

ZTO Express (Cayman) Inc.
2Q21 Financial Details for Earnings Call
August 19, 2021

Financial Performance				
	2Q21	2Q20	V%	Comments
Parcel package volume (in Billion)	5.77	4.60	25.6%	3.1pts below industry avg.; attained 21.0% market share (21.5% @2Q20)
<i>(¥RMB in Million)</i>				
Revenues	7,325	6,402	14.4%	¥ 7.01bn from core express delivery business, increased 18.1% ¥ 1.09bn from KA customers, increased 12.9% on ~28% KA volume growth
COGS	<u>-5,651</u>	<u>-4,633</u>	22.0%	¥ 5.39bn from core express delivery business, increased 27.7% 1) Line haul transportation costs increased 38.4% to ¥ 2.76bn 2) Sorting hub operation costs increased 28.6% to ¥ 1.61bn 3) ¥ 610mn KA costs increased 2.6%
Gross profit	1,674	1,769	-5.4%	¥ 1.63bn from core business, decreased 5.4%
<i>Gross profit %</i>	<i>22.8%</i>	<i>27.6%</i>	<i>-4.8pts</i>	23.2% for core express delivery business (29.0% @2Q20)
SG&A	-394	-312	26.1%	SG&A was 5.4% of revenues (4.9% @2Q20)
Other operating income/(loss), net	<u>176</u>	<u>190</u>		¥ 38.5mn gov't subsidies and tax rebates (¥ 95.4mn @2Q20), ¥ 95.8mn VAT super deduction (¥ 60mn @2Q20)
Income from operations	1,456	1,647	-11.6%	
<i>Operating profit %</i>	<i>19.9%</i>	<i>25.7%</i>	<i>-5.8pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>1,456</i>	<i>1,647</i>	<i>-11.6%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>19.9%</i>	<i>25.7%</i>	<i>-5.8pts</i>	
Interest income (net)	69	105	-34.7%	
Fair value change at financial instruments	32	-		
Foreign currency exchange gain/(loss)	-26	3		
Income before income tax and equity pickup	1,531	1,754		
Income tax expenses	-255	-298		
Equity pickup	<u>-4</u>	<u>-2</u>		
Net income	1,272	1,454	-12.5%	
<i>Net income%</i>	<i>17.4%</i>	<i>22.7%</i>	<i>-5.3pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,272</i>	<i>1,454</i>	<i>-12.5%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>17.4%</i>	<i>22.7%</i>	<i>-5.3pts</i>	
EBITDA	2,126	2,187	-2.8%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>2,126</i>	<i>2,187</i>	<i>-2.8%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>1.56</i>	<i>1.85</i>	<i>-15.7%</i>	

* may contain rounding differences

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Unit Economics (RMB per parcel)				
	2Q21	2Q20	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.21	1.29	-8 cents	Core ASP declined 5.9%: avg. parcel weight declined ~4 cent(-), volume incentives increased ~4 cents(-)
Cost of Revenue (excluding COE)	0.93	0.92	-1 cents	Core express delivery unit cost increased 1.7%
- <i>transportation cost per parcel</i>	0.48	0.43	-5 cents	Main drivers: 1) National toll road fee waiver policy from Feb to May 2020 during COVID-19 (-) 2) Lower domestic diesel price during the pandemic outbreak last year (-) 3) ~92% of parcel volume transported by self-owned trucks (~91% @2Q20)(+) 4) ~81% of self-owned trucks were high-capacity trucks (~78% @2Q20) (+)
- <i>sorting hub cost per parcel</i>	0.28	0.27	-1 cents	Main drivers: 1) 361 sets of automated sorting equipment in use (282 sets @ 2Q20) (+) 2) ~80% of volume processed by automation (~75% @2Q20) (+)
Gross profit (excluding COE)	0.28	0.37	-9 cents	Combined effect of ASP decline and cost increase
<i>SG&A excluding SBC (Non GAAP)</i>	<i>0.07</i>	<i>0.07</i>	<i>+0 cents</i>	Stable corporate cost structure
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.25</i>	<i>0.36</i>	<i>-11 cents</i>	

Cash and Capex (RMB in Million)				
	2Q21	2Q20	Diff	Comments
Operating cash flow	1,932	1,252	680	
CapEx	2,225	2,250	-26	Approx. ¥ 1500mn land use rights acquisition and sorting hub construction ¥ 300mn self-owned trucks ¥ 400mn automation equipment
Cash and Cash Equivalents	15,289	13,701	1588	Excluding ¥ 2.14bn cash on deposits maturing in one year or longer