

China Express Delivery Sector

Divergence in operating figures among major players in May

Major express delivery companies released May operating figures over the weekend. **YTO (600233 CH, NR)** delivered 27% YoY shipment volume growth (versus industry average of 25%) with only 2% YoY decrease in ASP. **SF Holding (002352 CH, HOLD)** saw 36% YoY shipment growth but ASP dropped 13% YoY. **STO (002468 CH, NR)** reported only 9% YoY growth in shipment volume, significantly underperformed the industry. We believe such divergence suggests potential breakthrough in the industry consolidation going forward. We remain selective in the sector and prefer **ZTO (2057 HK / ZTO US, BUY)** for its leading cost advantage. We like SF's long term growth potential but prefer staying on the sideline due to low earnings visibility in the near term.

- **Parcel shipment volume in May: SF the highest; STO the weakest.** For the industry as a whole, parcel shipment volume grew 25% YoY to 9.2bn units in May. SF delivered 36% YoY growth, above the industry average. STO, however, reported significant slowdown to only 9% growth in May, versus 26% in Apr.
- **ASP in May: Less ASP decline for major Tongda players.** For the industry as a whole, the parcel ASP dropped 10% YoY and 3% MoM in May. YTO/STO/Yunda reported only 1-2% YoY decrease in ASP, the best in three years in terms of percentage decline. SF's ASP dropped 13% YoY which we believe is a result of continuous aggressive strategy to defend market share.
- **Market share change in May.** YTO's market share reached 15.9%, representing increase in terms of both YoY and MoM. **Yunda (002120 CH, NR)** remained the highest (17.5% in May) among the major players (excluding ZTO). SF reported 0.8ppt YoY increase in share to 9.4%, while STO reported 1.48ppt YoY decrease in share. CR8 in May/5M21 was 81.7%/80.5%.

Operating figures for the major express delivery players

	Industry	YTO	STO	Yunda	SF
Parcel shipment volume (mn units)					
May-20	7,383	1,156	852	1,299	636
Apr-21	8,500	1,309	857	1,404	834
May-21	9,223	1,469	928	1,612	868
Change (YoY)	25%	27%	9%	24%	36%
Change (MoM)	9%	12%	8%	15%	4%
ASP (RMB /unit)					
May-20	10.46	2.09	2.12	2.04	18.01
Apr-21	9.69	2.15	2.13	2.04	15.84
May-21	9.37	2.04	2.07	2.02	15.59
Change (YoY)	-10%	-2%	-2%	-1%	-13%
Change (MoM)	-3%	-5%	-3%	-1%	-2%
Market share					
May-20	-	15.7%	11.5%	17.6%	8.6%
Apr-21	-	15.4%	10.1%	16.5%	9.8%
May-21	-	15.9%	10.1%	17.5%	9.4%
Change in ppt (YoY)	-	0.27	-1.48	-0.12	0.80
Change in ppt (MoM)	-	0.53	-0.02	0.96	-0.40

Note: ZTO does not disclose monthly figures

Source: The State Post Bureau, Company data, CMBIS

MARKET PERFORM (Maintain)

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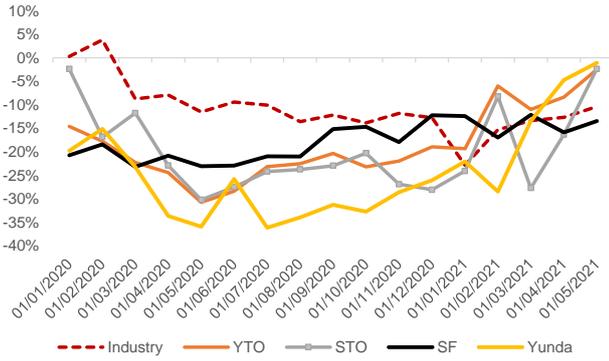
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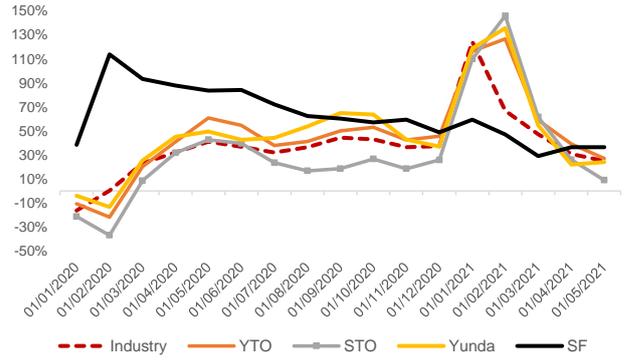
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Figure 1: Express delivery ASP change (YoY)



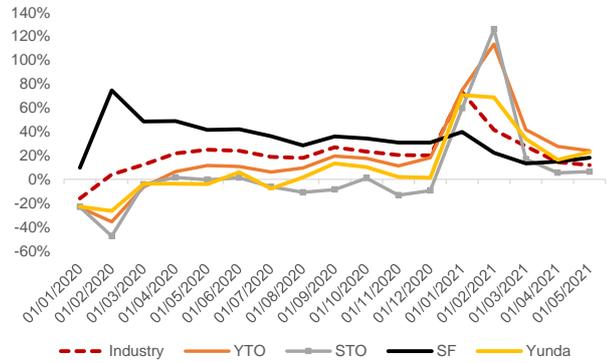
Source: State Post Bureau, Company data, CMBIS

Figure 2: Parcel shipment volume growth (YoY)



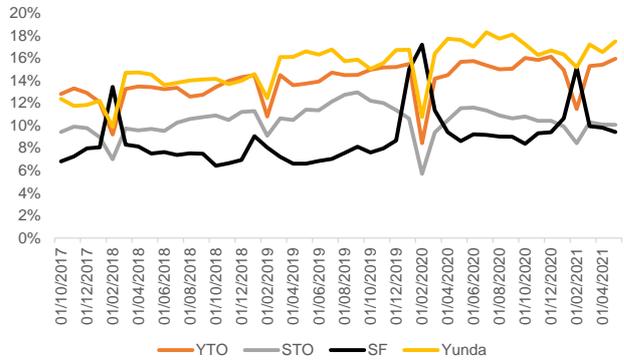
Source: State Post Bureau, Company data, CMBIS

Figure 3: Express delivery revenue growth (YoY)



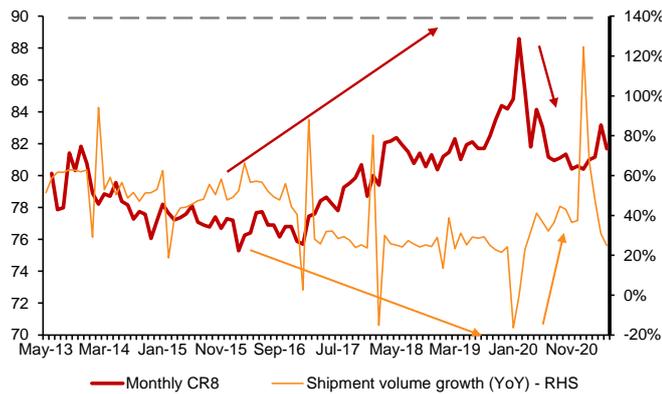
Source: State Post Bureau, Company data, Wind, CMBIS

Figure 4: Monthly market share trend



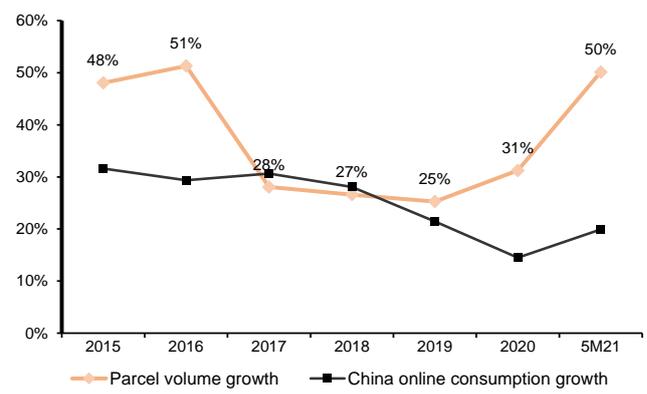
Source: State Post Bureau, Company data, CMBIS

Figure 5: Negative correlation (-43% in last 8 years) between CR8 and parcel shipment growth in China



Source: State Post Bureau, Wind, CMBIS

Figure 6: Parcel shipment growth has continued to outpace e-commerce value growth since 2019



Source: NBS, State Post Bureau, CMBIS

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