

## Logistics/Ports - Asia-Pacific

## Our take on the strong LNY express delivery volume; ground checks takeaways

Industry Overview

## Strong volume growth during LNY...

According to China's SPB data, express delivery volume in the first 23 days of the Spring Festival travel season grew by 30% yoy (i.e., 26 Jan to 17 Feb 2024 vs 7 Jan to 29 Jan 2023) – better than market expectation. We could attribute the strong volume growth to 1) more working days for express delivery network partners during the LNY this year; and 2) more constrained ASP hike during the LNY.

## ...but volume growth may slow in the subsequent weeks

Our recent checks with express delivery franchisees in Hangzhou and Yiwu suggest: 1) their volumes saw a 20%+ growth during LNY (similar to the trend reported by SPB numbers). This year, couriers at their network stations got back to work on the third day of the LNY, while last year it was on the fifth/ sixth days. Yet, the period of factory shutdown during LNY was similar this year vs 2023. Hence, they expect parcel volume growth post LNY to slow. 2) ASP hike during LNY was more constrained this year – a franchisee of Yunda in Yiwu sees a RMB1 hike in ASP on average this year, vs RMB2 in 2023. A YTO franchisee in Hangzhou mentioned he kept the ASP flat for KA merchants and charged extra only for small customers. Both franchisees expect price war to reignite in 2Q. 3) J&T franchisee in Yiwu said that J&T gained share of wallet at Douyin since late-2023, while ZTO lost shares.

## STO, YTO gained most shares in Jan at the expense of ZTO

According to company data and our checks, in Jan 2024, we estimate that **STO (58.4mn parcels/day)/ YTO (69.4mn parcels/day)** gained market share of 1.3ppt/1.1ppt vs Dec 2023, or nearly 0.9ppt/ 1.3ppt vs 4Q23. **Yunda (63.9mn parcels/day)/ J&T (51.6mn parcels/day)** also gained share in Jan 2024 by 0.7ppt/0.6ppt vs Dec 2023 and 1.1ppt/0.7ppt vs 4Q23. **ZTO (89.3mn parcels/day)**, however, lost market share of 0.1ppt and 0.4ppt in Jan 2024 vs Dec 2023 and 4Q23, respectively. Both YTO and Yunda reported a RMB3 cents MoM ASP increase in Jan, while STO reported a RMB1 cent hike.

We estimate that SFH's market share grew 0.5ppt and 0.6ppt in Jan 2024 vs Dec 2023 and 4Q23, while reported ASP saw a healthy RMB1 increase MoM to RMB17. Supply chain and international business revenue came in 2% higher YoY at RMB4.856bn. Please refer to Exhibit 1 for Jan. operating data summary.

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LNY=Lunar New Year

SPB = State Post Bureau

KA = Key Account

ZTO = ZTO Express

YTO = YTO Express

STO = STO Express

J&amp;T = J&amp;T Global Express

Yunda = Yunda Holding

SFH = SF Holding

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**Exhibit 1: Jan 2024 operating data at a glance**

Express delivery volume recorded strong growth in Jan due to the difference in LNY timing in 2024 vs 2023

<b>Jan-24</b>	<b>STO</b>	<b>YTO</b>	<b>Yunda</b>	<b>SF</b>	<b>SF ex-Fengwang</b>
Express revenue (Rmb mn)	3,966	5,261	4,440	19,501	
yoy %	82.61%	71.48%	61.51%	19.46%	20.72%
Express volume (mn)	1,810	2,151	1,957	1,147	
yoy %	124.53%	91.79%	96.09%	19.88%	28.30%
ASP (RMB)	2.19	2.45	2.27	17.00	
yoy %	-18.89%	-10.59%	-17.45%	-0.35%	-5.92%
Int'l and supply chain revenue (RMB mn)	--	--	--	4,856	
yoy %	--	--	--	2.00%	

**Source:** Company, BofA Global Research

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