RELATIVE VALUATION OF SF HOLDING CO., LTD.

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ABSTRACT

As China's express logistics market rapidly expands and competition intensifies, accurately assessing the investment value of logistics companies becomes crucial for both investors and firms. This paper focuses on SF Holding, applying DuPont analysis and relative valuation methods to evaluate its investment value and strategy. It first conducts DuPont analysis to reveal the financial drivers behind valuation changes, and finds that market expectations for SF's growth are relatively balanced. Based on China's logistics market structure, policy environment, and consumer behavior, seven Chinese logistics companies are selected as benchmarks. Although SF's brand premium and technological advantages support a higher valuation multiple, industry median valuations indicate potential overvaluation. The paper proposes a target price range of 40–50 and recommends upgrading the investment rating to "buy" when appropriate. The study provides investors with clear analytical logic, actionable invest

KEY WORDS: SF Holding/ DuPont analysis/ relative valuation/ investment advice/ logistics industry

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CHAPTER I
SF Express Explored

This chapter provides an in-depth overview of SF Express, one of China's largest logistics service providers. It outlines the organizational structure(1.1.1), the company's history (1.1.2), business segments (1.1.3), and core values (1.1.4), highlighting its evolution into a comprehensive logistics enterprise. The chapter also explores SF Express's unique market positioning and technological innovations that have driven its success.

1.1 Introduction to SF Express

Founded in 1993 and headquartered in Shenzhen, SF Express is a leading integrated express logistics service provider in China. After years of development, SF Express has successfully built comprehensive logistics solution covering all links of the value chain from production, supply, sales to distribution. It is committed to providing customers with comprehensive logistics services. Today, SF Express has developed into the largest integrated logistics service provider in China and Asia and the fourth largest in the world. SF Express has diversified its services across logistics sectors including express delivery, cold chain transport, pharmaceutical distribution, international freight, and supply chain management, offering comprehensive end-to-end solutions. With its leading scientific and technological research and development capabilities, SF Express is committed to building a digital supply chain ecosystem and strives to become a leader in the global smart supply chain. (SF Express, n.d.)

As an intelligent logistics operator with network scale advantages, SF Express has formed a comprehensive logistics service network integrating "Skynet + Ground Network + Information Network" through years of strategic layout, covering both domestic and foreign markets. Its direct-operated network has strong control and stability among its peers, becoming a unique and scarce comprehensive logistics network system in the Chinese market. (SF Express, n.d.)

1.1.1 SF Express Board Member

The board of directors of SF Holdings is composed of experienced professionals.

Table 1.1 Member of the Board of Directors of SF Express

Mr.Wang Wei Chairman	Executive Director, General Manager
Mr. He Jie	Executive Director, Deputy General Manager, Chief Financial Officer
Ms.Wang Xin	Executive Director
Professor Xu Honsong	Executive Director
Mr.Chen Shangwei	Independent Non-Executive Director
Mr.Lee Ka-shi	Independent Non-Executive Director
Dr.Ding Yi	Independent Non-Executive Director

Source: SF Express, n.d.

Mr. Wang Wei, the founder and ultimate controlling shareholder, serves as Chairman, Executive Director, GM, and CEO. Mr. He Jie is Deputy GM, CFO, and Executive Director, also holding key roles at Kerry Logistics. Ms. Wang Xin is Assistant CEO, Chief Strategy Officer, and Executive Director, as well as Chairperson of KEX Express Thailand. Mr. Xu Bensong, with the company since 2007, is CMO and will become Executive Director in October 2024. Independent Non-Executive Directors Mr. Chan Sheung Wai, Mr. Li Ka Shih, and Dr. Ding Yi offer expertise in auditing, legal affairs, and finance for governance support. (SF Express, n.d.)

1.1.2 Development History of SF Express

Start-up Period (1993 to 2002) Founded in 1993 in Shunde, SF Express addressed the rising demand for express delivery. In 1997, it introduced an income commission system in Hong Kong, boosting employee motivation and service quality. (SF Express, n.d.)

Rapid Development Period (2002 to 2010) Relocating to Shenzhen in 2002, SF Express rapidly expanded, leveraging high service quality and an efficient logistics system. Amid the 2003 SARS outbreak, it maintained operations and grew with China's e-commerce boom, enhancing its network and warehousing. (SF Express, n.d.)

Strategic Exploration Period (2010 to 2015) SF Express diversified into e-commerce and cost-effective express services while investing in smart logistics, warehousing, and supply chain solutions to strengthen its market position. (SF Express, n.d.)

Diversified Development Period (2015 to Present) Expanding into cold-chain logistics and technological innovations like drones and smart lockers, SF Express reinforced its industry leadership. In 2017, it acquired Deutsche Post's supply chain business, extending its global reach. (SF Express, n.d.)

1.1.3 SF Express's business segments

Express SF Express provides high-quality door-to-door delivery services for individuals, enterprises, and e-commerce, covering various logistics needs. It offers time-sensitive express delivery, including next-day and same-day services, to meet the fast delivery demands of businesses and individuals. For cost-conscious e-commerce platforms and merchants, it provides economic express delivery, ensuring a balance between service quality and cost. In the express delivery sector, SF Express supports production, manufacturing, and commercial circulation with LTL and full truckload transportation, catering to both B2B and B2C logistics. Additionally, it specializes in cold transportation and medicine, offering temperature-controlled solutions for fresh food and pharmaceuticals. Lastly, its instant same-city delivery ensures rapid logistics within one hour for industries such as catering, retail, and e-commerce. (SF Express, n.d.)

Supply Chain and International SF Express extends beyond domestic logistics, offering comprehensive global supply chain solutions. Its international express services cater to manufacturing, trading companies, and cross-border e-commerce, providing efficient overseas delivery and distribution. Additionally, it specializes in international freight and agency services, covering multimodal transport via air, sea, rail, and land, along with customs declaration, clearance, and warehousing support. Furthermore, SF Express provides end-to-end supply chain solutions both domestically and globally, helping businesses optimize their logistics systems to enhance efficiency and reduce costs. (SF Express, n.d.)

1.1.4 Enterprise Culture Framework

SF Express is dedicated to building a digital ecosystem that seamlessly connects customers worldwide, fostering mutual development and enhancing quality of life. By leveraging intelligent supply chains, the company drives the transformation of global business and production models, enabling enterprises to enhance their capabilities while providing consumers with more convenient, reliable, and thoughtful services. At the heart of SF Express lies its core values, which serve as guiding principles for all employees. These include integrity and responsibility, commitment to employee and customer success, innovation, inclusivity, and the pursuit of excellence. These values are further embodied in the company’s corporate spirit, which reflects its public image and workplace ethos, emphasizing equality, respect, integrity, and pragmatism. Additionally, SF Express fosters a team-oriented culture that prioritizes collaboration, continuous improvement, and merit-based advancement. By viewing the company as a unified team, SF promotes coordinated efforts, skill development, and collective growth, ensuring that individual success contributes to overall corporate excellence. (SF Express, n.d.)

1.2 Comprehensive Analysis

1.2.1 SF Express Value Chain

SF Express has built a comprehensive and efficient value chain system by implementing a differentiation strategy, aiming to provide high-quality logistics services and stand out in a highly competitive market.

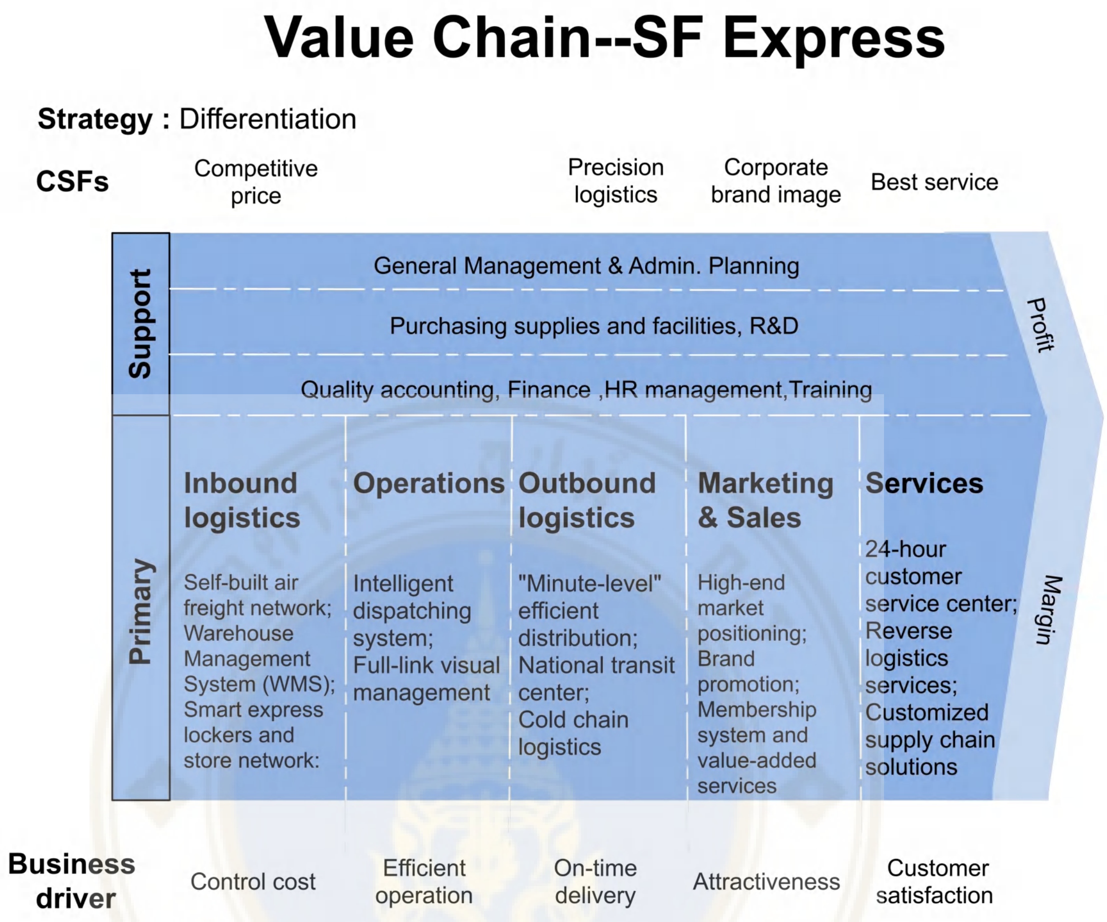


Figure 1.1 SF Express Value Chain

Source: SF Express, n.d.

According to Figure 1.1, SF Express main activities include self-built air transportation networks and advanced warehouse management systems to ensure fast and reliable transportation of goods and efficient warehousing operations. SF Express has also adopted intelligent scheduling systems and full-link visual management technologies to optimize transportation routes and resource allocation and improve overall operational efficiency. In terms of customer service, SF Express has a dedicated customer service center to provide high-end customer service and diversified value-added services, such as customized logistics solutions, to meet the needs of different customers. In addition, SF Express continues to enhance its brand image and market positioning through high-end market promotion and brand building activities. In terms of support activities, SF Express focuses on strategic planning and operational support to ensure the company's efficient operation. The company continues to innovate in procurement and R&D to improve service quality and operational efficiency. SF Express has also implemented a strict quality accounting system and financial management to ensure financial transparency and compliance. At the same time, SF Express attaches importance to employee training and development, and improves employees' professional quality and service level through human resource management. The application of information technology, such as full-link visualization and intelligent scheduling systems, further enhances operational transparency and efficiency. Through the organic combination of these main activities and supporting activities, SF Express not only enhanced its brand image and market competitiveness, but also achieved significant economic benefits and consolidated its leading position in the logistics industry. (SF Express, n.d.)

1.2.2 SF Express SWOT Analysis

Table 1.2 shows the SWOT analysis of SF Express, outlining the company’s strengths, weaknesses, opportunities, and threats in the industry. This analysis helps to gain insight into the company’s strategic positioning in the fiercely competitive logistics market and provide a reference for future decision-making.

Table 1.2 SF Express SWOT Analysis

Strength	Weakness
● Strong brand influence ● Comprehensive logistics network	● High operating costs ● Slow international market expansion

• High-end market positioning • Technological innovation and intelligent logistics • Diversified services	• Affected by policies and regulations • Dependence on B2C business
Opportunities	**Threats**
• Growth of cross-border e-commerce and international logistics markets • Growth of emerging logistics demand • Digital supply chain solutions • Policy support	• Intense industry competition • Price wars affect profits • Economic uncertainty • Policy and regulatory changes

SF Express has established its leading position in the industry by providing efficient and reliable logistics services with its strong brand influence, comprehensive logistics network, high-end market positioning and technological innovation. (SF Express, 2024) However, SF Express also faces challenges such as high operating costs, slow international market expansion, policy dependence and B2C business dependence, which may affect its profitability and market expansion. Nevertheless, cross-border e-commerce, emerging logistics needs, digital supply chain solutions and policy support provide SF Express with opportunities to expand its business and improve its services. At the same time, fierce industry competition, price wars, economic uncertainty and changes in policies and regulations pose potential threats to SF Express's market share and profitability. By effectively leveraging its strengths, seizing opportunities and addressing weaknesses and threats, SF Express is expected to maintain its leading position and achieve sustained growth in the highly competitive logistics market. (SF Express, n.d.)

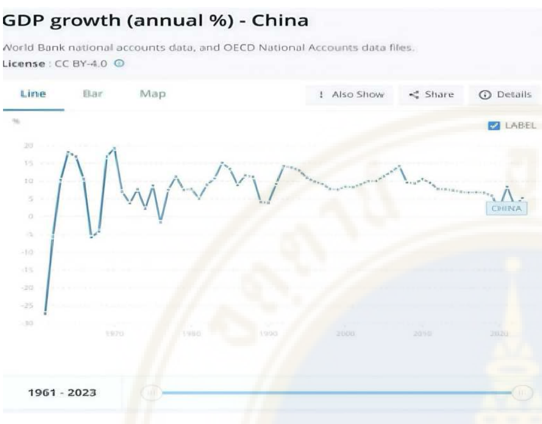
CHAPTER II
INDUSTRY ANALYSIS: MACRO-ECONOMICS AND BENCHMARK

This chapter analyzes the broader logistics industry by examining macroeconomic factors, including GDP growth (2.1.1), consumption trends (2.1.2), and government policies (2.1.3). It highlights how these factors influence the express delivery sector. The chapter also identifies key competitors (2.2.1) and provides a benchmark analysis (2.2.2) to position SF Express against major players in the market.

2.1 Macro-environment analysis

2.1.1 GDP Growth

In recent years, the Chinese economy has maintained steady growth, and despite the impact of the epidemic, the international situation and the global economic slowdown, it has performed well overall. (State Council of the People's Republic of China, 2021) According to Figure 2.1 and Figure 2.2, GDP will reach 13.49 trillion RMB in 2024, a year-on-year increase of 5.0%. High-tech manufacturing, modern services, investment and foreign trade have all seen good growth, providing support for the development of various industries. In such an economic environment, the logistics industry, especially the express delivery industry, is also continuing to develop. With the expansion of the consumer market, especially the growth of e-commerce and online shopping (online retail sales increased by 7.2% throughout the year), the demand for express delivery has continued to increase. In addition, accelerated urbanization and increased residents' income have made people's shopping needs more diverse, further promoting the development of the logistics industry. At the same time, the Chinese trade with the "Belt and Road" countries increased by 6.4%, driving the growth of cross-border logistics. In the future, with technological innovation and industrial upgrading, the logistics industry is expected to continue to grow and provide greater support for economic development. (National Bureau of Statistics of China, 2024)



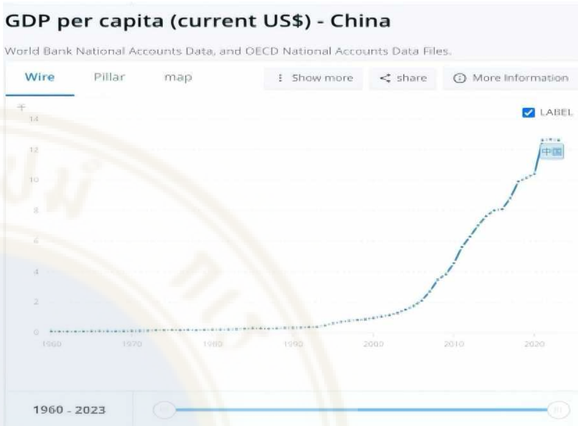


Figure 2.1 GDP growth-China **Figure 2.2 GDP per capita-China**

Source: World Bank. (2024). GDP growth (annual %) – China [Data set]. (https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG)

World Bank. (2024). GDP per capita (current US$) – China [Data set]. (https://data.worldbank.org/indicator/NY.GDP.PCAP.CD)

2.1.2 Consumption Trends

China's consumption patterns have changed significantly, and the rapid development of e-commerce has become the main driving force for the growth of the express delivery industry. According to data from the State Post Bureau of China, the national express delivery volume will exceed 120 billion pieces in 2023, an increase of more than 10% year-on-year. Horizontally, 120 billion pieces is equivalent to 63% of the global express parcel volume last year, which is about 5.5 times the annual parcel volume of the United States last year, 13.3 times that of Japan, and 23.5 times that of the United Kingdom. China has become the main engine leading the growth of global express delivery business. In the first 11 months of 2023, China's average monthly express delivery volume reached 10.7 billion pieces, which is more than the total volume of the United Kingdom and Germany last year. On top of the high base, China's express delivery volume growth rate still remains ahead, about 3 times the global average. Vertically, China's monthly express delivery business increment has exceeded the total volume of 2014, achieving a huge leap from "annual average of 10 billion" to "monthly average of 10 billion" in one fell swoop. This trend is mainly due to the following factors（China People's Daily, 2023）:

a) Online consumption upgrade: Consumers' increased demand for high-quality goods has driven the growth of high-end express delivery services such as SF Express.

b) Rising demand for instant delivery: With the popularization of the O2O (online to offline) model, the demand for catering, retail, and fresh food delivery has surged.

c) Community group buying and live e-commerce: The rise of new retail models has put forward higher timeliness and service quality requirements for logistics companies.

2.1.3 Policy

Government support plays a crucial role in the advancement of the logistics industry, with a series of policies aimed at promoting standardization and intelligent development. The "14th Five-Year Plan" underscores the importance of constructing a modern logistics system, emphasizing cost reduction and efficiency enhancement (General Office of the State Council, 2022). Additionally, green logistics policies encourage enterprises to adopt sustainable practices, such as utilizing new energy vehicles and recyclable packaging—a movement to which SF Express has actively contributed by investing in green logistics infrastructure (China People's Daily, 2022). Furthermore, the government's cross-border e-commerce support policies, including customs facilitation measures and the expansion of pilot cities, have created significant growth opportunities for SF Express's international business, fostering the industry's globalization and innovation (National Ports Administration Office, 2025).

2.1.4 Analysis of China's express delivery industry

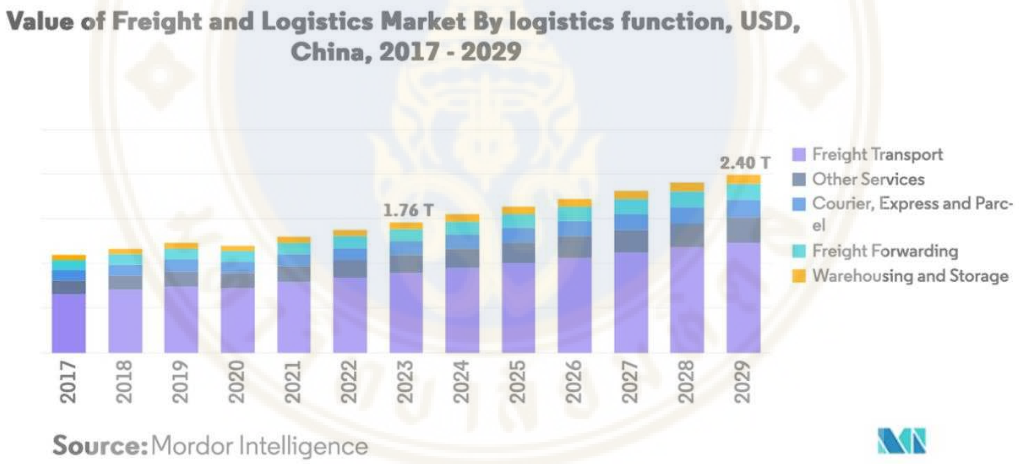


Figure 2.3 Value of Freight and Logistics Market By logistics function, USD.China,(2017-2029)

Source: Mordor Intelligence, n.d.

Figure 2.3 shows China's freight and logistics market value by logistics function from 2017 to 2029. The Table shows that Freight Transport is the largest market category. In addition, Courier, Express and Parcel, Freight Forwarding, and

Warehousing and Storage are also important components of the logistics market. The Table reflects the scale and diversity of China's logistics market, with freight transport dominating and other logistics functions also playing a key role in the supply chain.(Mordor Intelligence, n.d.)

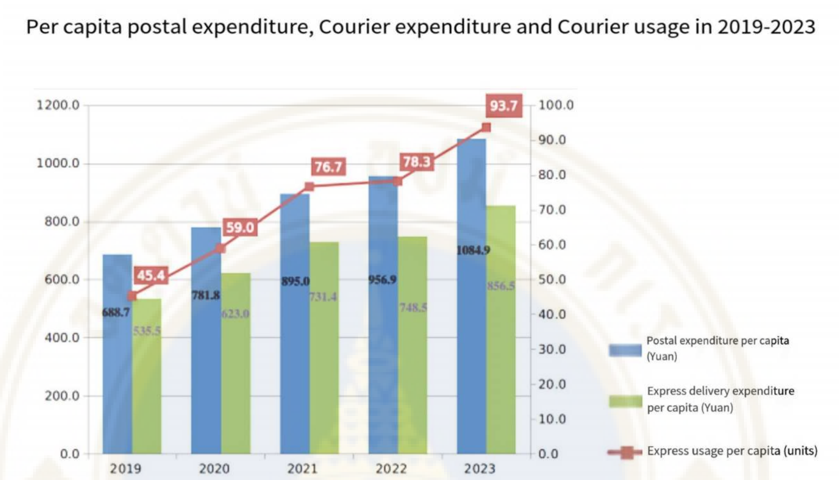


Figure 2.4 Per capita postal expenditure, Courier expenditure and Courier usage (2019-2023)

Source: From Ministry of Transport of the People's Republic of China [MOT] report "Statistical Bulletin of Postal Industry Development in 2023", 2024

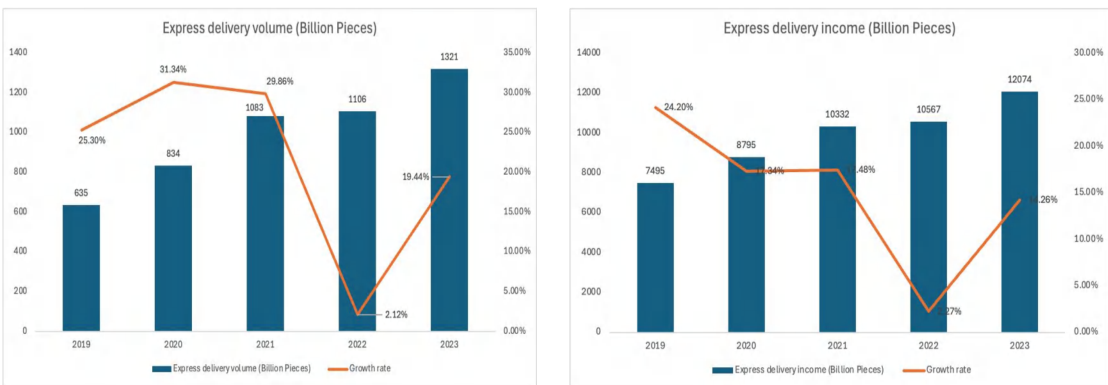


Figure 2.5 Development of express delivery (2019-2023)

Source: Ministry of Transport of the People's Republic of China, 2024

From 2019 to 2023, China's express delivery industry showed a sustained growth trend. From the perspective of per capita postal expenditure, express delivery expenditure and express delivery usage, per capita postal expenditure increased from 688.7 RMB in 2019 to 1084.9 RMB in 2023, and per capita express delivery expenditure also increased from 535.5 RMB to 856.5 RMB (Ministry of Transport of the People's Republic of China, 2024), both showing that consumers' demand for express delivery services has increased. In terms of express delivery business volume, the express delivery business volume in 2020 increased significantly by 99.93% due to the epidemic. The market adjusted in the following two years, and the business volume rebounded in 2023, indicating that the market has gradually recovered. After experiencing high growth driven by the epidemic in 2020, the express delivery industry entered a period of adjustment, but it has shown a recovery momentum in 2023. With the improvement of logistics technology, the steady growth of market demand and the strengthening of policy support, the express delivery industry still has great development potential in the future. However, factors such as intensified industry competition, strengthened policy supervision and optimized market structure may affect the future growth model. Enterprises need to continue to innovate in improving service quality, optimizing operational efficiency and expanding new business areas to maintain their competitive advantage.

2.2 Selecting Benchmark Companies

2.2.1 Industry Competitors and Market Share

Table 2.1 Overall satisfaction ranking of express logistics enterprises (2019-2023)

	2019	2020	2021	2022	2023
First Place	SF Express	SF Express	SF Express	SF Express	SF Express
Runner-up	Postal service	Jingdong	Jingdong	Jingdong	Jingdong
Third Place	Jingdong	Postal service	Postal service	Postal service	Postal service

Source: Hans Publishers. (n.d.).

From 2019 to 2023, SF Express ranked first in the overall satisfaction ranking of express logistics companies for five consecutive years, which fully demonstrates its outstanding performance in service quality, timeliness, customer experience, etc. SF Express's high satisfaction reflects the solidity of its brand image and customer loyalty, which has laid a solid foundation for it in the highly competitive market (Hans Publishers, n.d.). Although JD.com surpassed the Post Office to become the second in 2020, SF Express has always remained at the top of the list, indicating that its advantages in the high-end market and service quality are difficult to shake.

Table 2.2 Market Share of SF Express and Competitors (2019-2023)

	2019	2020	2021	2022	2023
SF Express	7.6	9.7	9.7	10.0	10.7
ZTO Express	19.1	20.4	20.6	22.1	22.9
YTO Express	14.4	15.2	15.2	15.8	15.8
Yunda Express	15.8	17.0	17.0	15.9	15.6
STO Express	11.6	10.6	10.2	11.7	9.8

Source: Hans Publishers. (n.d.).

In terms of market share, SF Express has increased year by year from 7.6% in 2019 to 10.7% in 2023, showing a steady increase in its market share. ZTO Express's market share increased from 19.1% in 2019 to 22.9% in 2023 (Hans Publishers, n.d.), becoming the company with the highest market share, indicating its strong market competitiveness and operational efficiency. The market shares of YTO Express and Yunda Express were relatively stable during the five years, while STO Express's market share fluctuated greatly, falling from 11.6% in 2019 to 9.8% in 2023, reflecting the instability of its market competitiveness. Although SF Express's market share is still lower than that of competitors such as ZTO Express (22.9%) and YTO Express (15.8%), its year-on-year growth trend shows that SF Express has gradually expanded its influence in market competition (Hans Publishers, n.d.). SF Express's market strategy may focus more on service quality and high-end markets rather than simply pursuing rapid expansion of market share.

2.2.2 Selecting Benchmark Companies

JD Logistics （2618.SEHK）

As a leading e-commerce logistics company in China, JD Logistics leverages JD Group's platform to establish a strong supply chain and distribution network. It holds a significant position in the high-end distribution and cold chain logistics sectors, competing directly with SF Express. JD Logistics' market positioning and service quality closely resemble those of SF Express, making it an essential benchmark for high-end logistics services. Additionally, its expansion in Southeast Asia and leadership in intelligent logistics technology provide valuable insights for SF Express's internationalization and innovation strategies. (JD Logistics, n.d.)

ZTO Express（2057.SEHK)

ZTO Express leads the e-commerce express delivery sector in terms of market share, demonstrating strong scale effects and cost control capabilities. Its efficient operating model makes it a critical competitor to SF Express. Moreover, ZTO's advancements in operational efficiency and technological applications allow it to sustain a competitive edge, making it a relevant benchmark for SF Express in terms of market share, cost control, internationalization, and operational innovation. (ZTO Express, 2024)

YTO Express（600233.SHSE)

YTO Express ranks among the top players in market share and has a business model similar to SF Express, making it a suitable benchmark for analyzing market positioning and service network expansion. With its focus on the e-commerce express delivery segment, YTO Express also provides valuable references for SF Express in terms of customer base and strategic market positioning. (YTO Express, n.d.)

Yunda Holding（002120.SZSE)

Yunda Holding overlaps significantly with SF Express in e-commerce express delivery, sharing similarities in service network and market strategy. Additionally, its customer base closely resembles that of SF Express, making it an important reference for customer satisfaction and market approach.(Yunda Express, n.d.)

Deppon Logistics（603056.SHSE）

Deppon Logistics specializes in large-scale logistics and less-than-truckload (LTL) transportation, differentiating itself from SF Express in business focus. However, its expertise in comprehensive logistics services offers SF Express valuable insights into expanding beyond express delivery into broader logistics solutions. (Deppon Logistics, n.d.)

STO Express（002468.SZSE）

Although STO Express experiences fluctuations in market share, its financial performance and valuation remain relevant for SF Express. The company's position in the capital market reflects investor expectations for future development, providing SF Express with a reference point for financial planning and market valuation strategies. (STO Express, n.d.)

CHAPTER III
FINANCIAL ANALYSIS AND RELATIVE VALUATION

This chapter presents a comprehensive financial analysis and relative valuation of SF Express. It begins with a DuPont decomposition (3.1), breaking down return on equity into profit margin, asset turnover, and financial leverage, to evaluate the company's internal financial performance drivers. Section 3.2 explores relative valuation (3.2), using historical multiple band valuation (3.2.1) and forward-looking multiples (3.2.2), including P/E, P/BV, and EV/EBITDA metrics. It further derives target prices based on valuation bands (3.2.3) and peer comparisons (3.2.4), offering a multi-perspective view of the company's market valuation. The chapter concludes (3.3) with a summary of key findings and strategic recommendations based on valuation outcomes.

3.1 Dupont Analysis

In order to further evaluate SF Holding's competitiveness in the express delivery industry, this section selected four key financial indicators: return on equity, net profit margin, total asset turnover rate and equity multiplier, and made a horizontal comparison with ZTO Express, STO Express and Deppon Express to analyze their relative performance in profitability, operational efficiency and capital structure.

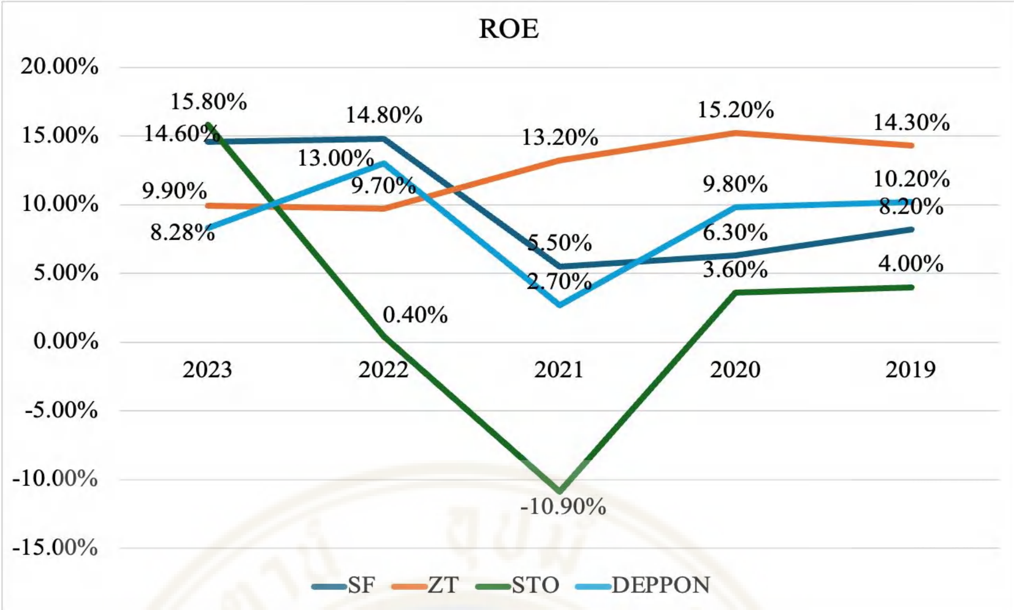


Figure 3.1 SF Express ROE (2019-2023)

Table 3.1 SF Express ROE (2019-2023)

ROE					
	2023	**2022**	**2021**	**2020**	**2019**
SF	14.6%	14.8%	5.5%	6.3%	8.2%
ZTO	9.90%	9.70%	13.20%	15.20%	14.30%
STO	15.80%	0.40%	-10.90%	3.60%	4.00%
DEPPON	8.28%	13.00%	2.70%	9.80%	10.20%

Source: CSMAR Database

From 2019 to 2020, SF Express's ROE remained stable at a high level of 14.6%-14.8%, ranking at the forefront of the industry, only slightly lower than STO's 15.8% in 2019. However, in 2021, affected by the impact of the e-commerce price war, rising operating costs and heavy asset expansion, SF Express's net profit fell sharply, and its ROE plummeted to 5.5%, a significant decline. Although ROE has recovered since then, rising to 6.3% and 8.2% in 2022 and 2023 respectively, it is still lower than

ZTO (14.3%) and Deppon (10.2%), reflecting its relative disadvantage in profitability in the industry.

In contrast, ZTO has achieved continuous ROE improvement by relying on its light asset and high efficiency model, and maintained a high level of 14.3% in 2023, ranking first in the industry. Although STO fell into losses in 2021 (ROE was -10.9%), it gradually recovered to 4% in 2023, showing higher profit elasticity. In summary, SF Express's ROE volatility is relatively low, but due to the burden of heavy assets, its profit recovery ability is relatively lagging.

Table 3.2 SF Express Net Profit Margin (2019-2023)

Net Profit Margin					
	2023	**2022**	**2021**	**2020**	**2019**
SF	5.20%	4.80%	2.10%	2.30%	3.20%
ZTO	17.10%	15.60%	19.20%	22.80%	19.90%
STO	6.10%	0.20%	-3.60%	0.90%	0.80%
DEPPON	1.35%	2.10%	0.50%	2.10%	2.10%

Source: CSMAR Database

SF Express's net profit margin was 5.2% in 2019, slightly dropped to 4.8% in 2020, and fell to a low of 2.1% in 2021 due to high costs. It has rebounded to 3.2% in 2023, but is still significantly lower than ZTO (19.9%) and the industry average. This gap shows that SF Express has limited unit profitability and high marginal costs under its complex product structure.

In contrast, ZTO, as a standardized e-commerce express delivery company, has achieved a high net profit margin of about 20% by relying on economies of scale and a single product model, and has a significant cost advantage. However, due to multiple strategic adjustments and business contractions, the net profit margins of STO and Deppon have been around 1% or even negative for a long time, reflecting their lack of sustained profitability. It can be seen that although SF Express is stronger than weak players in terms of profit quality, there is a clear gap between it and the leading ZTO.

Table 3.3 SF Express Total Asset Turnover (2019-2023)

Total Asset Turnover					
	2023	**2022**	**2021**	**2020**	**2019**
SF	1.40	1.50	1.30	1.30	1.20
ZTO	0.50	0.50	0.50	0.50	0.50
STO	1.50	1.80	2.40	2.50	2.60
DEPPON	2.96	2.20	2.40	2.20	2.30

Source: CSMAR Database

SF Express's total asset turnover rate has dropped from 1.4 in 2019 to 1.2 in 2023, showing a downward trend year by year. This is closely related to its heavy asset model, such as continued investment in its own transportation capacity, aviation hubs, warehousing and cold chain networks. Although these layouts are conducive to improving service capabilities and long-term competitive barriers, they also reduce the efficiency of asset utilization. In contrast, Deppon, as a heavy transportation and supply chain service provider, will have a turnover rate of 2.3 in 2023, the highest in the industry; Shentong also maintains a high level of 2.6, showing strong asset efficiency. As a light-asset platform courier, ZTO's turnover rate has always remained at 0.5, which is relatively low but complementary to its high-profit model. Therefore, SF Express's poor performance in asset efficiency reflects that its large scale but asset operations have not been effectively converted into revenue, and it still needs to further optimize network resource allocation and asset structure.

Table 3.4 SF Express Leverage Ratio (2019-2023)

Equity Multiplier					
	2023	**2022**	**2021**	**2020**	**2019**
SF	2.20	2.00	2.10	2.20	2.10
ZT	1.20	1.30	1.40	1.50	1.50
STO	1.80	1.66	1.35	1.35	1.67
DEPPON	2.08	2.20	2.40	2.20	2.30

Source: CSMAR Database

SF Express has maintained an equity multiplier between 2.0 and 2.2 in the past five years, indicating that it has not significantly relied on external debt during its expansion and has a relatively sound capital structure. In contrast, STO Express and Deppon have slightly higher leverage levels, while ZTO Express is below 1.5, indicating that it relies more on equity financing. SF Express has a moderate leverage level, which can maintain a reasonable return on capital while controlling financial risks, which is suitable for its stable operating style as an infrastructure logistics company.

3.2 Relative Valuation

3.2.1 Historical Multiple Band Valuation

In relative valuation, the stock multiples data collected is used to find the value of SF Express stock. In fact, the most widely used multiples include Price, Trailing Earnings, Trailing Earnings, Trailing Book Value, Trailing Book Value, Enterprise Value, Trailing EBIT and Trailing EBIT. Data from 2019-2024 is used to examine historical trends and indicate stock valuation parameters.

3.2.1.1 Trailing P/E Ratio Band

Trailing P/E is a rolling price-to-earnings ratio, the ratio of the stock price to the earnings per share in the past 12 months, reflecting the market's valuation level of its historical profitability. The following shows the trailing PE ratio movement along the standard deviation of +1,+2 and -1,-2.

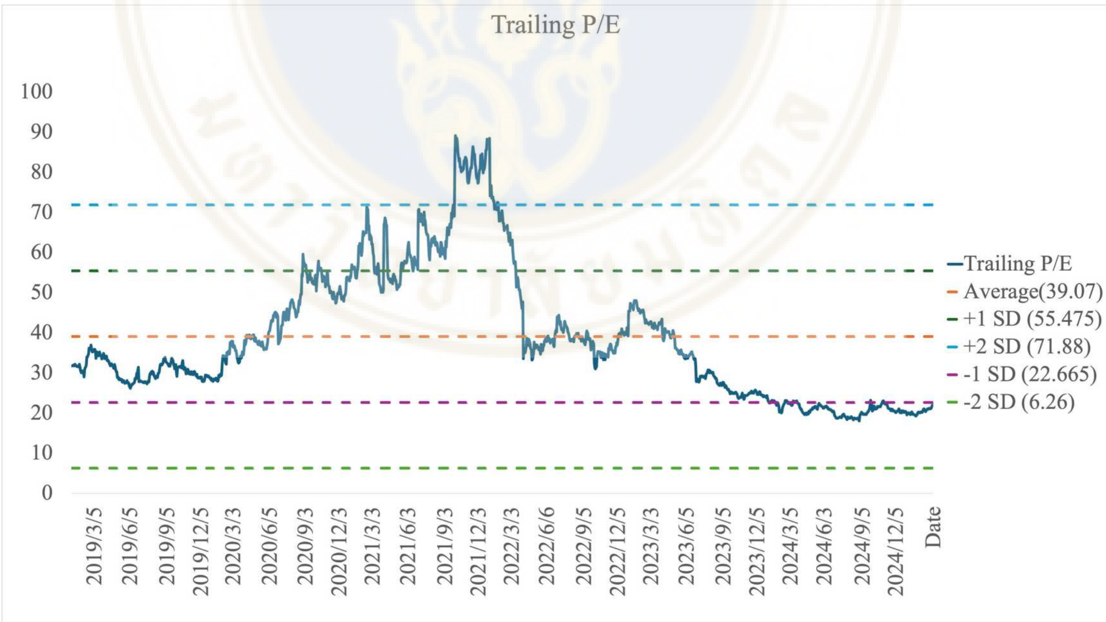


Figure 3.2 SF Express Trailing P/E (2019-2024)

Source: Bloomberg

From the data from 2019 to 2024 (Figure 3.2), SF Express's historical P/E ratio fluctuates greatly, with a historical average of 39.07 times, indicating that the market has given a certain premium based on its leading position and long-term stable earnings. From the standard deviation range, the high valuations of +1 SD (55.48 times) and +2 SD (71.88 times) benefit from the surge in logistics demand during the epidemic, as well as SF Express's large investment in heavy asset projects from September to February 2021, the construction of the Ezhou air logistics hub and the continuous purchase of aircraft and automobiles, and the acquisition of Kerry Logistics to strengthen international logistics; while the low valuations of -1 SD (22.67 times) and -2 SD (6.26 times) are mostly related to the intensified industry price war, the surge in upfront costs brought about by the strategic expansion in the first quarter of 2021, and other market pessimism. (SF Express, n.d.)

3.2.1.2 Trailing P/BV Band

Trailing P/BV is the ratio of stock price to net asset value per share, reflecting the market's valuation level of its book value. The following shows the trailing P/BV ratio movement along the standard deviation of +1,+2 and -1,-2.

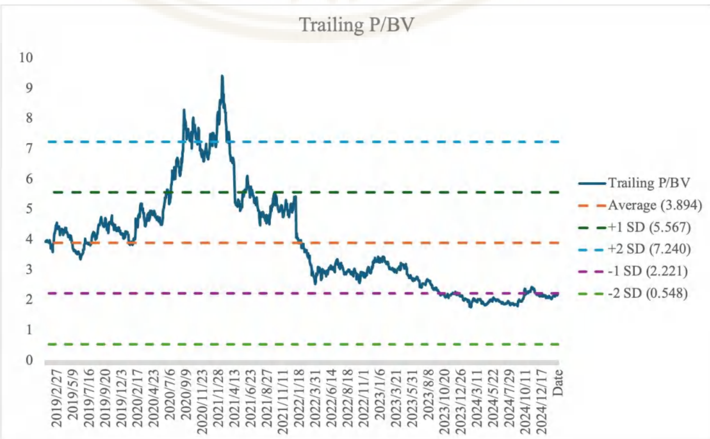


Figure 3.3 SF Express Trailing P/BV (2019-2024)

Source: Bloomberg

According to data from 2019 to 2024 (Figure 3.3), the historical average of SF Express's past P/B ratio is 3.894 times, which reflects that the market has long recognized SF Express's logistics network, fixed assets and other asset quality and brand premium. From the standard deviation range, the high valuations of +1 SD (5.567 times) and +2 SD (7.240 times) are due to the explosion of e-commerce performance under the epidemic from July 2020 to January 2021. SF Express actively penetrated the low-cost e-commerce express delivery market and invested heavily in assets to increase the value of long-term assets. Therefore, the market is more optimistic about future profits and asset creativity; while the low valuations of -1 SD (2.221 times) and -2 SD (0.548 times) are due to the unexpected loss in the first quarter of 2021, SF Express's cost control imbalance and ROE dropped significantly, while the competition in the e-commerce express delivery market was fierce, price wars compressed profits, and the industry valuation system fell collectively.

3.2.1.3 Trailing EV/EBITDA Band

Trailing EV/EBITDA is the ratio of enterprise value to earnings before interest, taxes, depreciation and amortization in the past 12 months, reflecting the market's valuation level of SF Holding's asset efficiency and cash generation capabilities.The following shows the trailing EV/EBIT ratio movement along the standard deviation of +1,+2 and -1,-2.

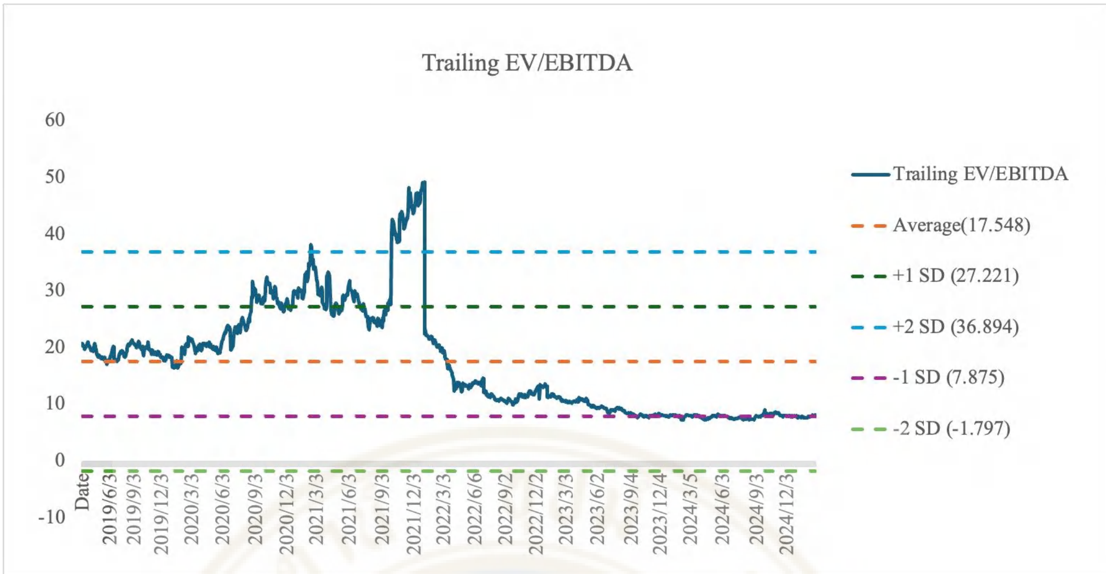


Figure 3.4 SF Express Trailing EV/EBITDA (2019-2024)

Source: Bloomberg

From the historical fluctuations of EV/EBITDA of SF Express from 2019 to 2024 shown in Figure 3.4, the indicator has generally shown obvious volatility in the long term, but it fluctuates around the historical average of 17.55 times. Among them, SF Express's valuation level reached a significant high point from the end of 2021 to the beginning of 2022, breaking through the level of +2 standard deviations (36.89). As mentioned above, SF Express's heavy asset expansion in 2021 pushed up the corporate value. In order to support large-scale infrastructure construction and mergers and acquisitions, SF Express increased debt financing at this stage. In the second half of 2021, global inflation intensified, and crude oil, freight, cartons, and labor costs all rose. However, since 2022, SF Express's performance has improved significantly, its cost control strategy has taken effect, the capacity of heavy asset investment in the early stage has been gradually released, and the unit cost has decreased. At the beginning of 2022, due to the stability of crude oil prices and the gradual recovery of the supply chain, SF Express's cost pressure was reduced and its profits improved. As of the beginning of 2024, SF Express's Trailing EV/EBITDA level has been close to below the historical moving average, stabilizing between the mean and -1 standard deviation (7.88). The heavy asset expansion has basically come to an end, and the growth of enterprise value has slowed down. At the same time, the company has begun to pay more attention to cash flow and debt control, and the growth of net debt has slowed down.

3.2.2 Forward Multiple Band Valuation

3.2.2.1 Forward P/E Ratio

Forward P/E is the ratio of the stock price to the expected earnings per share in the next 12 months, reflecting the market's valuation expectations of its future profitability. The following shows the forward PE ratio movement along the standard deviation of +1, +2 and -1, -2.

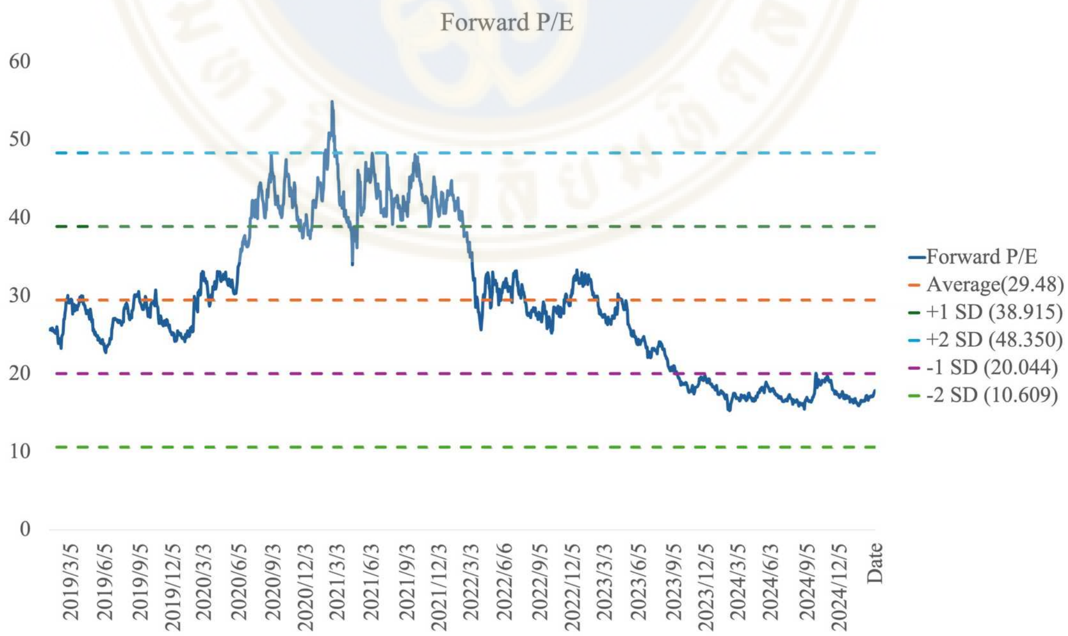


Figure 3.5 SF Express Forward P/E Ratio (2019-2024)

Source: Bloomberg

SF Holding's average forward P/E ratio is 29.48 times, and the standard deviation range shows that its valuation fluctuates greatly. The long-term central value (29.48) is at the upper-middle level in the logistics industry. From March 2020 to February 2021, the outbreak of the epidemic led to explosive growth in express delivery, e-commerce, and cold chain, and SF Express, as a high-end express leader, increased its market share and significantly increased its profits. Therefore, the market is highly optimistic about SF Express's future performance, and the Forward P/E has reached a historical high. From March 2021 to June 2021, the Forward P/E fell sharply. In the first quarter of 2021, SF Express suffered its first quarterly loss in history. Low-priced e-commerce items dragged down profits, and heavy asset expansion dragged down short-term returns. The market began to shift from high-growth stocks to defensive stocks. It will continue to decline from the second half of 2022 to the end of 2023. Due to the limited growth rate of SF Express's overall profit, the market gradually regards SF Express as a "stable operating enterprise" rather than a high-growth enterprise. Therefore, the market's pricing of SF Express's future growth tends to be pessimistic or conservative; the low valuation range (10.6-20.0) reflects the profit reduction caused by economic downturn, industry price wars or cost pressure. Although SF Express's profits are stable in the later period, it lacks new drivers, and the logic of value return is evident.

3.2.2.2 Forward P/BV

The following shows the forward P/BV ratio movement along the standard deviation of +1,+2 and -1,-2.

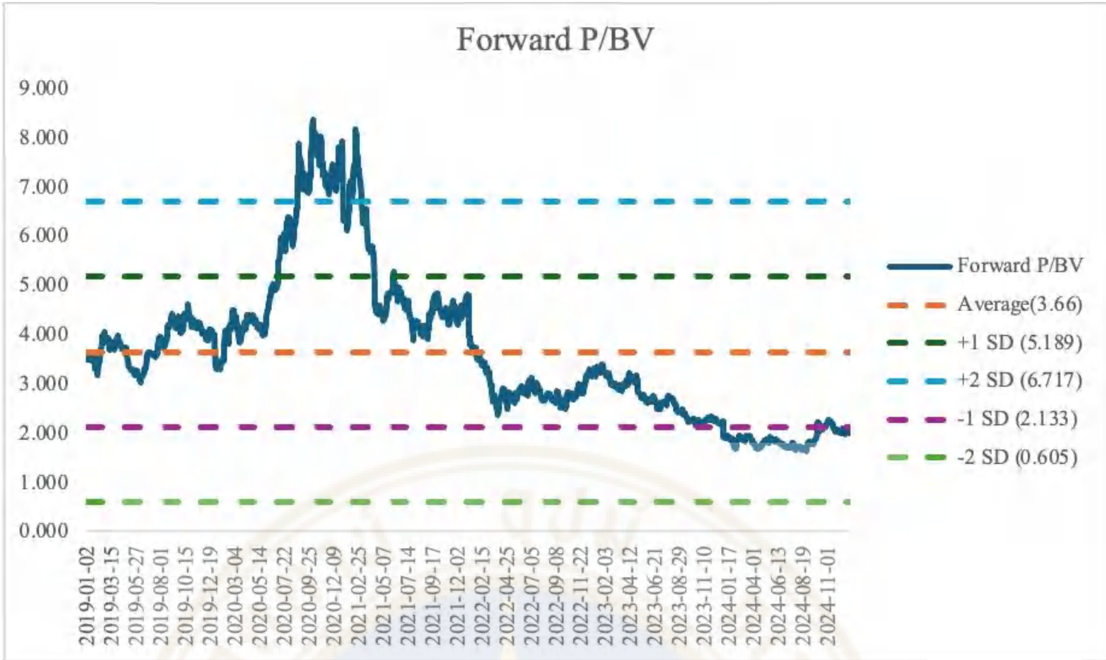


Figure 3.6 SF Express Forward P/BV (2019-2024)

Source: Bloomberg

SF Holding's average expected price-to-book ratio is 3.6 times, reflecting the market's long-term recognition of its asset quality, return on capital and growth. Compared with the industry average (2.5-4.5 times), SF's valuation is at a medium-to-high level. From mid-2020 to early 2021, SF's Forward P/BV was significantly higher than the average due to the surge in express demand during the epidemic, cross-border logistics expansion or industry integration to increase market concentration. Subsequently, affected by factors such as performance explosion, declining profitability and intensified industry competition, the market's expectations for its asset return ability have been significantly lowered, and its valuation has fallen rapidly. After 2023, Forward P/BV continues to be lower than the historical average and runs between -1 and -2 standard deviations, reflecting that the market's expectations for its growth and ROE have become conservative.

3.2.2.3 Forward EV/EBITDA

The following shows the forward EV/EBITDA ratio movement along the standard deviation of +1,+2 and -1,-2.

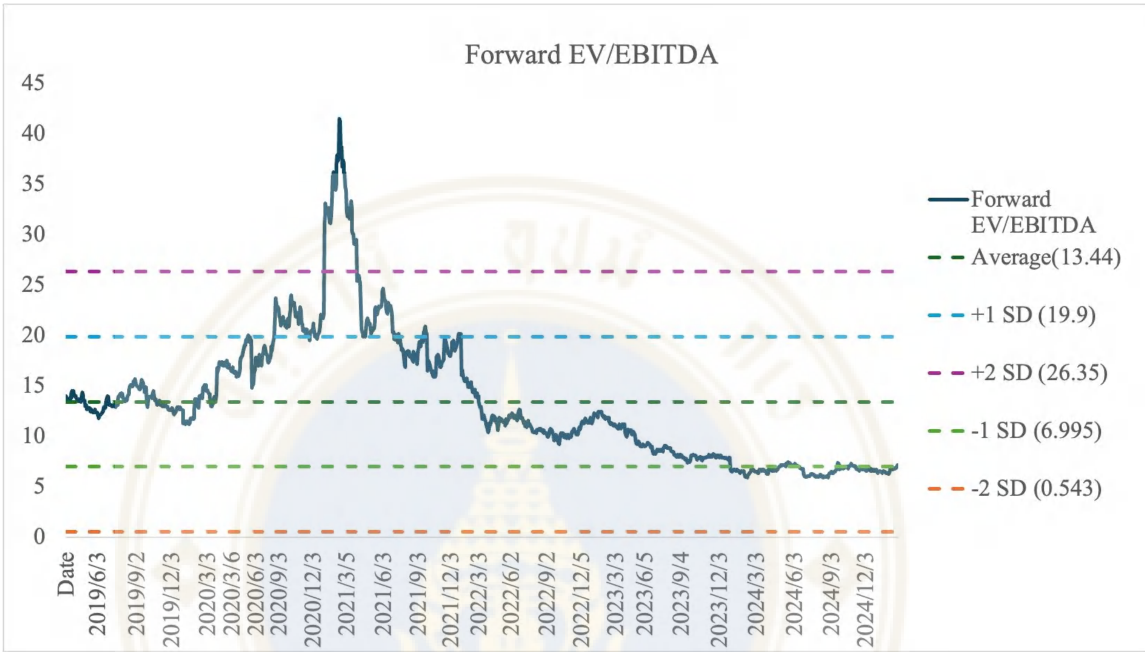


Figure 3.7 SF Express Forward EV/EBITDA (2019-2024)

Source: Bloomberg

The average forward EV/EBITDA of SF Holding is 29.48, indicating that the market has given a high valuation to its future profitability, capital recovery efficiency and industry status. This valuation center is at a relatively high level in the logistics industry, thanks to the scale effect of China's logistics network, the cost-reduction and efficiency-enhancing effects of automation and intelligent logistics technologies, and the profit growth brought by high value-added businesses such as supply chain management and pharmaceutical cold chain. SF's Forward EV/EBITDA soared sharply from 2020 to early 2021 due to the epidemic dividend and expectations of heavy asset expansion, far exceeding the historical average.

Subsequently, affected by performance losses, declining profitability and market expectation revisions, the valuation quickly fell back. Since 2022, although the company's profits have gradually recovered, its growth is insufficient. EV/EBITDA has continued to decline and is around -1 standard deviation in 2024, reflecting that the market's expectations for its future cash flow have become conservative and its valuation has entered a historically low range.

3.2.3 Target Price from Band Valuation

As shown in Table 3.5, SF Express's earnings per share are predicted to be RMB 2.446 in 2025. After experiencing losses in 2021, SF Express has gradually recovered its profits by optimizing its cost structure, controlling capital expenditures, and focusing on the development of profitable businesses. The proportion of high-gross-profit business structure has increased, and the scale effect will be released after the official operation of Ezhou Airport, reducing unit transportation costs and providing support for the increase in earnings per share. The book value per share is predicted to be RMB 21.97 in 2025. As the company's capital expenditure slows down significantly after 2024 and its asset scale tends to stabilize, the shareholder return strategy may shift from continued expansion to dividends, and the growth rate of book value will slow down. EBITDA is predicted to be RMB 35.414 billion in 2025. With the full operation of Ezhou Airport and its high-capacity network, transportation costs will further decline, driving steady growth in EBITDA. (SF Express, n.d.) The integrated logistics business other than traditional express delivery is growing rapidly, contributing more to cash profits. SF Express has shifted to a "stable growth and high efficiency" strategy, paying more attention to the quality of cash flow, and EBITDA, as a representative of cash capacity, is expected to continue to rise. The net debt is predicted to be 1.8208 billion yuan in 2025. The reason is that SF Express's expansion period from 2021 to 2023 has ended, capital expenditure has decreased, and improved profitability and increased operating cash flow have enabled the company to repay its debts; SF Express has shifted to a conservative financial structure, and the "deleveraging" and financial stabilization strategies continue to advance; it is expected to enter a net cash status in 2026, reflecting that the company has transitioned from the "expansion period" to the "profit return period."

Table 3.5 Forecast values of SF Holding's core financial indicators

Relative Value			
	2023	2024	2025E
EPS	1.7	2.076	2.446
EBITDA (Bln.)	22.650	32.163	35.414
BV per Share	19.17	20.134	21.970
Net Debt (Bln.)	19.156447	1.044	1.8208
Number of Share (Bln)	4.817	4.817	4.817

Source: Bloomberg

Table 3.6 shows the target price calculation results of SF Holding in 2025 based on relative valuation, including historical and forward-looking P/E, P/BV and EV/EBITDA valuation multiples. Based on the current share price of 43.04 yuan, the target prices derived from various valuation multiples vary greatly. Among them, the target price derived from the historical P/E valuation multiple is about 95.57 yuan, while the forward-looking P/E is more conservative, with a target price of about 72.11 yuan; similarly, the historical and forward-looking EV/EBITDA valuations are 128.63 yuan and 98.43 yuan, respectively, which seems too optimistic in the current market environment and industry competition. At the same time, the target price derived from the P/BV valuation multiple is relatively more stable, with both historical and forward-looking valuations of about 80.4 yuan. Although the arithmetic average target price of all valuation multiples is about 93.43 yuan, showing a theoretical upside of about 117.12%, considering the current market sentiment, earnings expectations and competitive landscape, this highly optimistic valuation may not be completely in line with the actual situation.

Therefore, in order to further verify the rationality of the valuation and determine a more realistic target price, the next part will conduct an in-depth analysis of the forward-looking valuation multiples of the same industry, and through a horizontal comparison with major comparable companies in the industry, more objectively evaluate the investment value of SF Holding.

Table 3.6 Target price from Band Valuation

Current Price: (2025/03/17)	Multiple Band Valuation - 2025						
43.04	Trailing P/E	Forward P/E	Trailing P/BV	Forward P/BV	Trailing EV/EBITDA	Forward EV/EBITDA	Average
Average	39.07	29.48	3.894	3.66	17.548	13.44	
Target Price (2025E)	95.56522	72.10808	85.55118	80.4102	128.6319955	98.43066028	93.44955596
Upside/ Downside Potential	122.04%	67.54%	98.77%	86.83%	198.87%	128.70%	117.12%

Source: Bloomberg

3.2.4 Peer Group Multiple Valuation

3.2.4.1 Target Price from Peers' multiples

SF Holding's valuation is at a premium level among companies in the same industry. The market gives it a higher P/E, P/BV and EV/EBITDA, reflecting its leading position in the express delivery and integrated logistics fields. Its historical P/E is 21.5 times, higher than the industry average (15.08 times) and median (13.15 times). Although the Forward P/E has dropped to 18.5 times, it is still higher than the industry average (11.93 times), indicating that the market continues to trust its profitability. P/BV (2.3 times) is also higher than the industry average (1.58 times) and median (1.65 times), while Forward P/BV has dropped to 1.98 times, indicating that the market has adjusted its expectations for its asset returns. EV/EBITDA (8.3 times) is higher than the industry average (7 times), while Forward EV/EBITDA has fallen back to 7.2 times, close to the industry average (5.17 times), indicating that the market is cautious about its future profitability.

Table 3.7 SF Express Peer Group Multiples (Trailing and Forward)

Identifier	Company Name	Country	Market Capital (Bln.)	Closing Price	Trailing P/E	P/BV	EV/EBITDA
002352.SZSE	SF Express	China	225.000	¥ 43.04	21.5	2.3	8.3
600233.SHSE	YTO Express	China	47.199	¥ 13.80	11.5	1.5	6.4
002468.SZSE	STO Express	China	17.999	¥ 11.91	23	1.8	8.1
002120.SZSE	Yunda Holding	China	21.210	¥ 7.33	11.6	1	4.2
603056.SHSE	DEPPON Logistics	China	15.501	¥ 15.20	18.1	1.9	14.6
2057.SEHK	ZTO Express	HongKong	115.379	HK$ 159.50	13.4	1.9	7.6
2618.SEHK	JD Logistics	HongKong	76.133	HK$ 13.32	12.9	1.4	3.7
				Peer Average	15.08	1.58	7.43
				Peer Median	13.15	1.65	7
				Max	23	1.90	14.6
				Min	11.5	1.00	3.7

Identifier	Company Name	Country	Market Capital (Bln.)	Closing Price	Forward P/E	P/BV	EV/EBITDA
002352.SZSE	SF Express	China	225.000	¥ 43.04	18.5	1.978	7.2
600233.SHSE	YTO Express	China	47.199	¥ 13.80	9.9	1.488	5.5
002468.SZSE	STO Express	China	17.999	¥ 11.91	15.5	1.668	6.4
002120.SZSE	Yunda Holding	China	21.210	¥ 7.33	9.6	0.958	4.2
603056.SHSE	DEPPON Logistics	China	15.501	¥ 15.20	14.6	1.645	5.2
2057.SEHK	ZTO Express	HongKong	115.379	HK$ 159.50	11.6	1.966	6.5
2618.SEHK	JD Logistics	HongKong	76.133	HK$ 13.32	10.4	1.383	3.2
				Peer Average	11.933	1.518	5.167
				Peer Median	11.00	1.566	5.35
				Max	15.5	1.966	6.5
				Min	9.6	0.958	3.2

Source: Bloomberg

Table 3.8 SF Express Relative Valuation Comparison with Peers

	Mkt Cap (CNY)	P/E	P/BV	EV/EBITDA
SF Express	225	17.7	2.3	14.9
Current Premium to Comps Mean		13%	-15%	-12%
Mean(Including SF Express)	128.69	15.7	2.7	8.2

Source: Bloomberg

SF Express's valuation premium is mainly supported by factors such as market share, profit model and technology investment. As China's leading integrated logistics company, SF Express has a logistics network and a high market share, which makes it more competitive than its peers. In addition, SF Express's layout in high value-added businesses such as pharmaceutical cold chain and supply chain solutions has improved its profit stability and supported its higher P/BV valuation. Technology investment and efficiency improvement are also important factors in SF Express's valuation premium. Through investments in automated sorting, smart logistics systems and intelligent warehousing, SF Express is expected to increase its EBITDA profit margin, optimize ROE, and further enhance the supporting logic of EV/EBITDA.

However, despite SF Express's valuation premium, it still needs to pay attention to potential risks such as slowing future profit growth, intensified industry competition and capital return pressure. The decline in Forward P/E and EV/EBITDA indicates that the market's expectations for SF Express's profit growth have cooled down. If future performance does not meet expectations, the valuation may face a correction. In addition, the rapid expansion of low-price competitors such as ZTO Express and intensified industry competition may affect SF Express's market share and profit margins, especially in traditional express delivery business. In addition, SF Express's high valuation is partly based on the market's expectations for the long-term returns on its capital expenditures. If the returns on smart logistics and overseas market investments fall short of expectations, it may lead to a decline in market sentiment and affect the valuation support for its EV/EBITDA.

3.2.4.2 Selecting Multiples and Target Price Estimation

Table 3.9 presents the estimated target prices of SF Express based on peer multiples valuation, incorporating relative valuation metrics such as

Trailing and Forward P/E, P/BV, and EV/EBITDA ratios. These multiples are drawn from a selected group of comparable logistics companies and represent industry peer median, maximum, and minimumvaluation levels. The goal is to evaluate whether SF Express is currently undervalued or overvalued in comparison to its peers, and to determine the range of possible target prices under different valuation scenarios.

Table 3.9 SF Express Target Price from Peer Multiples

Relative Value				
	2023	2024E	2025E	2026E
EPS	1.7	2.076	2.446	2.833
Book Value (Bln.)	328.523	315.315	0.000	0.000
EBITDA (Bln.)	22.650	32.163	35.414	36.926
BV per Share	19.17	20.134	21.970	23.72
Net Debt (Bln.)	19.156447	1.044	1.8208	-8.44
Number of Share (Bln)	4.817	4.817	4.817	4.817

Current Price: (2025/03/17)	Multiple Band Valuation - 2025						
43.04	Trailing P/E	Forward P/E	Trailing P/BV	Forward P/BV	Trailing EV/EBITDA	Forward EV/EBITDA	Average
Peer Median	13.15	11	1.65	1.56628575	7	5.35	
Target Price (2025E)	32.1649	26.906	36.2505	34.41129792	51.08484758	38.95432103	36.62864442
Upside/ Downside Potential	-25.27%	-37.49%	-15.77%	-20.05%	18.69%	-9.49%	-14.90%

Current Price: (2025/03/17)	Multiple Band Valuation - 2025						
43.04	Trailing P/E	Forward P/E	Trailing P/BV	Forward P/BV	Trailing EV/EBITDA	Forward EV/EBITDA	Average
Peer Max	23	15.5	1.9	1.96622288	14.6	6.5	
Target Price (2025E)	56.258	37.913	41.743	43.19791667	106.958788	47.40893044	55.57993919
Upside/ Downside Potential	30.71%	-11.91%	-3.01%	0.37%	148.51%	10.15%	29.14%

Current Price: (2025/03/17)	Multiple Band Valuation - 2025						
43.04	Trailing P/E	Forward P/E	Trailing P/BV	Forward P/BV	Trailing EV/EBITDA	Forward EV/EBITDA	Average
Peer Min	11.5	9.6	1	0.958	3.7	3.2	
Target Price (2025E)	28.129	23.4816	21.97	21.04726	26.82379448	23.14787735	24.09992197
Upside/ Downside Potential	-34.64%	-45.44%	-48.95%	-51.10%	-37.68%	-46.22%	-44.01%

Source: Bloomberg

The average target price under the peer median valuation multiple is RMB 36.63, which is 14.90% lower than the current market price of RMB 43.04. This suggests that SF Express's current valuation may be slightly overvalued based on industry practices. Specifically, the forward P/E and forward P/B valuations indicate significant downside risks of -37.49% and -20.05%, respectively, reflecting the market's conservative expectations for future profitability and asset returns.

Under the peer valuation Max scenario, the average target price rises to RMB 55.58, implying an upside of +29.14%. This scenario assumes that the market gives SF Express a premium valuation based on its brand strength, extensive logistics network and potential earnings recovery. It is worth noting that in this scenario, the trailing enterprise value/EBITDA multiple shows a particularly optimistic upside of +148.51%, which may reflect an overly optimistic assumption that is not fully consistent with current industry risks or profitability constraints.

Conversely, the average target price using the lowest multiple among competitors drops sharply to RMB24.10, implying a downside risk of -44.01%. This reflects a pessimistic outlook that the market underestimates SF Express's future cash flow and earnings prospects due to increased competition, rising costs, or poor performance in key areas such as international logistics or cold chain operations.

The potential outcomes for all indicators vary widely (from -44.01% to +29.14%), highlighting the sensitivity of SF Express's valuation to market expectations and industry dynamics. While the company currently enjoys a valuation premium over its peers due to its strong brand and asset base, this premium is only justified if its profitability and return on capital improve significantly over the next 12 months. Therefore, this peer-based valuation table supports a realistic target price range of RMB40-50, and selects RMB55.58 as the upper limit of the one-year target price under optimistic but reasonable assumptions.

3.3 Conclusion and Recommendations

3.3.1 Conclusion

First, through the DuPont analysis method, starting from the four dimensions of net asset composition, savings rate, total asset turnover rate and equity multiplier, SF Express's advantages and disadvantages in profitability, operating efficiency and capital structure are revealed. The analysis found that although SF Express's ROE has gradually recovered from the low point in 2021 and its asset quality is stable, its heavy asset model still weakens its profit elasticity and operating efficiency to a certain extent.

In the relative valuation part, the historical multiple band valuation method and the forward-looking multiple valuation method are used to analyze SF Express's P/E, P/BV and EV/EBITDA, and the target price is further derived based on the 2025-2026 financial forecast data. The results show that the average target price derived based on the Band valuation method is 93.45 yuan, but in the current macro environment and the conservative market sentiment, the valuation is too optimistic and the actual operability is low.

Therefore, in order to enhance the actual reference value of the valuation, the paper further introduces the valuation multiples of the same industry for horizontal comparison, and further strengthens the horizontal verification of SF Express's investment value and the analysis of pricing rationality. Based on the median and high multiples, a reasonable one-year target price is set at approximately RMB 55.58, which has approximately 29% upside potential compared to the current share price, supporting a "buy" rating.

3.3.2 Investor Recommendations

Based on the comprehensive financial analysis and relative valuation method provided in this report, this section provides clear and pragmatic investment advice for SF Holding. The historical band valuation suggests a potential target price of up to RMB 92.58, primarily driven by high multiples seen during previous periods of optimistic market sentiment and rapid expansion. However, this valuation may be overly optimistic in light of recent earnings normalization and macroeconomic uncertainties. A more prudent approach is to use the peer forward valuation multiples as the basis for determining fair value. As shown in Section 3.2.4, under the highest peer forward valuation scenario, a reasonable one-year target price is estimated to be RMB 55.58, which has a 29% upside from the current share price of RMB 43.04. In contrast, the peer group analysis—using industry median forward multiples—indicates a more conservative fair value target of RMB 36.63, suggesting the current share price of RMB 43.04 may be modestly overvalued.

Nonetheless, the company's valuation is supported by its leading market share, brand premium, and investments in smart logistics and high-margin segments such as cold-chain and supply chain services. These strengths justify a moderate premium over peer averages. Under the most optimistic—but reasonable—scenario derived from the highest peer multiples, the target price could reach up to RMB 55.58.Therefore, a fair and actionable one-year target price range is set at RMB 40 to RMB 50. This range reflects a blend of historical valuation support and forward-looking earnings expectations. Investors are advised to consider initiating positions if the share price falls within this range. This recommendation balances valuation safety with future upside potential.

In conclusion, we reiterate a "Buy" rating, conditional upon price entry within the RMB 40–50 range. This range is strategically consistent with the valuation results. It is recommended to enter the market at this price range, which can achieve a prudent balance between risk and return, reduce short-term valuation sensitivity, and take into account medium- and long-term growth momentum, such as higher return on equity, increased EBITDA, and increased contributions from high-profit business segments such as cold chain logistics and supply chain management. Therefore, investors are advised to be cautious when making initial investments and pay close attention to the trends in quarterly earnings and cash flow for the full year of 2025. If SF's financial situation continues to improve, especially in terms of a rebound in return on equity, improved asset utilization efficiency, and improved profitability, it is recommended to gradually increase holdings in this established price range to optimize the long-term risk-return situation of the investment portfolio.

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