

J&T Express (1519 HK)

Parcel growth in SEA further accelerated in 3Q25

J&T's parcel volume growth in 3Q25 reached 23% YoY, driven by outstanding growth of 79% in SEA. While the parcel volume growth in China slowed to 10% due to the "anti-involution" campaign, it was alongside a rebound of ASP. In view of the strong growth in SEA, we see upside to J&T's full-year parcel volume growth guidance (+56% in SEA). We continue to like J&T, due to (1) the unmatched competitive edge and market share gain potential in SEA (32.8% in 1H25), and (2) strong potential in New markets such as Brazil and the Middle East. We have left our SOTP-based TP unchanged at HK\$13.4. Reiterate **BUY**.

Key takeaways from 3Q25 results and call:

- **Southeast Asia (SEA) volume +79% YoY to 2bn units.** The growth is impressive as it represents an acceleration from 50% YoY in 1Q25 and 66% YoY in 2Q25. Management mentioned that the growth was driven by both the increase in penetration rate of e-commerce (key customers' aggressive promotion in Thailand and Vietnam), as well as J&T's market share gains (as customers continue to look for low-cost logistics services).
- **China volume +10% YoY to 5.6bn units.** The YoY growth rate slowed from 15% in 2Q24, but is largely expected due to the "anti-involution" campaign. Management revealed that J&T's ASP recovery in 3Q25 was similar to the industry trend. Besides, following the rising parcel ASP trend, customers with low average order value (AOV) have been forced to exit from the market.
- **New markets volume +48% YoY to 104mn units.** The growth continued to be driven by new customers. While J&T expects the upcoming growth in Mexico will slow due to the increase in tariff, the growth in Brazil will likely more than offset the negative impact. J&T maintains the full-year growth guidance of 40% for New markets.
- **Risks:** 1) ASP pressure; 2) competition in new markets.

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)	na	109.4	43.1	21.0	16.1
P/B (x)	4.0	3.9	3.6	3.1	2.6
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 38.0%
Current Price HK\$9.71

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Stock Data

Mkt Cap (HK\$ mn)	85,566.1
Avg 3 mths t/o (HK\$ mn)	435.2
52w High/Low (HK\$)	10.93/4.68
Total Issued Shares (mn)	8812.2

Source: FactSet

Shareholding Structure

Jet Jie Li	11.1%
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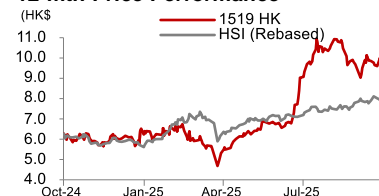
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	0.7%	2.7%
3-mth	8.5%	1.2%
6-mth	82.9%	47.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

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Figure 1: 3Q25 parcel volume

	1Q24	1Q25	Change YoY	2Q24	2Q25	Change YoY	3Q24	3Q25	Change YoY
Shipment volume									
(mn units of parcel)									
Southeast Asia	1,026	1,538	50.0%	1,017	1,688	65.9%	1,117	1,997	78.7%
China	3,942	4,985	26.5%	4,894	5,614	14.7%	5,051	5,576	10.4%
New markets	64	77	19.5%	72	89	23.8%	70	104	48.0%
Total	5,032	6,600	31.2%	5,983	7,392	23.5%	6,239	7,677	23.1%

Source: Company data, CMBIGM

Figure 2: Key operating assumptions for J&T Global

	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	343	412	494
Total	3,237	10,495	14,588	18,812	24,646	30,827	36,536	41,879
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%	22.0%	20.0%	20.0%
Average	-	224.2%	39.0%	29.0%	31.0%	25.1%	18.5%	14.6%
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	0.37
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%	-5.9%	-3.2%	-1.3%
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	-0.33
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%	-5.2%	-4.1%	-1.6%
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%	-11.0%	5.4%	0.9%
(US\$ mn)								
Revenue								
Express delivery services	1,525	4,559	6,560	8,189	10,185	11,992	13,762	15,564
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	723	855	1,010
Cross-border services	10	292	708	660	75	75	75	75
Total	1,535	4,852	7,267	8,849	10,259	12,066	13,837	15,639
Revenue growth (by segment)								
Express delivery services	-	198.9%	43.9%	24.8%	24.4%	17.7%	14.8%	13.1%
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%	25.7%	18.2%	18.2%
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%	17.6%	14.7%	13.0%
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	26	35	62
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	988	1,179	1,396
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	921	1,179	1,396

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 maintain our target multiple of 14x, which is ~80% premium over the 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 maintain our 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 have left our 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 3: 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						
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	109.4	43.1	21.0	16.1
P/B	na	4.0	3.9	3.6	3.1	2.6
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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