

J&T Express (1519 HK)

Share swap with SF to help expand new markets

J&T and SF (6936 HK / 002352 CH, NR) announced a share-swap agreement this morning. We believe it is an important strategic co-operation that allows both companies to leverage their valuable resources to achieve synergies. Management arranged a conference call this morning. **Key takeaways:** In overseas markets, J&T can leverage SF's first-mile, cross-border line haul, warehouses and parcel lockers to further grow its express delivery network in the emerging markets as well as open up opportunities in Europe and the US market. In terms of products, J&T will be able to expand its offerings on time-definite products in the SEA. In China market, J&T's non-e-commerce delivery products can be expanded through leveraging SF's parcel pick-up point network.

- **Subscription of SF shares by J&T:** J&T will subscribe 225.9mn H-shares issued by SF at a price of HK\$36.74/shr (total consideration: HK\$8.3bn). The subscription price represents a 3.9% premium to the closing price on 14 Jan. The subscription price is equivalent to ~13x 2026E P/E (based on Bloomberg consensus earnings for SF). Upon completion, J&T will own 4.29% of the total o/s shares (enlarged) of SF.
- **Subscription of J&T shares by SF:** SF will subscribe 822mn B shares issued by J&T at a price of HK\$10 (~14.8% discount to the closing price on 14 Jan). Based on our earnings forecast, the subscription price represents ~19x 2026E P/E. Upon completion, SF's holdings in J&T total shares will increase by 8.45ppts to 10%.
- **Long lock-up period.** Both companies agreed on a five-year lock-up period. We think the long lock-up period reflects the strong commitment from the two companies, which will offer the market with confidence.
- **Maintain BUY with unchanged SOTP-based TP of HK\$13.4.** We continue to like J&T, due to (1) its unmatched competitive edge and market share gain potential in SEA (32.8% in 1H25), (2) good potential in new markets such as Brazil and the Middle East, and (3) potential new business opportunities arising from the co-operation with SF. We have left our model unchanged for now as the share-swap agreement is subject to shareholders' approval.

Earnings Summary

| (YE 31 Dec) | FY23A | FY24A | FY25E | FY26E | FY27E |
|-------------------------------|---------|--------|--------|--------|--------|
| Revenue (US\$ mn) | 8,849 | 10,259 | 12,161 | 14,110 | 16,162 |
| YoY growth (%) | 21.8 | 15.9 | 18.5 | 16.0 | 14.5 |
| Adjusted net profit (US\$ mn) | (432.3) | 200.3 | 347.6 | 583.2 | 760.9 |
| EPS (Adjusted) (US\$ cents) | (5.00) | 2.27 | 3.94 | 6.62 | 8.63 |
| Consensus EPS (US\$ cents) | na | na | 4.60 | 7.05 | 9.45 |
| P/E (x) | ns | 131.9 | 52.0 | 25.3 | 19.4 |
| P/B (x) | 4.8 | 4.7 | 4.3 | 3.7 | 3.1 |
| Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ROE (%) | na | 3.6 | 8.6 | 15.7 | 17.3 |
| Net gearing (%) | (8.8) | (1.9) | (0.8) | (6.0) | (5.8) |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

| | |
|---------------|-----------|
| Target Price | HK\$13.40 |
| Up/Downside | 14.1% |
| Current Price | HK\$11.74 |

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Stock Data

| | |
|--------------------------|------------|
| Mkt Cap (HK\$ mn) | 103,454.8 |
| Avg 3 mths t/o (HK\$ mn) | 237.1 |
| 52w High/Low (HK\$) | 12.00/4.68 |
| Total Issued Shares (mn) | 8812.2 |

Source: FactSet

Shareholding Structure

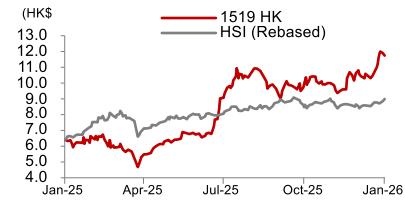
| | |
|--------------|-------|
| Jet Jie Li | 11.1% |
| Source: HKEx | |

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 10.7% | 6.5% |
| 3-mth | 22.2% | 15.1% |
| 6-mth | 29.4% | 16.0% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

J&T Express (BUY) – Takeaways from Bangkok investor call – 12 Dec 2025 ([link](#))

J&T Express (BUY) – Parcel growth in SEA further accelerated in 3Q25 – 14 Oct 2025 ([link](#))

J&T Express (BUY) – 1H25 profit a mixed bag but growth story well intact – 1 Sep 2025 ([link](#))

J&T Express (BUY) – Impressive parcel volume growth in SEA – 9 Jul 2025 ([link](#))

Figure 1: Key operating assumptions for J&T Express

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Shipment volume (mn units of parcel) | | | | | | | | |
| Southeast Asia | 1,154 | 2,161 | 2,513 | 3,240 | 4,563 | 7,119 | 9,254 | 11,290 |
| China | 2,084 | 8,334 | 12,026 | 15,341 | 19,801 | 23,365 | 26,870 | 30,095 |
| New markets | - | - | 49 | 230 | 281 | 388 | 543 | 750 |
| Total | 3,237 | 10,495 | 14,588 | 18,812 | 24,646 | 30,872 | 36,668 | 42,134 |
| Change (YoY) | | | | | | | | |
| Southeast Asia | - | 87.3% | 16.3% | 28.9% | 40.8% | 56.0% | 30.0% | 22.0% |
| China | - | 300.0% | 44.3% | 27.6% | 29.1% | 18.0% | 15.0% | 12.0% |
| New markets | - | - | - | 369.0% | 22.1% | 38.0% | 40.0% | 38.0% |
| Average | - | 224.2% | 39.0% | 29.0% | 31.0% | 25.3% | 18.8% | 14.9% |
| ASP (US\$) | | | | | | | | |
| Southeast Asia | 0.91 | 1.10 | 0.95 | 0.81 | 0.71 | 0.60 | 0.57 | 0.54 |
| China | 0.23 | 0.26 | 0.34 | 0.34 | 0.32 | 0.30 | 0.28 | 0.28 |
| New markets | - | - | 1.67 | 1.42 | 2.05 | 2.11 | 2.08 | 2.05 |
| Blended | 0.47 | 0.43 | 0.45 | 0.44 | 0.41 | 0.39 | 0.38 | 0.38 |
| Change (YoY) | | | | | | | | |
| Southeast Asia | - | 21.3% | -13.9% | -14.2% | -13.2% | -14.5% | -6.0% | -4.0% |
| China | - | 13.9% | 30.1% | 0.1% | -5.4% | -7.5% | -4.5% | -2.0% |
| New markets | - | - | - | -14.8% | 44.2% | 3.0% | -1.5% | -1.5% |
| Average | - | -7.8% | 3.5% | -3.2% | -5.1% | -5.3% | -2.2% | -0.3% |
| Unit cost of express delivery by region (US\$) | | | | | | | | |
| Southeast Asia | -0.64 | -0.79 | -0.76 | -0.67 | -0.57 | -0.49 | -0.47 | -0.46 |
| China | -0.51 | -0.41 | -0.40 | -0.34 | -0.30 | -0.29 | -0.27 | -0.26 |
| New markets | - | - | -2.06 | -1.41 | -1.94 | -1.83 | -1.81 | -1.79 |
| Average | -0.55 | -0.49 | -0.46 | -0.41 | -0.37 | -0.35 | -0.34 | -0.34 |
| Change (YoY) | | | | | | | | |
| Southeast Asia | - | 24.7% | -4.5% | -12.0% | -15.1% | -14.1% | -3.9% | -2.7% |
| China | - | -19.5% | -3.0% | -14.9% | -10.6% | -5.0% | -6.7% | -3.0% |
| New markets | - | - | - | -31.4% | 37.5% | -5.8% | -1.0% | -1.0% |
| Average | - | -11.9% | -4.8% | -12.2% | -9.3% | -4.7% | -3.2% | -0.5% |
| Unit gross margin (US\$) | | | | | | | | |
| Southeast Asia | 0.27 | 0.31 | 0.19 | 0.15 | 0.14 | 0.12 | 0.10 | 0.09 |
| China | -0.28 | -0.15 | -0.06 | 0.00 | 0.02 | 0.01 | 0.02 | 0.02 |
| New markets | - | - | -0.39 | 0.01 | 0.11 | 0.28 | 0.27 | 0.25 |
| Average | -0.08 | -0.05 | -0.01 | 0.03 | 0.04 | 0.04 | 0.04 | 0.04 |
| Change (YoY) | | | | | | | | |
| Southeast Asia | - | 13.3% | -38.2% | -23.4% | -4.4% | -16.2% | -14.8% | -9.9% |
| China | - | - | - | - | - | -43.1% | 47.4% | 13.2% |
| New markets | - | - | - | - | - | 164.8% | -4.8% | -4.9% |
| Average | - | - | - | - | 56.1% | -10.2% | 6.5% | 2.0% |
| (US\$ mn) | | | | | | | | |
| Revenue | | | | | | | | |
| Express delivery services | 1,525 | 4,559 | 6,560 | 8,189 | 10,185 | 12,087 | 14,036 | 16,087 |
| Southeast Asia | 1,047 | 2,378 | 2,382 | 2,633 | 3,221 | 4,296 | 5,250 | 6,148 |
| China | 479 | 2,181 | 4,096 | 5,229 | 6,388 | 6,973 | 7,658 | 8,405 |
| New markets | - | - | 82 | 327 | 576 | 818 | 1,128 | 1,533 |
| Cross-border services | 10 | 292 | 708 | 660 | 75 | 75 | 75 | 75 |
| Total | 1,535 | 4,852 | 7,267 | 8,849 | 10,259 | 12,161 | 14,110 | 16,162 |
| Revenue growth (by segment) | | | | | | | | |
| Express delivery services | - | 198.9% | 43.9% | 24.8% | 24.4% | 18.7% | 16.1% | 14.6% |
| Southeast Asia | - | 127.2% | 0.2% | 10.6% | 22.3% | 33.4% | 22.2% | 17.1% |
| China | - | 355.5% | 87.8% | 27.7% | 22.2% | 9.2% | 9.8% | 9.8% |
| New markets | - | - | - | 299.5% | 76.1% | 42.1% | 37.9% | 35.9% |
| Cross-border services | - | 2797.5% | 142.5% | -6.8% | -88.7% | 0.0% | 0.0% | 0.0% |
| Average | - | 216.0% | 49.8% | 21.8% | 15.9% | 18.5% | 16.0% | 14.5% |
| Gross margin (by region) | | | | | | | | |
| Southeast Asia | 29.8% | 27.8% | 20.0% | 17.9% | 19.7% | 19.3% | 17.5% | 16.4% |
| China | -120.4% | -55.9% | -16.2% | 1.1% | 6.6% | 4.1% | 6.3% | 7.3% |
| New markets | 0.0% | 0.0% | -23.5% | 0.5% | 5.2% | 13.3% | 12.8% | 12.4% |
| Cross border | 32.5% | 4.1% | -8.8% | -8.8% | -9.5% | 14.0% | 10.0% | 10.0% |
| Blended gross margin | -17.0% | -11.2% | -3.7% | 5.3% | 10.5% | 10.1% | 11.0% | 11.2% |
| (US\$ mn) | | | | | | | | |
| Adjusted EBITDA | | | | | | | | |
| SEA | 267 | 427 | 332 | 376 | 456 | 736 | 875 | 942 |
| China | -616 | -1,206 | -723 | 31 | 427 | 311 | 323 | 426 |
| New markets | 0 | 0 | -74 | -82 | -43 | 22 | 34 | 75 |
| Cross border | 2 | -14 | -95 | -107 | -29 | 6 | 7 | 7 |
| Unallocated | 27 | -2 | -334 | -71 | -33 | -90 | -60 | -40 |
| Total adjusted EBITDA | -321 | -794 | -894 | 147 | 778 | 984 | 1,179 | 1,409 |
| Share-based payments and expenses | -188 | -619 | -281 | -1,462 | -87 | -67 | 0 | 0 |
| Listing expense | 0 | -12 | -10 | -8 | 0 | 0 | 0 | 0 |
| Others | 0 | -1 | 302 | 0 | 0 | 0 | 0 | 0 |
| Reported EBITDA | -509 | -1,427 | -884 | -1,324 | 692 | 917 | 1,179 | 1,409 |

Source: Company data, CMBIGM estimates

Valuation

We apply different EV/EBITDA multiples for different markets to better reflect their respective growth outlook. We maintain our SOTP-based TP of HK\$13.4.

- **SEA:** We assign a target multiple of 14x, which is ~80% premium to the average of global integrated logistics operators (7.7x). Our larger target premium is to reflect J&T's strong pricing power and continuous market share gains in the region.
- **China:** We assign a target multiple of 6.5x, in line with the major peers. We expect the "anti-involution" campaign will lend support to the valuation.
- **New markets:** We assign a target multiple unchanged at 20x. Our valuation premium is to reflect the strong growth potential in the Latin America and the Middle East markets.

Figure 2: Target equity valuation

| Breakdown | Methodology | | 2026E (US\$ mn) | Multiple (x) | Value (US\$mn) | % of total |
|--------------------------|-------------|--------|--------------------|-----------------|-------------------|------------|
| SEA | EV/EBITDA | EBITDA | 875 | 14 | 12,252 | 81% |
| China | EV/EBITDA | EBITDA | 323 | 6.5 | 2,097 | 14% |
| New markets | EV/EBITDA | EBITDA | 35 | 20 | 693 | 5% |
| Total EV | | | | | 15,042 | 100% |
| Add: Net cash (end 2024) | | | | | 55 | |
| Minus: MI | | | | | 0 | |
| Equity value | | | | | 15,096 | |
| Target price | | | | | 1.71 | |
| US\$ | | | | | 1.71 | |
| HK\$ | | | | | 13.4 | |

Source: CMBIGM estimates

Financial Summary

| INCOME STATEMENT | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|----------------|----------------|---------------|---------------|---------------|---------------|
| YE 31 Dec (US\$ mn) | | | | | | |
| Revenue | 7,267 | 8,849 | 10,259 | 12,161 | 14,110 | 16,162 |
| Cost of goods sold | (7,538) | (8,376) | (9,181) | (10,931) | (12,560) | (14,346) |
| Gross profit | (270) | 473 | 1,078 | 1,231 | 1,551 | 1,816 |
| Operating profit | (1,390) | (1,767) | 211 | 390 | 726 | 929 |
| Share of (losses)/profits of associates/JV | (0) | (0) | (0) | 0 | 0 | 0 |
| Interest income | 22 | 25 | 41 | 21 | 20 | 20 |
| Interest expense | (99) | (105) | (126) | (86) | (59) | (54) |
| Net Interest income/(expense) | (77) | (80) | (86) | (65) | (39) | (34) |
| Others | 3,051 | 708 | 4 | 0 | 0 | 0 |
| Pre-tax profit | 1,583 | (1,139) | 129 | 326 | 686 | 895 |
| Income tax | (11) | (17) | (15) | (42) | (103) | (134) |
| After tax profit | 1,573 | (1,156) | 114 | 283 | 583 | 761 |
| Minority interest | 84 | 55 | (13) | (28) | (58) | (76) |
| Net profit | 1,656 | (1,101) | 101 | 255 | 525 | 685 |
| Adjusted net profit | (1,488) | (432) | 200 | 348 | 583 | 761 |
| Gross dividends | 29 | 0 | 0 | 0 | 0 | 0 |
| BALANCE SHEET | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec (US\$ mn) | | | | | | |
| Current assets | 2,846 | 3,137 | 3,613 | 3,544 | 3,833 | 4,512 |
| Cash & equivalents | 1,504 | 1,483 | 1,597 | 1,266 | 1,260 | 1,289 |
| Restricted cash | 80 | 42 | 41 | 41 | 41 | 41 |
| Account receivables | 514 | 556 | 680 | 719 | 827 | 1,121 |
| Inventories | 29 | 35 | 22 | 56 | 26 | 84 |
| Prepayment | 703 | 971 | 1,172 | 1,360 | 1,578 | 1,876 |
| Financial assets at FVTPL | 16 | 50 | 101 | 101 | 101 | 101 |
| Other current assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-current assets | 3,089 | 3,464 | 3,682 | 3,812 | 4,016 | 4,193 |
| PP&E | 1,053 | 1,179 | 1,386 | 1,635 | 1,858 | 2,056 |
| Right-of-use assets | 481 | 503 | 477 | 377 | 377 | 377 |
| Deferred income tax | 43 | 54 | 75 | 75 | 75 | 75 |
| Investment in JVs & assos | 1 | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 964 | 975 | 1,119 | 1,099 | 1,080 | 1,060 |
| Financial assets at FVTPL | 481 | 726 | 573 | 573 | 573 | 573 |
| Other non-current assets | 67 | 28 | 53 | 53 | 53 | 53 |
| Total assets | 5,936 | 6,601 | 7,295 | 7,356 | 7,848 | 8,706 |
| Current liabilities | 1,732 | 2,085 | 2,418 | 2,496 | 2,605 | 2,702 |
| Short-term borrowings | 77 | 211 | 263 | 263 | 263 | 263 |
| Account payables | 484 | 467 | 590 | 668 | 777 | 873 |
| Tax payable | 32 | 31 | 35 | 35 | 35 | 35 |
| Other current liabilities | 0 | 11 | 11 | 11 | 11 | 11 |
| Lease liabilities | 151 | 204 | 172 | 172 | 172 | 172 |
| Contract liabilities | 210 | 272 | 322 | 322 | 322 | 322 |
| Accrued expenses | 776 | 889 | 1,024 | 1,024 | 1,024 | 1,024 |
| Non-current liabilities | 9,188 | 2,037 | 2,354 | 2,054 | 1,854 | 1,854 |
| Long-term borrowings | 1,021 | 1,071 | 1,321 | 1,021 | 821 | 821 |
| Obligations under finance leases | 341 | 304 | 297 | 297 | 297 | 297 |
| Other non-current liabilities | 7,826 | 661 | 737 | 737 | 737 | 737 |
| Total liabilities | 10,920 | 4,122 | 4,772 | 4,550 | 4,459 | 4,556 |
| Total shareholders equity | (4,847) | 2,750 | 2,825 | 3,080 | 3,605 | 4,290 |
| Minority interest | (137) | (270) | (303) | (274) | (216) | (140) |

| CASH FLOW | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| YE 31 Dec (US\$ mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 1,583 | (1,139) | 129 | 326 | 686 | 895 |
| Depreciation & amortization | 249 | 246 | 399 | 427 | 453 | 479 |
| Tax paid | (74) | (82) | (15) | (42) | (103) | (134) |
| Change in working capital | (227) | 205 | (189) | (184) | (186) | (554) |
| Others | (2,050) | 1,113 | 483 | 165 | 39 | 34 |
| Net cash from operations | (520) | 342 | 807 | 691 | 890 | 721 |
| Investing | | | | | | |
| Capital expenditure | (541) | (417) | (581) | (650) | (650) | (650) |
| Acquisition of subsidiaries/ investments | 4 | (62) | 0 | 0 | 0 | 0 |
| Others | (322) | (380) | 41 | 14 | 13 | 13 |
| Net cash from investing | (860) | (859) | (541) | (636) | (637) | (637) |
| Financing | | | | | | |
| Dividend paid | (121) | (29) | 0 | 0 | 0 | 0 |
| Net borrowings | 1,009 | 184 | 301 | (300) | (200) | 0 |
| Proceeds from share issues | 264 | 486 | 0 | 0 | 0 | 0 |
| Others | (271) | (141) | 0 | (86) | (59) | (54) |
| Net cash from financing | 881 | 501 | 301 | (386) | (259) | (54) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 2,102 | 1,504 | 1,483 | 1,597 | 1,266 | 1,260 |
| Exchange difference | (100) | (5) | (453) | 0 | 0 | 0 |
| Cash at the end of the year | 1,504 | 1,483 | 1,597 | 1,266 | 1,260 | 1,289 |
| GROWTH | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Revenue | 49.8% | 21.8% | 15.9% | 18.5% | 16.0% | 14.5% |
| Gross profit | na | na | 128.0% | 14.1% | 26.0% | 17.1% |
| Operating profit | na | na | na | 85.3% | 85.9% | 28.1% |
| Net profit | na | na | na | 153.6% | 105.8% | 30.5% |
| Adj. net profit | na | na | na | 73.5% | 67.8% | 30.5% |
| PROFITABILITY | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Gross profit margin | (3.7%) | 5.3% | 10.5% | 10.1% | 11.0% | 11.2% |
| Operating margin | (19.1%) | (20.0%) | 2.1% | 3.2% | 5.1% | 5.8% |
| Adj. net profit margin | (20.5%) | (4.9%) | 2.0% | 2.9% | 4.1% | 4.7% |
| Return on equity (ROE) | na | na | 3.6% | 8.6% | 15.7% | 17.3% |
| GEARING/LIQUIDITY/ACTIVITIES | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | na | (0.1) | (0.0) | (0.0) | (0.1) | (0.1) |
| Current ratio (x) | 1.6 | 1.5 | 1.5 | 1.4 | 1.5 | 1.7 |
| Receivable turnover days | 21.3 | 22.1 | 22.0 | 21.0 | 20.0 | 22.0 |
| Inventory turnover days | 1.4 | 1.4 | 1.1 | 1.3 | 1.2 | 1.4 |
| Payable turnover days | 25.7 | 20.7 | 21.0 | 21.0 | 21.0 | 21.0 |
| VALUATION | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| P/E | na | ns | 131.9 | 52.0 | 25.3 | 19.4 |
| P/B | na | 4.8 | 4.7 | 4.3 | 3.7 | 3.1 |
| Div yield (%) | na | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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| | |
|-----------------------|---|
| BUY | : Stock with potential return of over 15% over next 12 months |
| HOLD | : Stock with potential return of +15% to -10% over next 12 months |
| SELL | : Stock with potential loss of over 10% over next 12 months |
| NOT RATED | : Stock is not rated by CMBIGM |
| OUTPERFORM | : Industry expected to outperform the relevant broad market benchmark over next 12 months |
| MARKET-PERFORM | : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months |
| UNDERPERFORM | : Industry expected to underperform the relevant broad market benchmark over next 12 months |

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