

ZTO Express (Cayman) Inc.
3Q21 Financial Details for Earnings Call
November 18, 2021

Financial Performance

	3Q21	3Q20	V%	Comments
Parcel package volume (in Billion)	5.70	4.62	23.3%	0.3pts above industry avg.; secured 20.8% market share (20.8% @3Q20)
<i>(¥ RMB in Million)</i>				
Revenues	7,391	6,639	11.3%	¥ 7.05bn from core express delivery business, increased 14.4% ¥ 1.14bn from KA customers, increased 19.0% on 17.6% KA volume growth
COGS	<u>-5,822</u>	<u>-5,248</u>	10.9%	¥ 5.52bn from core express delivery business, increased 15.0% 1) Line haul transportation costs increased 16.1% to ¥ 2.84bn 2) Sorting hub operation costs increased 20.8% to ¥ 1.64bn 3) ¥ 618mn KA costs increased 0.8%
Gross profit	1,568	1,391	12.7%	¥ 1.52bn from core business, increased 12.4%
<i>Gross profit %</i>	<i>21.2%</i>	<i>21.0%</i>	<i>0.2pts</i>	21.6% for core express delivery business (22.0% @3Q20)
SG&A	-389	-374	4.2%	5.3% of revenues (5.6% @3Q20)
Other operating income/(loss), net	<u>182</u>	<u>152</u>		¥ 66.0mn gov't subsidies and tax rebates (¥ 24.5mn @3Q20), ¥ 139.3mn VAT super deduction (¥ 43.5mn @3Q20)
Income from operations	1,360	1,169	16.4%	
<i>Operating profit %</i>	<i>18.4%</i>	<i>17.6%</i>	<i>0.8pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>1,360</i>	<i>1,169</i>	<i>16.4%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>18.4%</i>	<i>17.6%</i>	<i>0.8pts</i>	
Interest income (net)	40	83	-52.3%	
Fair value change at financial instruments	5	-		
Foreign currency exchange gain/(loss)	-8	-64		
Income before income tax and equity pickup	1,397	1,188		
Income tax expenses	-230	28		3Q20 received ¥ 200.7mn tax credit for being recognized as a "Key Software Enterprise" for tax year 2019
Equity pickup	<u>-20</u>	<u>-5</u>		
Net income	1,148	1,210	-5.2%	
<i>Net income%</i>	<i>15.5%</i>	<i>18.2%</i>	<i>-2.7pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,148</i>	<i>1,210</i>	<i>-5.2%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>15.5%</i>	<i>18.2%</i>	<i>-2.7pts</i>	
EBITDA	1,968	1,675	17.4%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>1,968</i>	<i>1,675</i>	<i>17.4%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>1.43</i>	<i>1.53</i>	<i>-6.5%</i>	

* may contain rounding differences

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Unit Economics (RMB per parcel)				
	3Q21	3Q20	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.24	1.33	-9 cents	Core ASP declined 7.2%: avg. parcel weight declined ~5 cents(-), volume incentives increased ~4 cents(-)
Cost of Revenue (excluding COE)	0.97	1.04	+7 cents	Core express delivery unit cost decreased 7.3%
- transportation cost per parcel	0.50	0.53	+3 cents	Main drivers: 1) ~81% of self-owned trucks were high-capacity trucks (~80% @3Q20) (+) 2) Diesel price returned to pre-pandemic level, increased ~4 cents (-)
- sorting hub cost per parcel	0.29	0.29	0 cents	Main drivers: 1) 370 sets of automated sorting equipment in use (300 sets @ 3Q20) (+) 2) ~81% of volume processed by automation (~77% @3Q20) (+)
Gross profit (excluding COE)	0.27	0.29	-2 cents	ASP decline partially offset by scale leverage and cost productivities
SG&A excluding SBC (Non GAAP)	0.07	0.08	+1 cents	Highly efficient corporate cost structure
Adjusted income from operations (Non GAAP)	0.24	0.25	-1 cents	
Cash and Capex (RMB in Million)				
	3Q21	3Q20	Diff	Comments
Operating cash flow	1,787	1,480	307	
CapEx	2,570	2,201	369	Approx. ¥ 2050mn land use rights acquisition and sorting hub construction ¥ 80mn self-owned trucks ¥ 400mn automation equipment
Cash and Cash Equivalents	12,753	21,222	-8469	Excluding ¥ 1.51bn cash on deposits maturing in one year or longer

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