More dense population(1)(2)

Massive e-commerce scale(3)

Greater package volume growth

Logistics in China: Everything about Growth and Scale

Cities with 1M+ Population

E-commerce GMV

Notes:

(1) As of December 2015, according to National Bureau of Statistics of China.

(2) As of December 2015, according to EIU.

(3) Represents retail e-commerce sales in China and US in 2015 according to eMarketer, November 2016.

China

US

USD663Bn
USD143Bn

USD663Bn
USD343Bn

2014                   2015                   2016

2017                   2018                   2019

CAGR: 5.8%
CAGR: 49.7%
CAGR: 23.0%


(5) Represents daily average packages of UPS, FedEx, DHL Express (according to Bloomberg, as of May 2017) and United States Postal Service combined.
Still, New Demands and Opportunities are Emerging in China’s Logistics Industry

- Quality Consumption Requires New Logistics
- New Retail Reconstructs New Logistics
- New Technology Enables New Logistics
Data Silos
Data of >60% logistics companies not fully digitalized and largely isolated

Scattered Data
Scattered data

Data Standards
Low awareness and adoption of unified industry logistics data standards

Notes:
(1) According to AliResearch.
(2) According to Economics Daily news on November 17, 2016.
Labor-based Industry Reaching Bottleneck
Express couriers already employed ~2 Million (1) delivery personnel with ever-increasing salary level

Poor Utilization of Resources
Logistics vehicles vacancy rate: 30-40% (2) due to poor forecast and planning

Inefficient Supply Chain
Inventory placement NOT properly designed and planned for efficiency and consumer experience optimization

Notes:
(1) Delivery personnel employed by Cainiao Network's fifteen strategic express courier partners as of March 31, 2017, according to data provided by them.
(2) According to ifeng.com news on December 28, 2016.
Collaboration: Drive Industry Upgrade and Collaborate among Logistics Partners

- Nationwide express couriers: 15
- Express courier personnel: ~2 million
- Line-haul vehicles: 200,000+

Only collaboration can scale up to serve immense demand.

- Tmall / Taobao / Cainiao GMV: USD 547Bn
- Daily Orders: 481Mn
- Headcount: ~2,000 (Cainiao)

Data and Technologies enable massive collaboration.

Notes:
1. Represents the number of Cainiao's strategic express courier partners in China as of March 2017.
2. Delivery personnel employed by Cainiao Network's fifteen strategic express courier partners as of March 31, 2017, according to data provided by them.
3. Represents the number of logistics line-haul vehicles, based on Cainiao management estimate.
4. Represents Alibaba's China retail marketplaces GMV in USD in fiscal year 2017, as reported in Alibaba's fiscal year 2017 financial results.
5. Represents average daily package volume generated on Alibaba's China retail marketplaces in fiscal year 2017.
7. Amazon's GMV in year 2016, according to Morgan Stanley Research.
8. Amazon's headcount as of December 2016, according to Amazon's 2016 Annual Report.
9. JD.com's GMV in USD in calendar year 2016, as reported in JD.com's 2016 Annual Report.
10. Average daily fulfilled orders excluding virtual items in calendar year 2016, according to JD.com's 2016 Annual Report.
11. JD's headcount as of December 2016, according to JD.com's 2016 Annual Report.
Cainiao’s Mission

Transform Logistics Industry with Data and Technologies

Enable logistics partners to operate and collaborate efficiently through Data-Intelligent Platform

Support 10 million small to medium businesses through Collaborative Smart Supply Chain Network
Cainiao’s Five Networks

- Data-Intelligent Network for Express Couriers
- Domestic Fulfillment Network
- Last-mile Network
- Rural Network
- Cross-border Network
Data-Intelligent Network for Express Couriers

Enable and coordinate Cainiao Partners to operate more efficiently and intelligently

- Level 4 Address Database
- E-shipping Label
- Logistics Status Update
- Smart Routing
- Dynamic Forecasting

- Consumer address standardization
- Logistics data hub infrastructure
- Real-time logistics data sharing platform
- Efficiency improvement empowered by smart algorithms
- Real-time package volume forecasting for distribution hubs and routes

Data Infrastructure
Cloud Computing
Intelligent Algorithms
Data-Intelligent Network for Express Couriers (Cont’d)

Selected products and services demonstrating tremendous value

- **E-shipping Label and Smart Routing**
  - Annual cost savings: RMB 1.8Bn+(4)
  - Gross margin enhancement: 2.6%+(5)

- **Level 4 Address Database**
- **Penetration Rate from ~80% to 88%(1)**

- **E-shipping Label**
- **Penetration Rate from ~67% to 81%(2)**

- **Logistics Status Update**
- **Connecting logistics partners and consumers, enabling real-time optimization**

- **Smart Routing**
- **Accuracy Rate 99%(3)**

- **Dynamic Forecasting**
- **Latest innovative offering expected to significantly improve planning**

**Data Infrastructure**

**Cloud Computing**

**Intelligent Algorithms**

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Notes:

(1) Represents packages with level 4 address format as a percentage of total packages generated on Alibaba’s China retail marketplaces in March 2017 versus May 2016.

(2) Represents packages with Cainiao E-shipping Label as a percentage of total packages generated on Alibaba’s China retail marketplaces in March 2017 versus May 2016.

(3) Represents results of Smart Routing service adopted by top three express couriers on Alibaba China retail marketplaces in March 2017.

(4) Shipping label cost savings by adopting Cainiao E-shipping Label and cost savings by adopting Smart Routing services for calendar year 2016 based on Cainiao management estimate.

(5) Based on the package volume and financials of 5 publicly listed major express couriers and estimate of unit cost savings from adoption of Cainiao E-shipping Label and Smart Routing.
Domestic Fulfillment Network

Fast Growing Fulfillment Network

Record-Breaking Capacity

Consumer Experience Enhancement

Notes:

(1) Daily order volume of fiscal year 2017 versus fiscal year 2016.

(2) Represents packages delivered by estimated time as a percentage of total packages delivered under Cainiao Alliance brand in March 2017.

20-30 Million items

Cainiao Domestic Fulfillment Solution daily peak processing capacity in 2016

Drive significant increase in conversion rate with on-time delivery rate of 98%
Domestic Fulfillment Network (Cont’d)

Nationwide Fulfillment Network

- 7 Regional Hubs
- Sites selected based on big data analysis

Warehouse in Operation
- 4 Million+ sq.m
  - 130% YoY growth

Delivery Coverage
- 2,700+ counties and districts

Next-day Delivery Coverage
- 1,000+, ~Doubled
- 150+, ~Doubled

Notes:
(1) Represents GFA of warehouses dedicated to Cainiao’s Domestic Fulfillment Solutions, including self-built, Cainiao-leased and Cainiao Partnered warehouses as of March 31, 2017.
(2) GFA as of March 2017 versus as of March 2016.
(3) Represents service coverage as of March 2017.
(4) Represents next-day and same-day service coverage as of March 2017 and comparison to coverage as of March 2016.
Domestic Fulfillment Network (Cont’d)

Smart End-to-End Supply Chain Solutions

End-to-end fulfillment services
- Highly automated fulfillment centers
- Scalable fulfillment capability
- Standardized packaging under Cainiao Alliance
- Value added services: scheduled delivery, inspection upon delivery...

Smart supply chain services
- Omni-channel solutions
- Online warehousing and inventory management
- Data analytics and machine learning
- Supply chain financing

Case Study A
A well-known international FMCG conglomerate has significantly improved consumer experience and fulfillment efficiency

120+ cities
Next-day coverage(1)
From a few to 120+

40%+
Next-day order penetration(1)
From minimal to 40%+

15%
Speed of delivery(2)
15%

Case Study B
A well-known home appliance merchant achieved significant improvement in inventory management

Inventory turnover(4)
30 Days to 16 Days
40%

Notes:
(1) Represents the next-day delivery coverage as of March 31, 2017 after adopting Cainiao’s services, and the coverage level beforehand.
(2) Represents the next-day delivery order penetration rate in May 2017 after adopting Cainiao’s services, and the penetration rate beforehand.
(3) Represents the improvement in average delivery time after adopting Cainiao Domestic Fulfillment Solutions versus beforehand.
(4) Represents the average inventory turnover days after adopting Cainiao’s services for one month compared to beforehand.
(5) Represents the percentage of warehousing cost reduction after adopting Cainiao’s services for one month, compared to beforehand.
Cross-border: Global E-commerce Logistics Network

Network Developments

- 100% YoY export order growth (1)
- Next-day delivery available under Bonded Fulfillment Center ("BFC") model
- Clearance system connected to China Customs in China's Top 9 ports (2)
- ~20% delivery time improvement in Russia (AliExpress' largest market) (3)
- eWTP initiative - Malaysia e-hub Increasing SEA coverage for merchants (collaborating with Lazada)

Notes:
(2) As of March 2017.
(3) Represents performance in fiscal year 2017 compared to fiscal year 2016.
Last-mile and Rural: Connecting Logistics Elements with Urban and Rural Consumers

Network Developments
- Offer rural residents convenient online shopping and logistics experience
- 26,500+ (YoY 90%+)
- Rural network coverage

Cainiao Post
- Receive and send packages

Cainiao Guoguo
- Schedule package-sending

Integrated local community service centers

College Campuses and Local Communities
- Self-pickup Cabinet: Receive packages

Urban to Rural
- Facilitate sales of agricultural products to urban regions from previously inaccessible rural areas
- 500+ (YoY 75%+)

Rural to Urban
- Help merchants sell to a wide range of rural areas and save logistics costs
- Village coverage: 26,500+ (YoY 90%+)
- County coverage: 500+ (YoY 75%+)

Note:
(1) Represents coverage in China as of March 31, 2017.
(2) Represents coverage as of March 2017 and comparison to March 2016.

66% Colleges: Local communities in Top60 + cities
Cutting-edge Data Technologies (DT)

- Big Data
- Open DT Platform
- Automation, Smart Devices and AI
From data sharing to open platform intelligence sharing

From local optimization to global optimization