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## S.F. Holding Co Ltd | Asia Pacific

# China BEST Conference 2026 Feedback

MORGAN STANLEY ASIA LIMITED+

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### Key Takeaways

- Management sees meaningful room for new technology and AI to be applied in operations. helping to improve efficiency and cut costs.
- Supply chain and international will remain important revenue drivers in 2027 amid domestic macro headwinds.

**Elevated fuel prices remain one major overhang for SF in 2H26, per management:** 2026 profit outlook (flat total NP YoY) from management has taken into consideration impacts from fuel, social security coverage increase, smaller subsidies, tax refund, etc.

**2027 outlook:** Stable domestic operations, while international and supply chain to drive revenue growth.

**International businesses have remained loss-making excluding KLN:** Management foresees margin improvements after fuel price normalization.

**Supply chain:** SF is penetrating the upstream of customer supply chains.

**Sorting robotic arms:** SF has started to train them since May 26 and now one set can handle ~1,200 parcels per hour. SF has 40-50 sets in place; payback period is 1.5-1.8 years. Management mentioned rapid tech evolution; hence, it doesn't want to roll out the application too fast.

**Collaboration with J&T is deepening in both domestic and international markets:** J&T has disclosed that connected transactions with SF will not exceed US$20.3mn in 2026.

**S.F. Holding Co Ltd (002352.SZ, 002352 CS)**

**Hong Kong/China Transportation & Infrastructure | China**

| | |
|---|---|
| **Stock Rating** | **Equal-weight** |
| **Industry View** | **In-Line** |
| Price target | Rmb38.40 |
| Up/downside to price target (%) | 25 |
| Shr price, close (Sep 18, 2026) | Rmb30.78 |
| 52-Week Range | Rmb41.40-30.07 |
| Sh out, dil, curr (mn) | 5,265 |
| Mkt cap, curr (mn) | Rmb162,066 |
| EV, curr (mn) | Rmb153,657 |
| Avg daily trading value (mn) | Rmb900 |

| Fiscal Year Ending | 12/25 | 12/26e | 12/27e | 12/28e |
|---|---|---|---|---|
| EPS (Rmb)** | 2.21 | 2.11 | 2.34 | 2.56 |
| EPS (Rmb)§ | 2.17 | 2.26 | 2.60 | 2.93 |
| Revenue, net (Rmb mn) | 308,227 | 327,996 | 348,301 | 371,404 |
| EBITDA (Rmb mn) | 30,629 | 31,823 | 33,772 | 35,621 |
| ModelWare net inc (Rmb mn) | 9,264 | 10,068 | 11,194 | 12,307 |
| Net income (Rmb mn)** | 11,117 | 11,118 | 12,296 | 13,465 |
| P/E | 20.8 | 16.1 | 14.5 | 13.2 |
| P/BV | 1.9 | 1.6 | 1.5 | 1.4 |
| RNOA (%) | 13.7 | 12.5 | 13.6 | 14.7 |
| ROE (%) | 10.1 | 10.1 | 11.3 | 11.6 |
| EV/EBITDA | 6.0 | 4.9 | 4.4 | 3.9 |
| Div yld (%) | 2.3 | 3.1 | 3.8 | 4.2 |
| FCF yld ratio (%)** | 5.1 | 2.5 | 7.8 | 8.8 |

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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# Valuation Methodology and Risks

**S.F. Holding Co Ltd (002352.SZ)**

Probability-weighted DCF valuation: 15% bull case, 70% base case, 15% bear case. We see an equal likelihood that our bull and bear cases will play out, in view of better-than-expected earnings thanks to SF's self-help initiatives in our bull case, and margin pressure from elevated fuel prices or slower-than-expected international revenue growth. Key DCF assumptions are 9.4% WACC and 2.5% terminal growth rate.

**Risks to Upside**

- Better volumes driven by penetration of e-commerce express segment
- Higher revenue growth in international business
- Further cost controls and efficiency gains
- Further dividend payout ratio hikes

**Risks to Downside**

- Intensified market competition
- Lower profitability of new businesses
- Inflated labor costs and heavier depreciation burden from increasing capex
- Worse-than-expected earnings from KLN

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| | Coverage Universe | | Investment Banking Clients (IBC) | | | Other Material Investment Services Clients (MISC) | |
|---|---|---|---|---|---|---|---|
| Stock Rating Category | Count | % of Total | Count | % of Total IBC | % of Rating Category | Count | % of Total Other MISC |
| Overweight/Buy | 1555 | 42% | 450 | 48% | 29% | 767 | 44% |
| Equal-weight/Hold | 1577 | 43% | 395 | 42% | 25% | 770 | 44% |
| Not-Rated/Hold | 3 | 0% | 1 | 0% | 33% | 1 | 0% |
| Underweight/Sell | 559 | 15% | 93 | 10% | 17% | 216 | 12% |
| Total | 3,694 | | 939 | | | 1754 | |

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

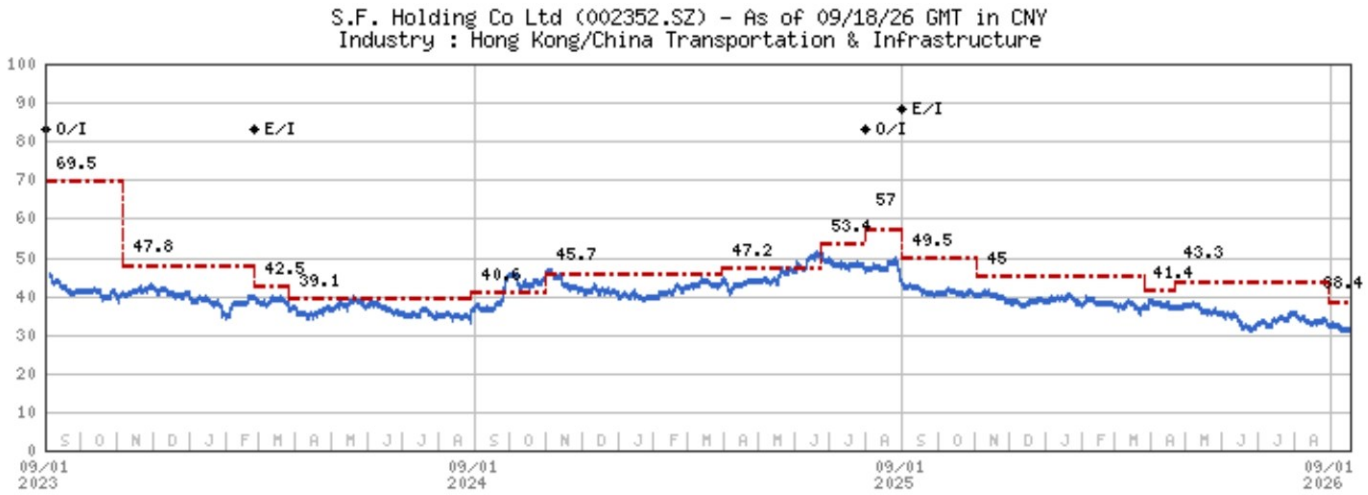
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Stock Rating History: 9/1/21 : O/I; 1/12/23 : E/I; 4/19/23 : O/I; 2/26/24 : E/I; 7/31/25 : O/I; 9/1/25 : E/I

Price Target History: 7/20/21 : 77.8; 12/28/21 : 75.7; 5/20/22 : 61; 9/13/22 : 58.2; 1/12/23 : 65.4; 4/19/23 : 69.5; 11/6/23 : 47.8; 2/26/24 : 42.5; 3/27/24 : 39.1; 8/29/24 : 40.6; 11/1/24 : 45.7; 3/31/25 : 47.2; 6/23/25 : 53.4; 7/31/25 : 57; 9/1/25 : 49.5; 11/4/25 : 45; 3/26/26 : 41.4; 4/21/26 : 43.3; 8/31/26 : 38.4

Source: Morgan Stanley Research  Date Format : MM/DD/YY  Price Target  No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst)  Stock Price (Covered by Current Analyst)
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Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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## INDUSTRY COVERAGE: Hong Kong/China Transportation & Infrastructure

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (09/18/2026) |
|---|---|---|
| **Qianlei Fan, CFA** | | |
| Air China Limited (601111.SS) | E (07/07/2026) | Rmb5.83 |
| Air China Limited (0753.HK) | O (01/13/2025) | HK$3.68 |
| Beijing Capital Int'l Airport (0694.HK) | U (09/23/2025) | HK$1.44 |
| Beijing-Shanghai High-Speed Railway (601816.SS) | O (07/03/2020) | Rmb4.75 |
| BOC Aviation (2588.HK) | O (03/21/2022) | HK$71.60 |
| Cathay Pacific Airways (0293.HK) | O (06/10/2026) | HK$13.95 |
| China Eastern Airlines (600115.SS) | E (07/07/2026) | Rmb3.41 |
| China Eastern Airlines (0670.HK) | O (01/13/2025) | HK$2.60 |
| China Merchants Energy Shipping Co. Ltd. (601872.SS) | O (03/10/2020) | Rmb22.36 |
| China Southern Airlines (600029.SS) | E (07/07/2026) | Rmb4.93 |
| China Southern Airlines (1055.HK) | O (01/13/2025) | HK$2.96 |
| COSCO SHIPPING Energy Transportation (1138.HK) | O (01/12/2023) | HK$19.26 |
| COSCO SHIPPING Energy Transportation (600026.SS) | O (11/25/2025) | Rmb22.07 |
| COSCO Shipping Holdings Ltd (601919.SS) | U (07/15/2024) | Rmb16.10 |
| COSCO Shipping Holdings Ltd (1919.HK) | U (07/15/2024) | HK$16.58 |
| Guangzhou Baiyun Int'l Airport (600004.SS) | U (06/10/2026) | Rmb7.63 |
| J&T Global Express Ltd (1519.HK) | O (07/06/2026) | HK$8.98 |
| JD Logistics, Inc. (2618.HK) | E (09/15/2026) | HK$10.47 |
| Orient Overseas (International) Ltd (0316.HK) | U (07/15/2024) | HK$146.30 |
| Pacific Basin Shipping (2343.HK) | E (07/04/2025) | HK$4.16 |
| S.F. Holding Co Ltd (002352.SZ) | E (09/01/2025) | Rmb30.78 |
| Shanghai International Airport (600009.SS) | E (09/23/2025) | Rmb22.68 |
| SITC International Holdings Company (1308.HK) | U (09/08/2026) | HK$48.16 |
| Spring Airlines (601021.SS) | O (08/31/2015) | Rmb41.90 |
| STO Express Co Ltd (002468.SZ) | E (10/22/2024) | Rmb14.90 |
| TravelSky Technology (0696.HK) | U (01/13/2025) | HK$8.75 |

| | | |
|---|---|---|
| YTO Express Group Co Ltd (600233.SS) | O (09/11/2025) | Rmb18.33 |
| YUNDA Holding Co Ltd (002120.SZ) | U (07/29/2020) | Rmb6.97 |
| ZTO Express (ZTO.N) | O (11/21/2016) | US$20.86 |

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

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