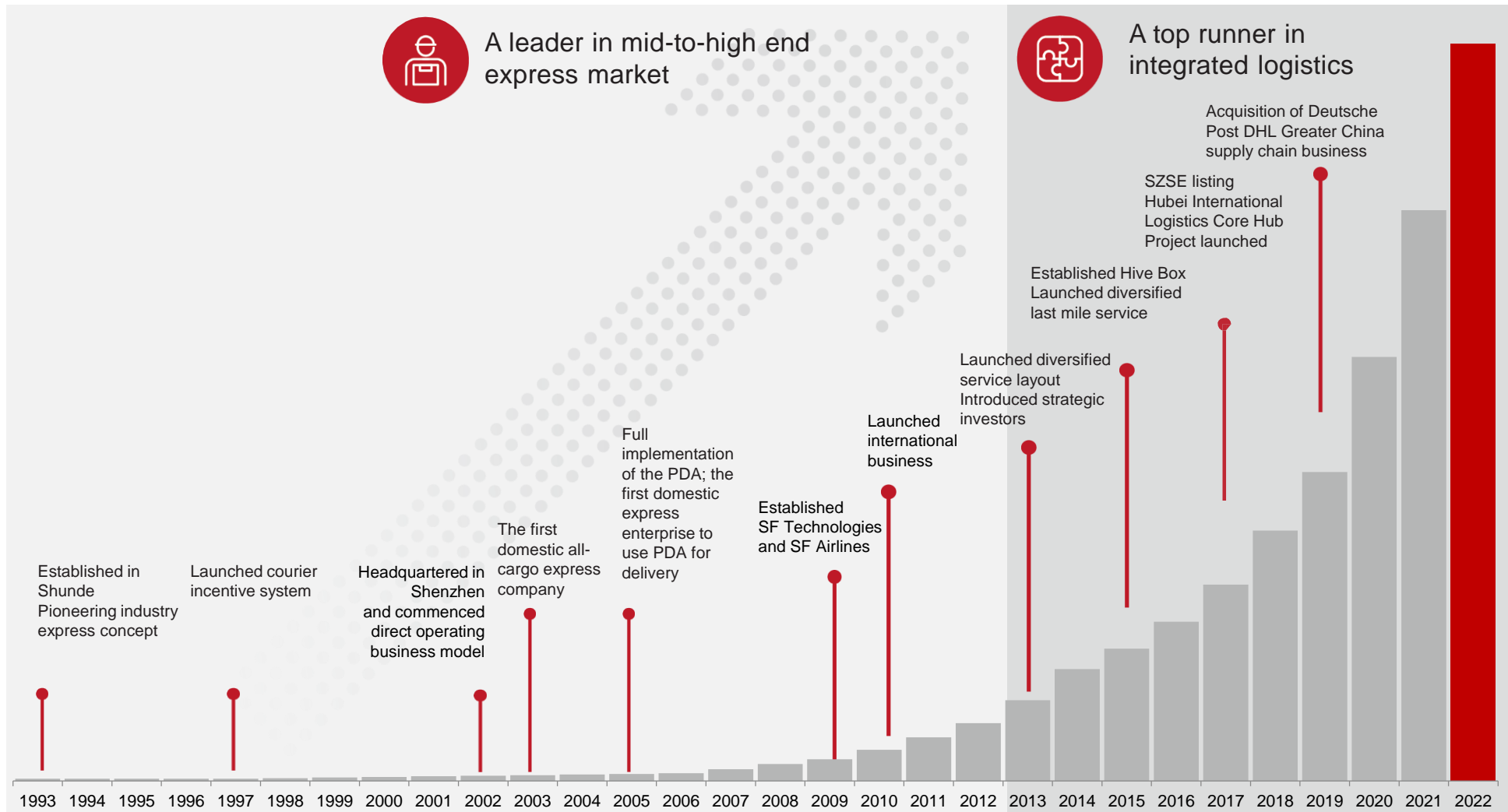
## Supply chain and international

International express, freight forwarding, supply chain

**9<sup>th</sup>** Global shipping agency <sup>5</sup>  
**12<sup>th</sup>** Global air freight agency <sup>5</sup>

Note: <sup>1</sup> 2021 Overall Satisfaction of Express Delivery Enterprises and Time Limit Test Results released by the State Post Bureau; <sup>2</sup> Top 30 China LTL Service Provider in 2022 released by wetuc.com; <sup>3</sup> released by China Cold Chain Logistics Association of CFLP; <sup>4</sup> released by iResearch; <sup>5</sup> released by Armstrong&Associates (A&A) and Transport Topics

# Company Development: Long-termism and Continuous Iterative Learning Ability



## Recently



SF REITs



Acquisition of KLN



Spin-off listing of SF Intra-city



Test flight at Ezhou Huahu Airport



# Industry Policy: Strong National Support, New Vision and New Mission

Facilitate a smooth, efficient, inclusive and convenient domestic delivery logistics service system

Create an open, shared, safe and reliable international delivery logistics service system



Infrastructure of the national economy



Develop an independent and controllable supply chain service



Guardian of the good life



# Industry Space: Huge upside with Market Concentration to Ramp-up

## Logistics Nourished in a Large Country



Demand:



A unique global market



Diversified demands



Diverged volume



Supply:



Well-developed infrastructure



Manufacturing benefits



China has the world's largest express market, accounting for c.69%<sup>1</sup> of total parcel volume

## Huge but Fragmented Market



Low market concentration: Leading enterprises account for less than 2%

15%

GDP

The cost of social logistics:

**17.8** trillion RMB<sup>2</sup>

1.5%

Total Cost

SF revenue in 2022:

**267.5** billion RMB



High market concentration in mature markets:

Express Market Landscape in USA<sup>3</sup>



32%  
USPS



25%  
UPS



23%  
Amazon



19%  
FedEx

## Economies of Scale and Network Effects



Economies of scale:



Better time efficiency



Lower cost



Network effect:



More extensive coverage



Higher efficiency

Note: <sup>1</sup> According to Statista data, the global package volume reached 157.9 billion in 2021; <sup>2</sup> data of 2022 released by CFLP; <sup>3</sup> Data source from 《Pitney Bowes Parcel Shipping Index》, based on 2022 package volume



# Industry Characteristics: First-Mover Advantage Endowed by Profound Resources and Capabilities



Resource barrier



First-mover advantage due to scarce resources and huge capital investment

- Network resource
- Asset resource
- Customer resource



Aircraft



Vehicle



Network



Customer



Technology achievement



- Lower cost but higher efficiency realized by forward-looking logistics technologies
- Better customer experience with technological capabilities in value-added services
- Innovative integration of express and technology



Artificial intelligence



Cloud computing



Big data



Machine learning



Brand mind



- Brand mind is a hysteresis phenomenon that needs to be cultivated with patience
- Super brands may build an entry barrier to the mature business
- Super brands may facilitate rapid development of a new business



Service



Time efficiency



Stability



Ability to handle extreme events

# Core Competitiveness



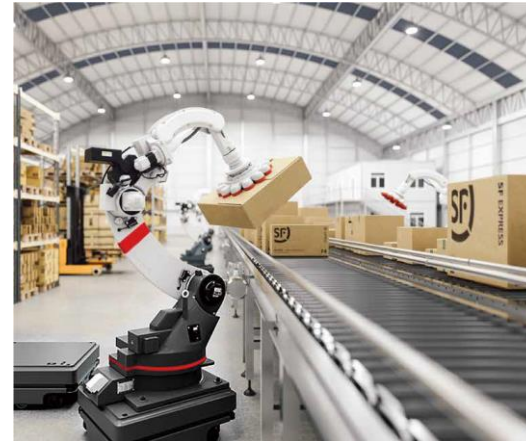
**Highly-efficient and Reliable  
Logistics Infrastructure**



**Pioneering and Forward-looking  
Comprehensive Strategic Layout**



**Industry-leading  
Technology Strength**



**Experienced  
International Management Team**



# Highly-efficient and Reliable Logistics Infrastructure – Full-scale Scenario Coverage

“Capillaries” that serve every aspect of manufacturing and living consumption

Serving monthly-settled customers

**1.81** million

Individual members

**585** million



Note: data as of Dec 31, 2022

# Highly-efficient and Reliable Logistics Infrastructure - Logistics Resources

## Aviation Network



### Aircraft

**97** all-cargo aircrafts  
**731** pilots  
**287** traffic slots



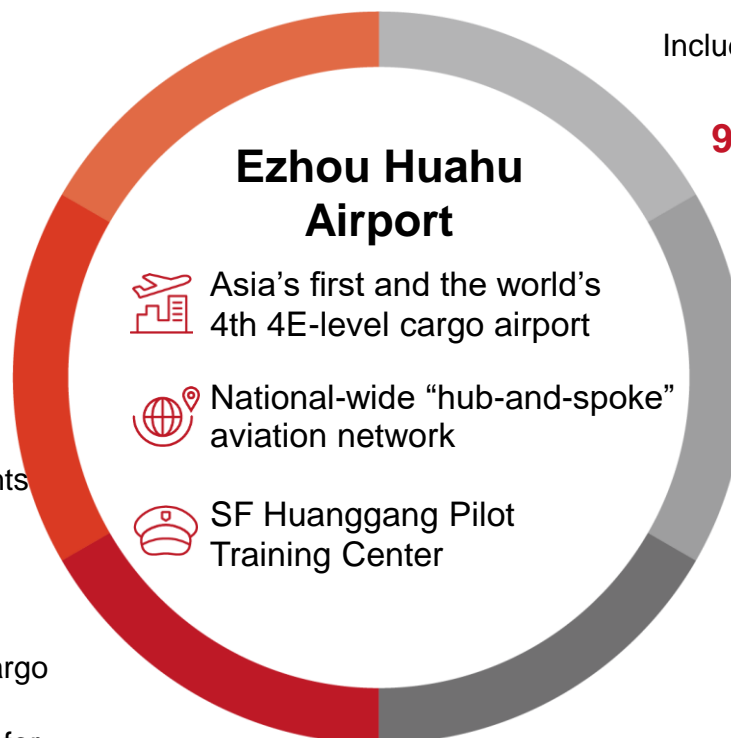
### Flight

**138** all-cargo flight routes  
**51,400** all-cargo flights  
**13,854** commercial flight routes  
**1,020** thousand commercial flights



### Shipment Volume

**1,950 thousand tons** air cargo volume in 2022  
 Domestic cargo volume accounts for **38.9%** of domestic air freight and parcel volumes



## Ground Network



### Warehouse

**2,071** managed warehouses over 10 million sq.m.  
 Including **1,431** overseas warehouses over 2.9 million sq.m.  
**93** franchised warehouses over 1.5 million sq.m.



### Transit

**95,000+** trunk and feeder vehicles<sup>1</sup>  
**927** HSR product flows<sup>2</sup>  
 c. **19,000** marine shipping routes  
**536** transit hubs<sup>3</sup>



### Last-mile Delivery

**29,000+** self-operated domestic service outlets<sup>4</sup>  
**20,000+** overseas self-operated and franchised service outlets  
**430,000+** couriers

Note: <sup>1</sup> Refers to the number of global operational managed trunk and feeder vehicles; <sup>2</sup> Refers to the opening flows of High-Speed Railway express and freight products; <sup>3</sup> Transit hubs include express and freight hubs; <sup>4</sup> Refers to domestic self-operated service outlets and other operating branches; <sup>5</sup> All data as of Dec 31, 2022

# Highly-efficient and Reliable Logistics Infrastructure - Brand Effect

A brand of high time efficiency, high reliability, high customer satisfaction rate and high-level experience  
 Strong management and control business model with both stability and flexibility

## High time efficiency



No. 1 for 9 consecutive years in service time efficiency (within 48 hours)<sup>1</sup>



Transportation of highly time-sensitive products like fresh products, fruits and commercial parcels



After the completion of Ezhou Huahu Airport, the 1.5 to 2-hour flight will cover the areas where the economic population accounts for **90%** of the country

## High reliability



Strong management and control business model adopted throughout the network



High growth rate of company business despite the Covid-19 outbreak



February 2020 YoY growth rate of business volume:  
**119%**  
 Negative industry business volume growth in the same period

## High customer satisfaction rate



Reputation builds a differentiated leading brand

**No. 1<sup>1</sup>** in the “general satisfaction ranking among express delivery companies” for **14** consecutive years



Deep-mining of individualized demands in different scenarios

**Differentiated competitive advantage**

- User-centered
- Demand-oriented
- Experience-based

## High-level experience



Diverse delivery time options

- Near-field e-commerce SF Rush (avg. 1 hour)
- Standard express(1-3 days) Same Day/Speedy Express/Standard Express/Economy
- C2M customization Customization (7 days)



**Speed + thoughtfulness**

- Combination of “Door-to-door delivery, delivery to lockers and delivery to stations”
- Providing “closer and more convenient” delivery services

Note: <sup>1</sup> Data source from the 2021、2022 express service satisfaction survey and time limit test results published by the State Post Bureau.

# Pioneering and Forward-looking Strategic Layout - Independent, Trustworthy, Open and Inclusive

# INDEPENDENCE



## More diverse

More diversified business volume and customer base, continue to gain incremental growth



## More trustworthy

Keep customer data safe



## More beneficial

Technology enabler that promotes industrial upgrading, and helps global enterprises achieve excellence

## Independent third party

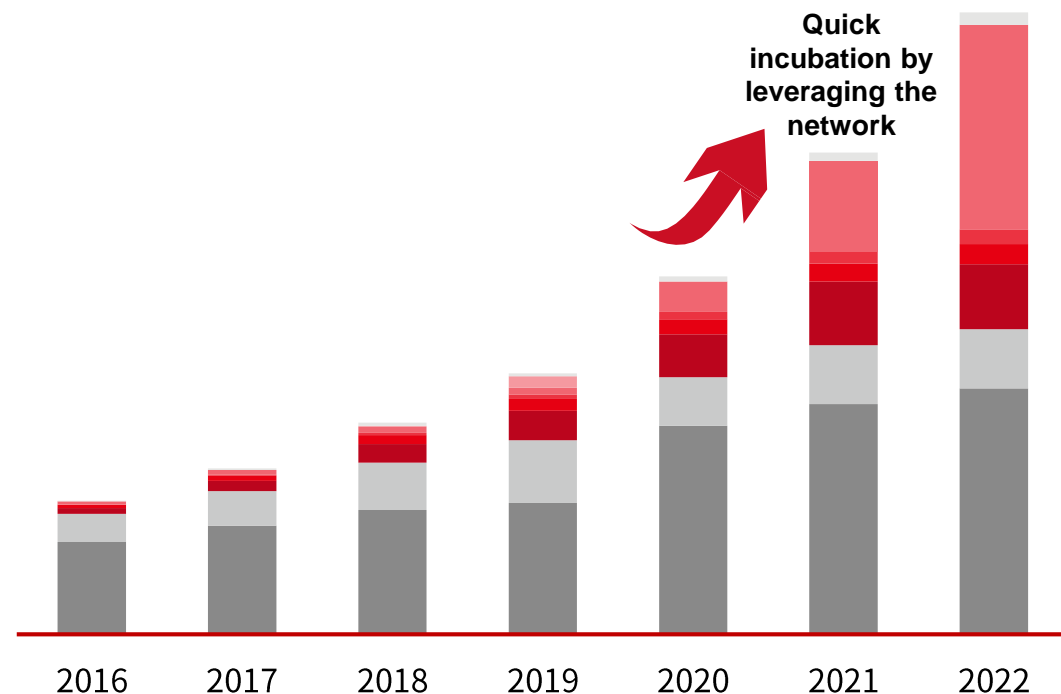
Independent from any platform, no conflict with customer interests

# Pioneering and Forward-looking Strategic Layout - Quick Incubation

Emerging business: the comprehensive logistics layout is achieved step by step, and emerging business segments have gradually taken the leading position in the market

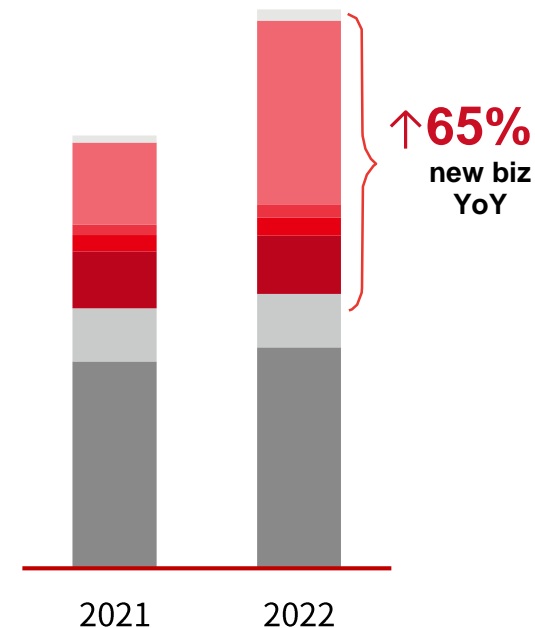
Revenue % of new biz

**10% 14% 19% 26% 28% 40% 51%**



- Time-definite express
- Economy express
- Freight
- Cold chain and pharmaceutical
- Intra-city on-demand delivery
- Supply chain and international business
- Other non-logistics business

**40% 51%**



Note: In 2022, the Company counted the revenue of the time-definite express business and the economy express business according to the optimized new product classification and made retrospective adjustments to the corresponding period in 2021. In 2022, as the Company continuously optimizes the product system, the product of each business segment has been adjusted, mainly including the classification of returned e-commerce products and products distributed by SF Express from the economy express business to time-definite express and freight business respectively, and data of 2021 is retrospectively adjusted. International Express business and Supply Chain business were consolidated into Supply Chain and International business since 2020

# Pioneering and Forward-looking Strategic Layout - Asian Market as Foundation and Radiating the Global Market

## Complementary business advantages



Global ocean freight forwarding

No. **9**<sup>1</sup>



Global air freight forwarding

No. **12**<sup>1</sup>



## Expanding global network



countries and regions covered

**98**<sup>2</sup>



Focusing on regional network in Southeast Asia  
**Southeast Asian countries such as Thailand, Vietnam and Malaysia**

## Business driven by technology



Digitalization



Intelligence



IoT-based



Unmanned

## Delivering international talents



Supporting global business development

## Sharing customer resources

End-to-end whole-process service



Supporting Chinese enterprises' overseas development



**Strong alliance**

**Mutual benefit**

Note: <sup>1</sup> Issued by US logistics consultancy Armstrong&Associates (A&A) together with Transport Topics; <sup>2</sup> Refers to overseas countries and regions covered by international express delivery business; <sup>3</sup> All data as of Dec 31, 2022







# Experienced International Management Team



**Dick WONG**  
Founder, Chairman & General Manager

Founder of SF  
Lead SF into China's largest express logistics group



**Alex HO**  
Director, Deputy General Manager & CFO

Former CFO of Sohu Changyou  
CPA in Hong Kong and USA  
EMBA, Tsinghua University



**Tina WONG**  
Director & CHO

Former Senior Partner of Roland Berger Global Institute  
MBA, CEIBS



**Dong ZHANG**  
Director & CMO

Former Head of Product Dept. & CUS Mediation, Regional General Manager  
Bachelor of IT, Shandong University of Technology



**Yun HUANG**  
CSO

Former Partner of McKinsey Global Institute  
MBA, CEIBS



**Sheng LI**  
Deputy General Manager & President of SF Airlines  
Former Senior Executive of Wal-Mart China  
Bachelor of Laws, Sichuan Normal University



**Haiqiang ZHOU**  
Deputy General Manager & Assistant CEO

Former Deputy President of E-commerce, Regional General Manager  
Rich experience in logistics operation and management



**Yankun GENG**  
Deputy General Manager & CTO

Former Co-founder and CTO of Baidu Waimai  
Master of Peking University



**Ling GAN**  
Deputy General Manager & Secretary of the Board

Former Analyst of Coatue  
MBA, University of Texas at Austin

# Development Strategy

## Globalization



Connecting the world with the operation of Ezhou Airport



Starting from cooperation with KLN



## Digital intelligent supply chain



Data technology service of independent third-party industry solutions



Drive the customer's supply chain system towards "efficiency-oriented"

## Differentiated products



One network



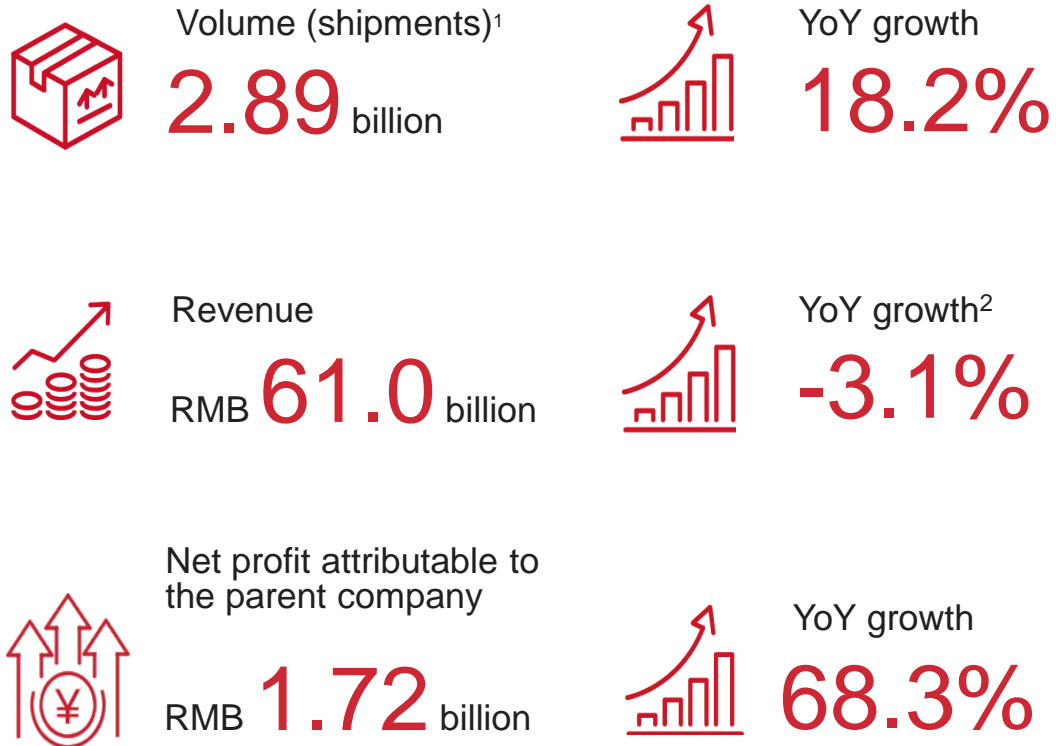
Two products  
Large pieces and small pieces



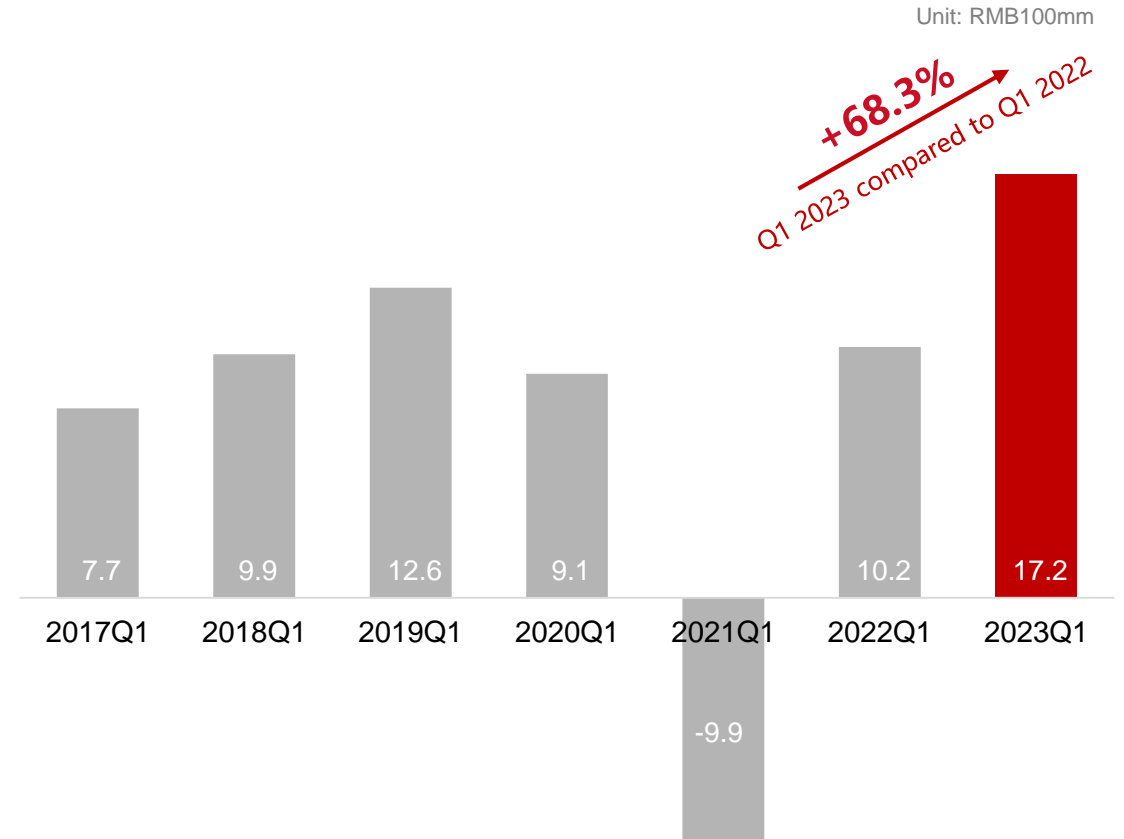
Three delivery time standards  
Speedy Express/Standard Express/Economy)

# Q1 2023 Results: The highest Q1 net profit attributable to the parent company under the weak international freight market

## Financial Highlights



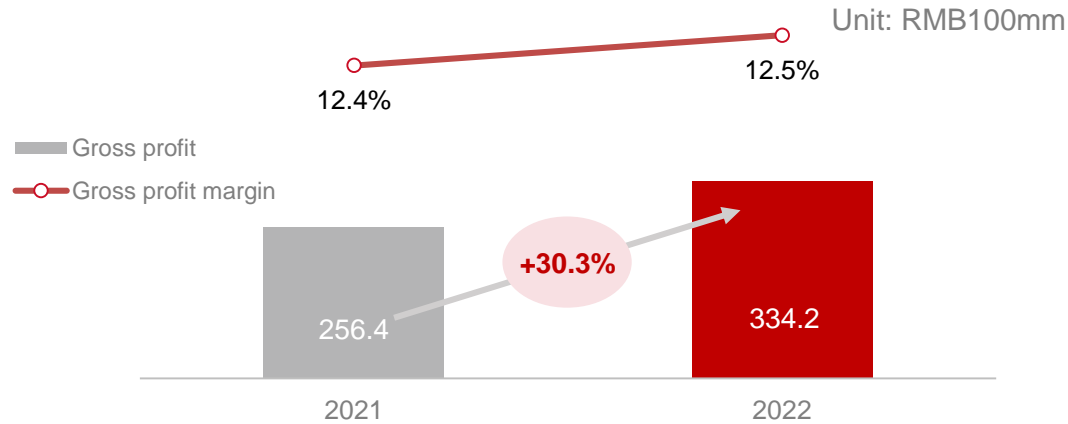
## The highest Q1 net profit attributable to the parent company since listing



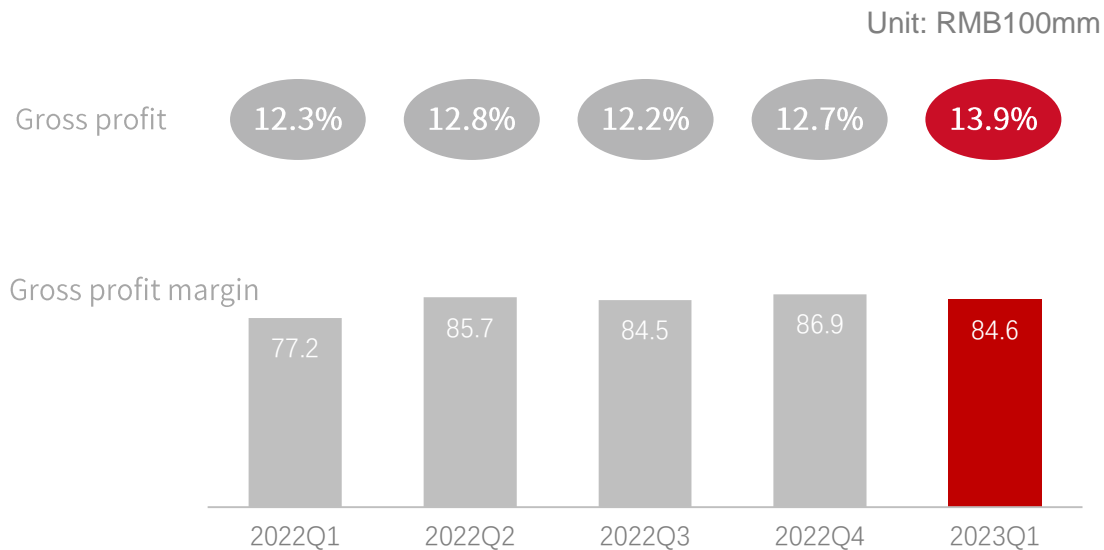
Note 1: The volume does neither include the volume of Kerry Logistics express shipments, nor does it include the business volume of the Company's international freight and agency, and supply chain  
 Note 2: The express logistics business generated a year-on-year increase of 14.87%, maintaining a healthy product structure and revenue growth. The supply chain and international business were affected by the decline of international freight demands and prices, the international air and sea freight rate continued to decline from a relatively high level, fallen back to a relatively lower level in the last three years, affecting the revenue scale and profitability of the supply chain and international business

# Gross Profit and Margin: Recovery Driven By Lean Operations

## Gross Profit and Margin by year



## Gross Profit and margin by quarter



## External Environment



Domestic production and consumer demand growth slowed down in 2022, and recovered gradually in Q1 2023



The international air and sea freight rates and demand have declined significantly since the second half of 2022, with freight rates falling back to a relatively low level of the past three years

## Reasons for Gross Profit Increase



Focus on core logistics for sustainable and robust growth

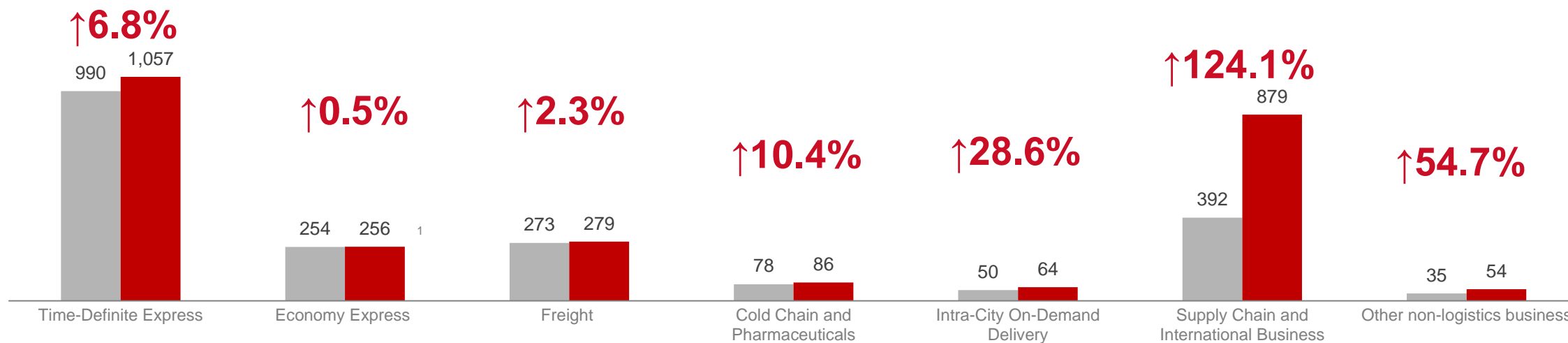
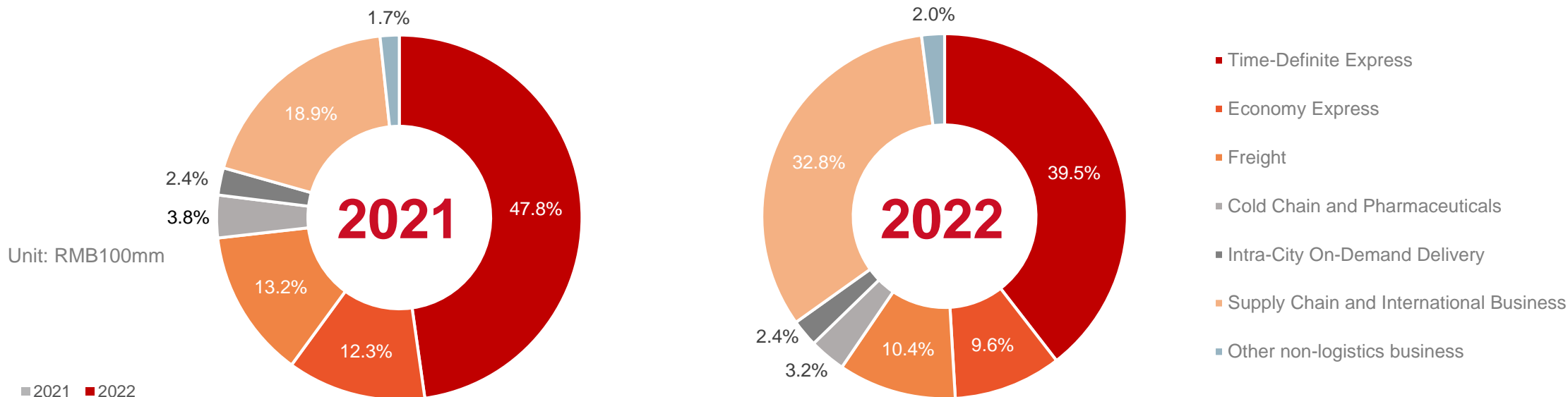


Revenue: maintain a healthy product structure and revenue growth; achieve high-quality growth by the outstanding service quality and leading products competitiveness



Cost: adhere to lean resource planning and cost management initiatives; promote multi-network integration, strengthen resource synergy during offseason (ex. Spring Festival) to expand the benefits of resource sharing

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

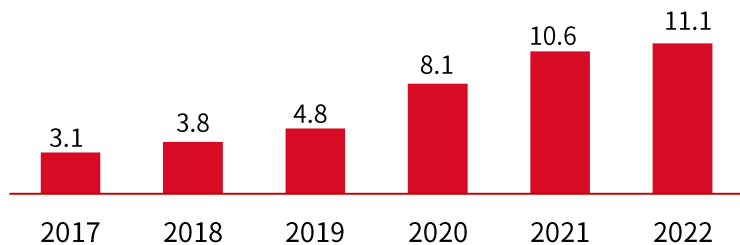


Note 1: Concessionary Special Delivery business under “Economy Express” category has been officially phased out since July 2022

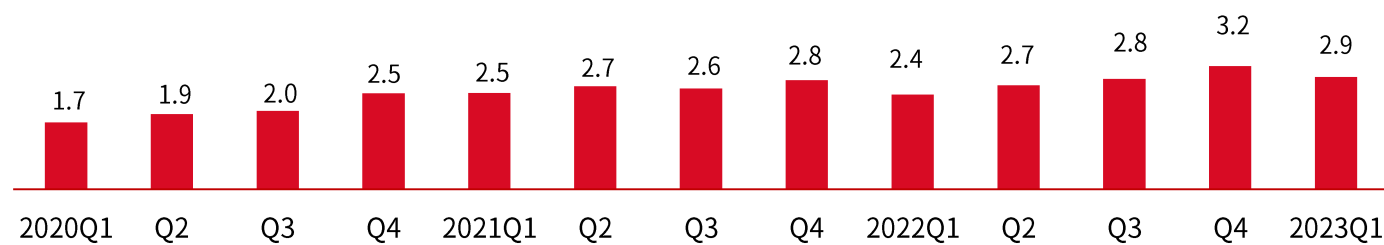


# Volume and Revenue

Annual volume  
(billion)

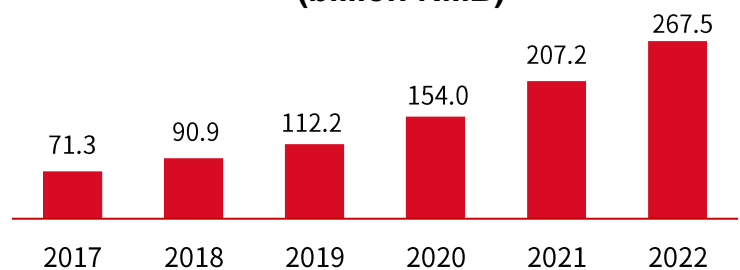


Quarterly volume  
(billion)

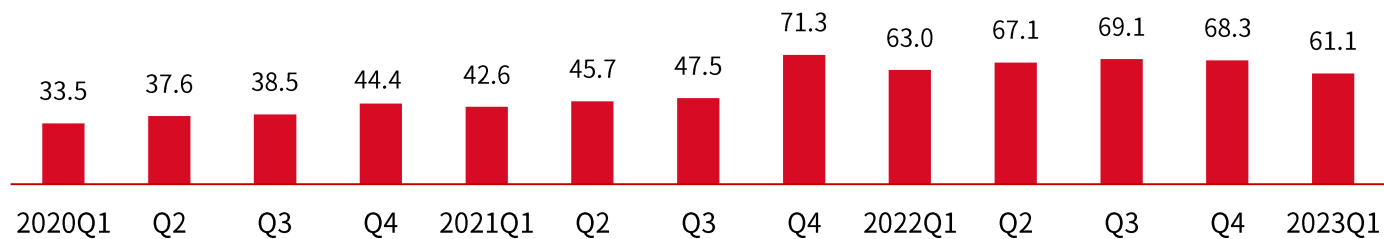


<b>Market share</b>	7.6%	7.6%	7.6%	9.8%	9.7%	<b>10.1%</b>	13.7%	9.1%	9.1%	9.1%	11.3%	9.7%	9.5%	8.9%	10.1%	<b>9.9%</b>	<b>9.9%</b>	<b>10.4%</b>	<b>10.7%</b>
<b>SF YoY</b>	18.3%	25.8%	25.8%	68.5%	29.7%	<b>5.5%</b>	77.1%	85.1%	64.8%	55.0%	44.1%	37.1%	29.2%	14.2%	-1.5%	<b>1.2%</b>	<b>8.9%</b>	<b>12.7%</b>	<b>18.2%</b>
<b>Industry YoY</b>	28.0%	26.6%	25.3%	31.2%	29.9%	2.1%	3.2%	36.7%	37.9%	38.7%	75.0%	28.6%	23.0%	15.9%	10.5%	-1.7%	5.2%	-3.0%	11.0%

Annual revenue  
(billion RMB)



Quarterly revenue  
(billion RMB)

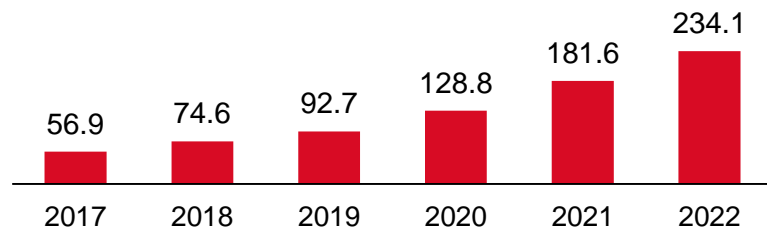


<b>Market share</b>	14.4%	15.1%	15.0%	17.5%	20.1%	<b>25.3%</b>	21.9%	16.4%	16.9%	16.5%	19.0%	17.6%	18.4%	24.6%	26.3%	25.9%	25.5%	<b>23.7%</b>	<b>23.6%</b>
<b>SF YoY</b>	23.3%	27.6%	23.4%	37.3%	34.5%	<b>29.1%</b>	39.6%	44.3%	34.0%	32.8%	27.1%	21.6%	23.5%	60.7%	47.8%	46.7%	45.4%	<b>-4.2%</b>	<b>-3.1%</b>
<b>Industry YoY</b>	24.7%	21.8%	24.2%	17.3%	17.5%	2.3%	-0.6%	23.5%	21.4%	21.1%	45.9%	13.7%	13.8%	7.6%	6.9%	-0.6%	4.6%	-0.8%	8.2%

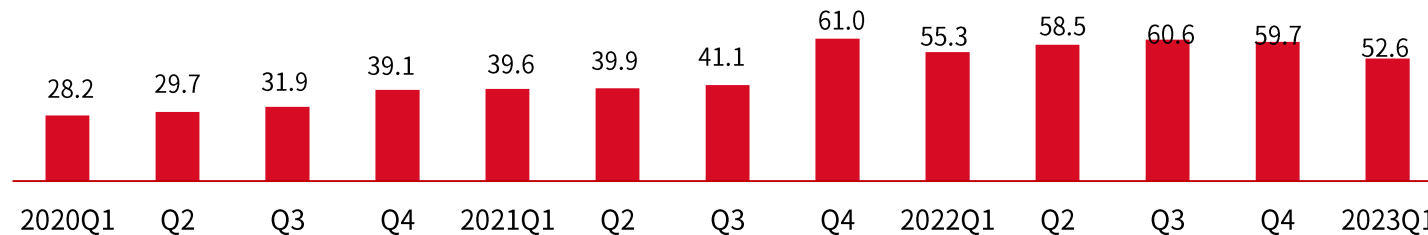


# Operating Cost and Gross Profit

### Annual operating cost (billion RMB)



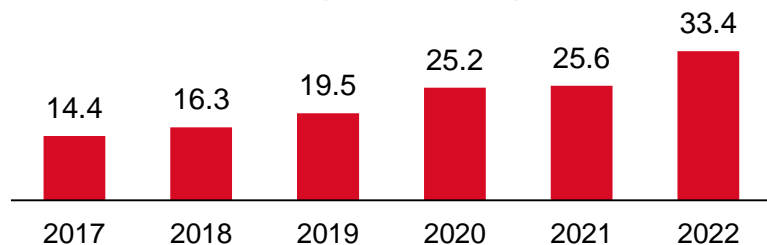
### Quarterly operating cost (billion RMB)



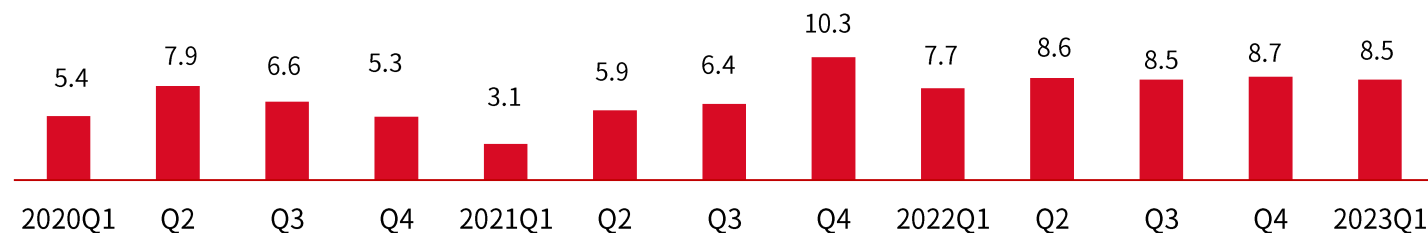
YoY	23.3%	31.2%	24.1%	39.0%	40.9%	28.9%	43.0%	45.2%	36.2%	34.3%	40.4%	34.2%	29.0%	56.1%	39.7%	46.8%	47.5%	-2.2%	-4.8%
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As % of revenue	79.8%	82.1%	82.6%	83.7%	87.6%	87.5%	84.0%	79.0%	82.9%	88.0%	92.8%	87.2%	86.5%	85.5%	87.7%	87.2%	87.8%	87.3%	86.1%
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### Annual gross profit (billion RMB)



### Quarterly gross profit (billion RMB)



YoY	23.6%	13.5%	19.9%	28.8%	1.8%	30.3%	24.1%	41.1%	24.7%	22.7%	-43.1%	-25.7%	-3.0%	94.1%	152.9%	45.9%	32.0%	-15.8%	9.6%
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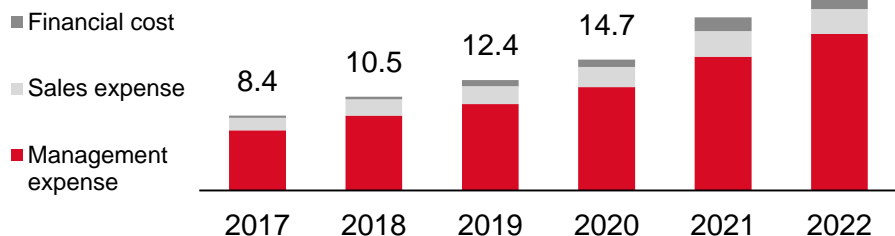
As % of revenue	20.2%	17.9%	17.4%	16.3%	12.4%	12.5%	16.0%	21.0%	17.1%	12.0%	7.2%	12.8%	13.5%	14.5%	12.3%	12.8%	12.2%	12.7%	13.9%
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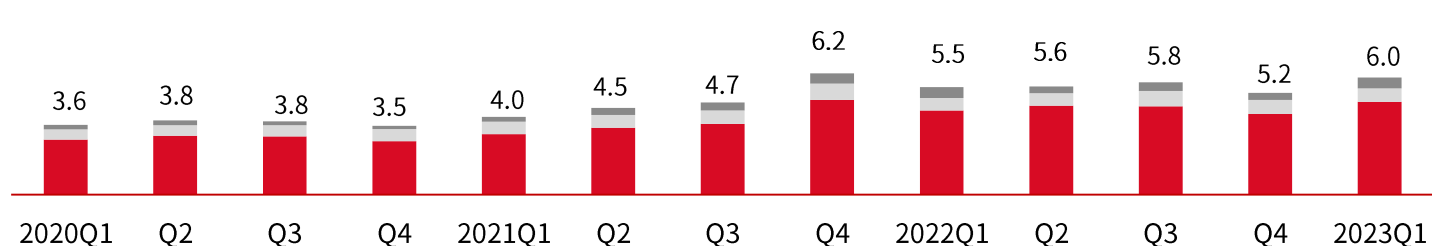


# Expenses

### Annual three expense items (billion RMB)

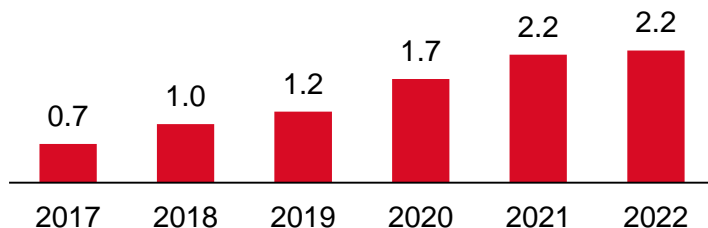


### Quarterly three expense items (billion RMB)

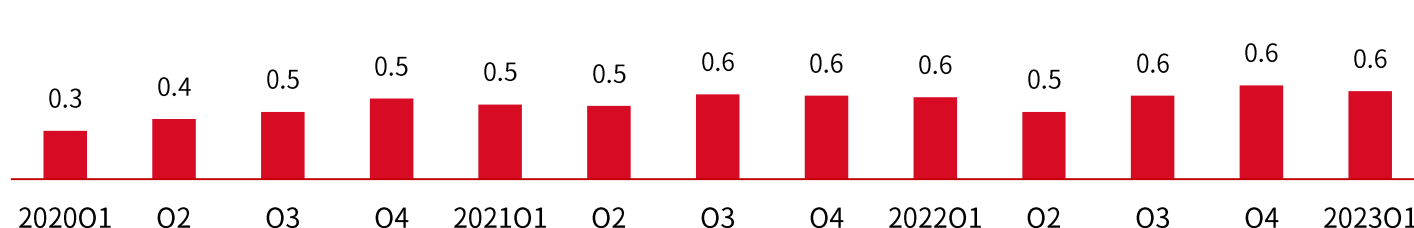


	2017	2018	2019	2020	2021	2022	2020Q1	Q2	Q3	Q4	2021Q1	Q2	Q3	Q4	2022Q1	Q2	Q3	Q4	2023Q1
<b>YoY</b>	—	25.4%	17.6%	18.8%	32.1%	13.6%	25.6%	18.7%	18.5%	12.9%	11.7%	17.1%	25.6%	76.0%	37.9%	24.6%	21.7%	-16.1%	8.8%
<b>As % of revenue</b>	11.8%	11.6%	11.0%	9.5%	9.4%	8.3%	10.7%	10.1%	9.8%	8.0%	9.4%	9.8%	10.0%	8.7%	8.8%	8.3%	8.3%	7.6%	9.8%

### Annual R&D cost (billion RMB)



### Quarterly R&D cost (billion RMB)

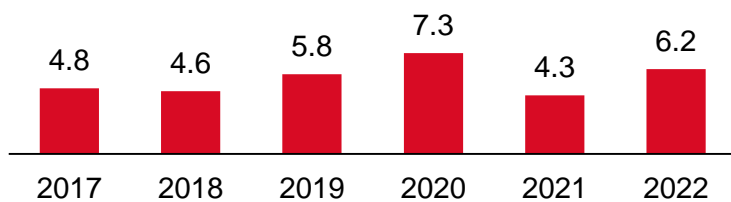


	2017	2018	2019	2020	2021	2022	2020Q1	Q2	Q3	Q4	2021Q1	Q2	Q3	Q4	2022Q1	Q2	Q3	Q4	2023Q1
<b>YoY</b>	—	51.7%	21.2%	45.9%	23.7%	3.2%	38.6%	48.8%	6.5%	117.4%	56.0%	22.2%	25.9%	3.7%	8.8%	-7.4%	-2.2%	12.7%	7.1%
<b>As % of revenue</b>	0.9%	1.1%	1.1%	1.1%	1.0%	0.8%	1.0%	1.1%	1.2%	1.2%	1.2%	1.1%	1.2%	0.8%	0.9%	0.7%	0.8%	0.9%	1.0%

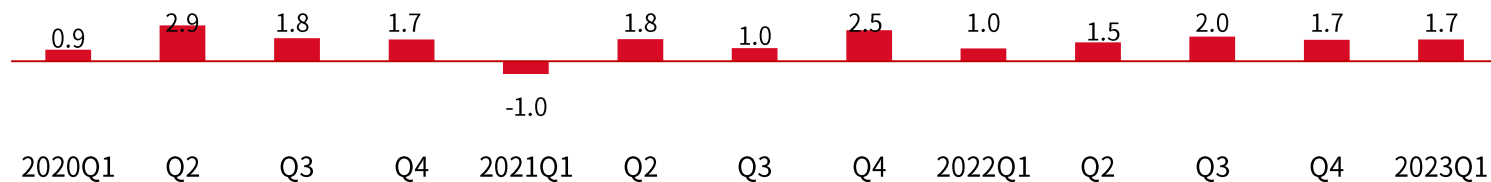


# Net Profit Attributable to Equity Holders of the Company and Adjusted Net Profit

Annual net profit attributable to equity holders of the company (billion RMB)



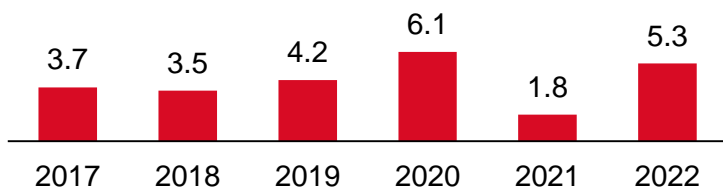
Quarterly net profit attributable to equity holders of the company (billion RMB)



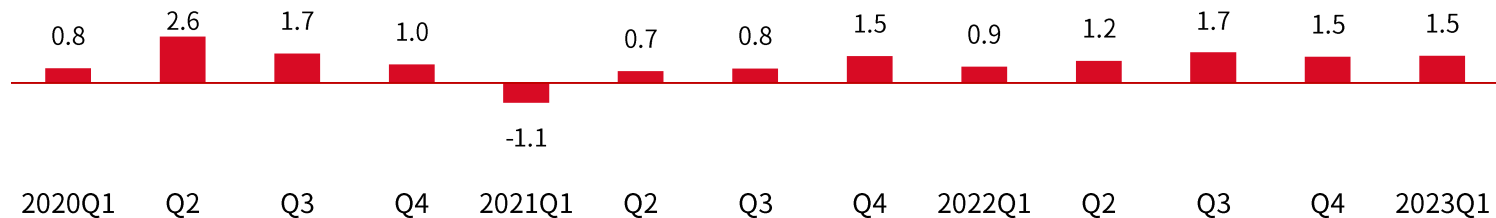
YoY	2017	2018	2019	2020	2021	2022	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
YoY	14.4%	-4.6%	27.2%	26.4%	-41.7%	44.6%	-28.2%	55.4%	51.6%	16.4%	-209.0%	-38.7%	-43.5%	43.0%	203.4%	-14.8%	88.8%	-31.1%	68.3%

Net profit margin attributable to equity holders of the company	2017	2018	2019	2020	2021	2022	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
Net profit margin attributable to equity holders of the company	6.7%	5.0%	5.2%	4.8%	2.1%	2.3%	2.7%	7.6%	4.8%	3.9%	-2.3%	3.8%	2.2%	3.5%	1.6%	2.2%	2.8%	2.5%	2.8%

Annual adjusted net profit (billion RMB)



Quarterly adjusted net profit (billion RMB)



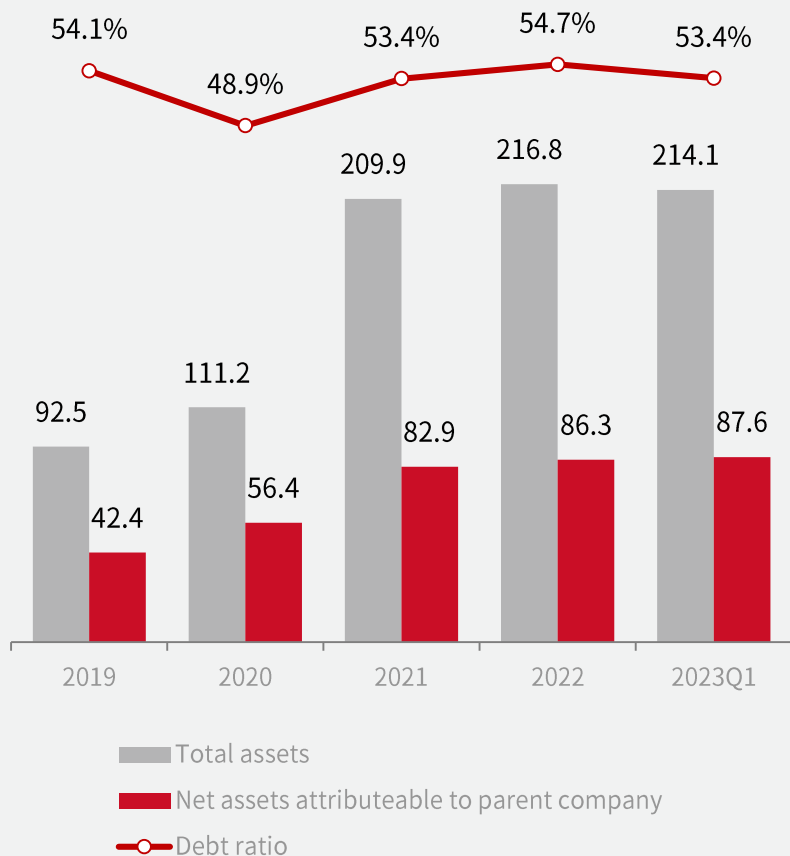
YoY	2017	2018	2019	2020	2021	2022	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
YoY	40.1%	-5.9%	20.8%	45.7%	-70.1%	191.0%	-0.5%	74.8%	40.5%	47.6%	-236.3%	-74.9%	-51.2%	46.1%	180.4%	88.2%	111.8%	-1.8%	66.4%

Adjusted net profit margin	2017	2018	2019	2020	2021	2022	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
Adjusted net profit margin	5.2%	3.8%	3.8%	4.0%	0.9%	2.0%	2.5%	7.0%	4.3%	2.3%	-2.7%	1.4%	1.7%	2.1%	1.4%	1.8%	2.5%	2.2%	2.5%

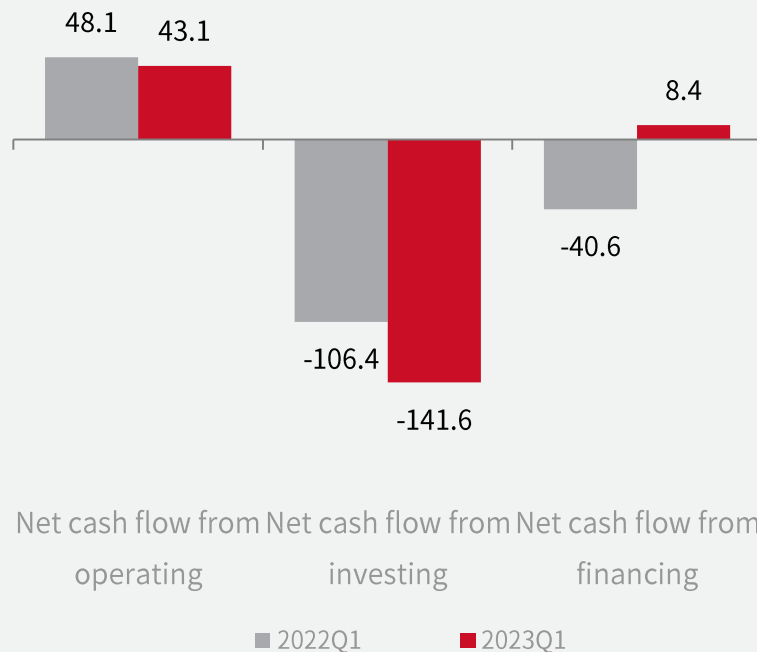


# Asset Structure, Cash Flow and Rating

 **Asset structure (billion RMB)**



 **Net Cash flow (billion RMB)**



 **Bond Credit Rating**

MOODY'S

**A3**

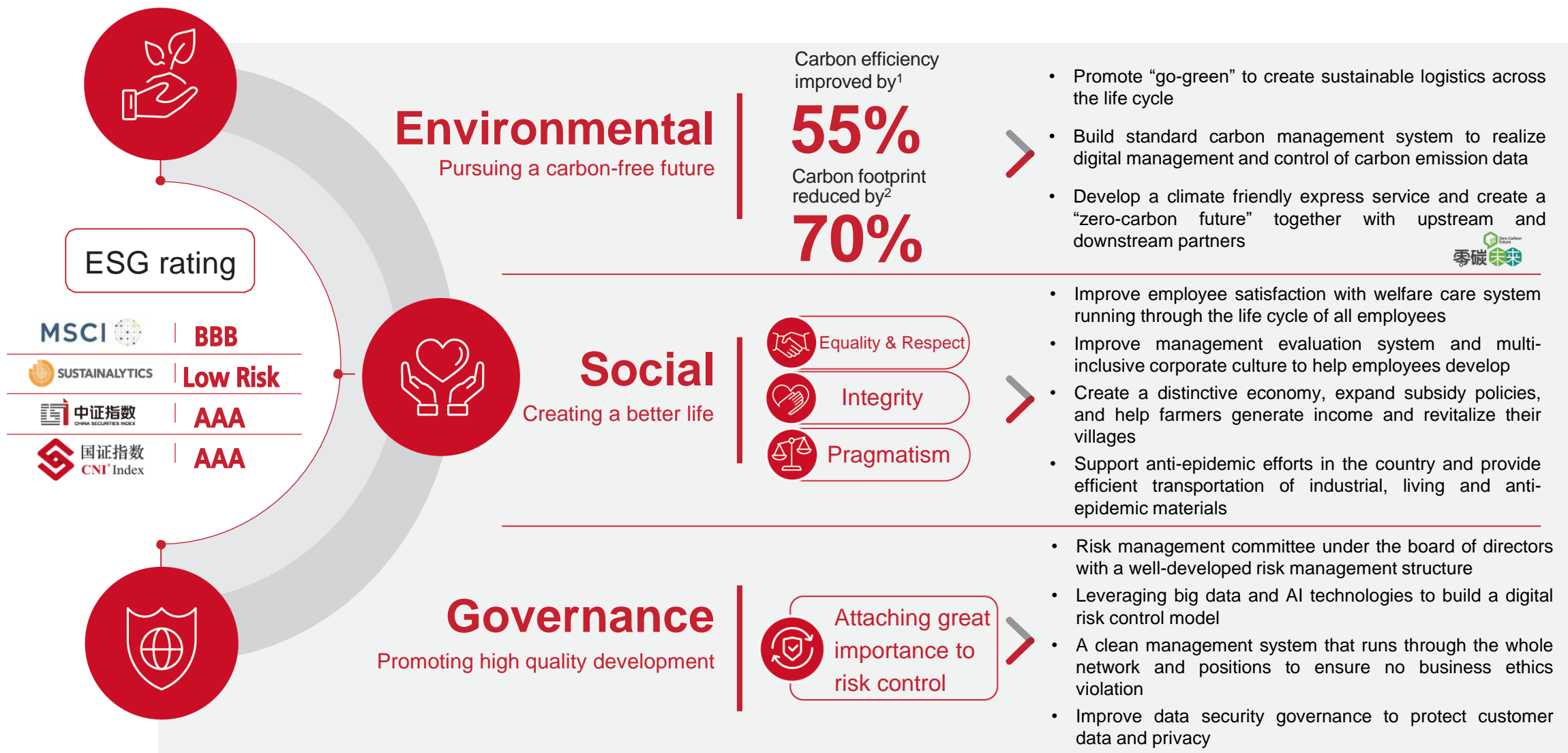
S&P Global

**A-**

FitchRatings

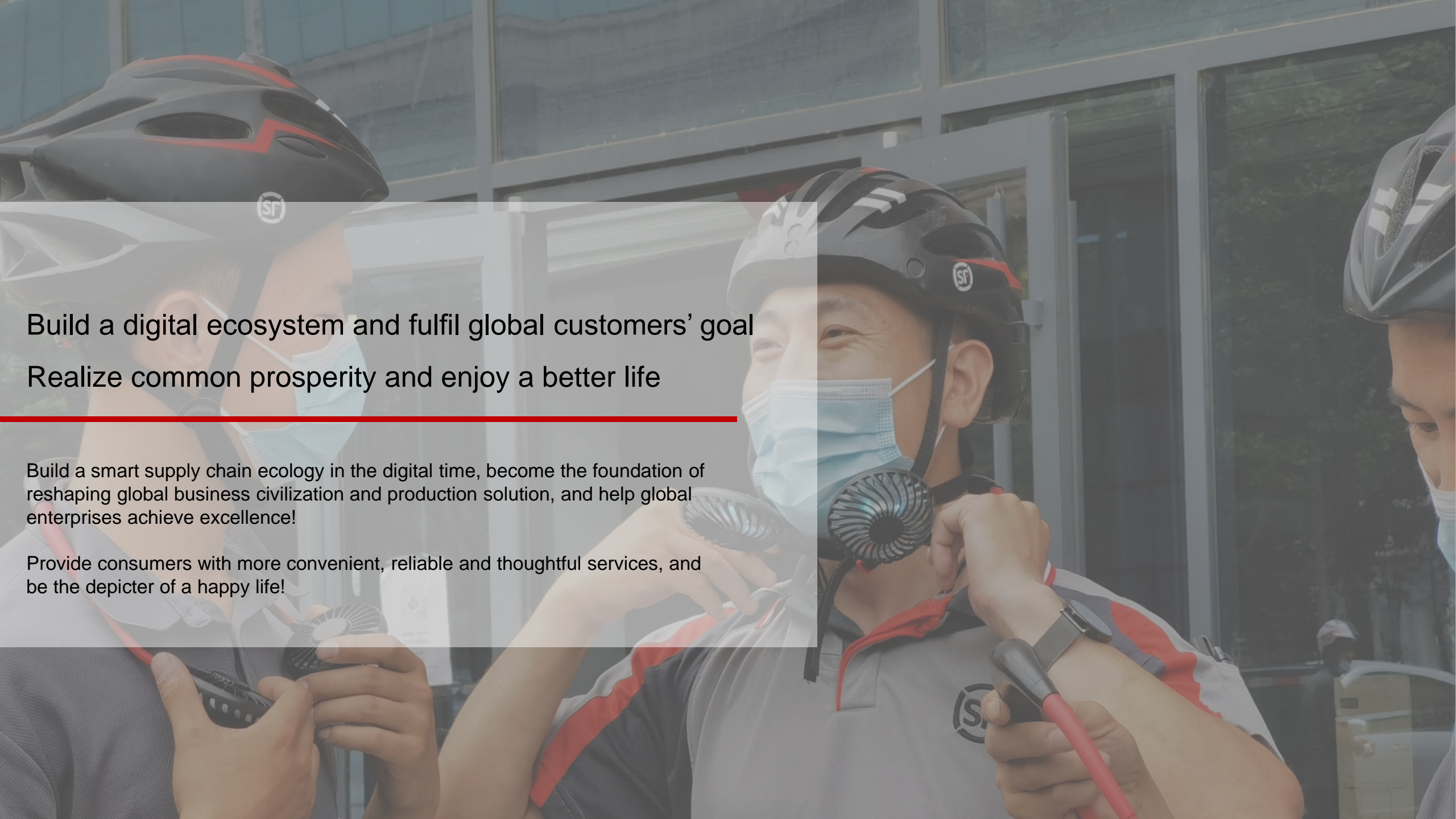
**A-**

# ESG: Focus on Employee Care and Build Green Logistics



Note: <sup>1</sup> Carbon efficiency is expected to be improved by 55% in 2030 comparing to 2021; <sup>2</sup> Carbon footprint of each parcel is expected to be reduced by 70% in 2030 comparing to 2021

For more details, please visit the Sustainability page on SF Investor Relationship official website



Build a digital ecosystem and fulfil global customers' goal  
Realize common prosperity and enjoy a better life

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Build a smart supply chain ecology in the digital time, become the foundation of reshaping global business civilization and production solution, and help global enterprises achieve excellence!

Provide consumers with more convenient, reliable and thoughtful services, and be the depicter of a happy life!