

ZTO Express (Cayman) Inc.
1Q21 Financial Details for Earnings Call
May 20, 2021

Financial Performance

	1Q21	1Q20	V%	Comments
Parcel package volume (in Billion)	4.48	2.37	88.5%	13.5pts over industry avg.; attained 20.4% market share (18.9% @1Q20)
<i>(¥RMB in Million)</i>				
Revenues	6,473	3,916	65.3%	¥ 5.98bn from core express delivery business , increased 65.2% ¥ 944mn from KA customers, increased 84.1% on ~117% KA volume growth
COGS	<u>-5,376</u>	<u>-3,097</u>	73.6%	1) Line haul transportation costs increased 95.3% to ¥ 2.53bn 8,100+ out of 10,050+ self-owned trucks were high capacity 2) Sorting hub operation costs increased 56.5% to ¥ 1.51bn 3) ¥ 524mn KA costs increased 86.7%
Gross profit	1,097	819	33.9%	¥ 1.04bn from core business, increased 28.3%
<i>Gross profit %</i>	16.9%	20.9%	-4.0pts	17.4% for core express delivery business (22.4% @1Q20)
SG&A	-620	-560	10.7%	SG&A excluding SBC was 5.8% of revenues (7.6% @1Q20)
<i>Includes Share-based compensation (SBC)</i>	<i>248</i>	<i>264</i>	<i>-6.1%</i>	
Other operating income/(loss), net	<u>157</u>	<u>113</u>		¥ 89.7mn gov't subsidies and tax rebates (¥ 75.4mn @1Q20), ¥ 56.6mn VAT super deduction (¥ 41.7mn @1Q20)
Income from operations	633	372	70.1%	
<i>Operating profit %</i>	9.8%	9.5%	0.3pts	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>881</i>	<i>636</i>	<i>38.5%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>13.6%</i>	<i>16.2%</i>	<i>-2.6pts</i>	
Interest income (net)	60	126	-52.4%	
Fair value change at financial instruments	16	-		
Foreign currency exchange gain/(loss)	-0	16		
Income before income tax and equity pickup	708	514		
Income tax expenses	-150	-130		
Equity pickup	<u>-25</u>	<u>-14</u>		
Net income	534	371	43.8%	
<i>Net income%</i>	8.2%	9.5%	-1.2pts	
<i>Adjusted net income (Non GAAP)</i>	<i>782</i>	<i>635</i>	<i>23.1%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>12.1%</i>	<i>16.2%</i>	<i>-4.1pts</i>	
EBITDA	1,202	909	32.2%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>1,450</i>	<i>1,173</i>	<i>23.5%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>0.94</i>	<i>0.82</i>	<i>14.6%</i>	

ZTO Express (Cayman) Inc.
1Q21 Financial Details for Earnings Call
May 20, 2021

Unit Economics (RMB per parcel)				
	1Q21	1Q20	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.34	1.52	-18 cents	Core ASP declined 12.4%: avg. parcel weight declined ~7 cent(-), increased use of single sheet digital waybill ~2 cent(-), volume incentives increased ~9 cents(-)
Cost of Revenue (excluding COE)	1.10	1.18	+8 cents	Core express delivery unit cost decreased 6.7%
- <i>transportation cost per parcel</i>	0.57	0.55	-2 cents	Main drivers: 1) ~91% of parcel volume transported by self-owned trucks (~78% @1Q20)(+) 2) ~81% of self-owned trucks were high-capacity trucks (~74% @1Q20) (+) 3) National toll road fee waiver policy from Feb to May 2020 during COVID-19 (-)
- <i>sorting hub cost per parcel</i>	0.34	0.41	+7 cents	Main drivers: 1) 349 sets of automated sorting equipment in use (265 sets @ 1Q20) (+) 2) close to 80% of volume processed by automation (~73% @1Q20) (+)
Gross profit (excluding COE)	0.23	0.34	-11 cents	ASP decline partially offset by scale leverage and cost productivities
<i>SG&A excluding SBC (Non GAAP)</i>	0.08	0.12	+4 cents	Highly efficient corporate cost structure
<i>Adjusted income from operations (Non GAAP)</i>	0.20	0.27	-7 cents	

Cash and Capex (RMB in Million)				
	1Q21	1Q20	Diff	Comments
Operating cash flow	477	178	299	
CapEx	2,280	1,737	543	Approx. ¥ 1700mn land use rights acquisition and sorting hub construction ¥ 200mn self-owned trucks ¥ 250mn automation equipment
Cash and Cash Equivalents	17,006	15,159	1848	Excluding ¥ 1.97bn cash on deposits maturing in one year or longer