

ZTO Express (Cayman) Inc.
1Q22 Financial Details for Earnings Call
May 26, 2022

Financial Performance

	1Q22	1Q21	V%	Comments
Parcel package volume (in Billion)	5.23	4.48	16.8%	6.3pts above industry avg.; 21.6% market share (20.4% @1Q21)
<i>(¥RMB in Million)</i>				
Revenues	7,904	6,473	22.1%	¥7.57bn from core express delivery business, increased 26.6%; 1) ¥1.15bn from KA customers, increased 21.5% on 1.7% KA volume decrease ¥331mn freight forwarding revenues decreased 32.8%
COGS	-6,285	-5,376	16.9%	¥5.98bn from core express delivery business, increased 21.0% 1) Line haul transportation costs increased 16.6% to ¥2.95bn 2) Sorting hub operation costs increased 24.4% to ¥1.88bn 3) ¥594mn KA costs, increased 13.3% ¥308mn freight forwarding costs decreased 29.4%
Gross profit	1,619	1,097	47.7%	¥1.60bn from core business, increased 53.5%
<i>Gross profit %</i>	<i>20.5%</i>	<i>16.9%</i>	<i>3.6pts</i>	21.1% for core express delivery business (17.4% @1Q21)
SG&A	-618	-620	-0.3%	SG&A excluding SBC was 5.6% of revenues (5.8% @1Q21)
<i>Includes Share-based compensation (SBC)</i>	<i>179</i>	<i>248</i>		
Other operating income/(loss), net	115	157		¥49.9mn gov't subsidies and tax rebates (¥89.7mn @1Q21), ¥68.3mn VAT super deduction (¥56.6mn @1Q21)
Income from operations	1,116	633	76.4%	
<i>Operating profit %</i>	<i>14.1%</i>	<i>9.8%</i>	<i>4.3pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>1,295</i>	<i>881</i>	<i>47.0%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>16.4%</i>	<i>13.6%</i>	<i>2.8pts</i>	
Interest income (net)	51	60	-14.1%	
Fair value change - financial instruments	-1	16		
Currency exchange gain/(loss)	-13	-0		
Income before income tax and equity pickup	1,154	708	62.9%	
Income tax expenses	-255	-150		Adjusted ETR 19.2% (16.1%@1Q21), greater portion of income taxed at 25%
Equity pickup	-23	-25		
Net income	876	534	64.1%	
<i>Net income%</i>	<i>11.1%</i>	<i>8.2%</i>	<i>2.9pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,055</i>	<i>782</i>	<i>34.9%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>13.3%</i>	<i>12.1%</i>	<i>1.2pts</i>	
EBITDA	1,823	1,220	49.4%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>2,002</i>	<i>1,468</i>	<i>36.4%</i>	
Basic EPS	1.12	0.64	75.0%	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>1.34</i>	<i>0.94</i>	<i>42.6%</i>	

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Unit Economics (RMB per parcel)				
	1Q22	1Q21	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.45	1.34	+11 cents	Core express delivery ASP increased 8.5%
Cost of Revenue (excluding COE)	1.14	1.10	-4 cents	Core express delivery unit cost increased 3.6%
- transportation cost per parcel	0.57	0.57	Flat	Fuel costs hike offset by productivity gain 1) ~84% of self-owned trucks were high-capacity trucks (~81% @1Q21) (+) 2) Improved load rate (+) 3) Diesel price continued to rise, increased ~3 cents (-)
- sorting hub cost per parcel	0.36	0.34	-2 cents	Volume below expectation due to Omicron related lockdowns 1) 422 sets of automated sorting equipment in use (349 sets @ 1Q21) (+) 2) Increased depreciation & amortization (-) 3) Increased labor salary (-)
Gross profit (excluding COE)	0.31	0.23	+8 cents	ASP increase offset cost inefficiency due to lower than expected volume
<i>SG&A excluding SBC (Non GAAP)</i>	<i>0.08</i>	<i>0.08</i>	<i>+0 cents</i>	Healthy corporate cost structure & leverage
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.25</i>	<i>0.20</i>	<i>+5 cents</i>	
Cash and Capex (RMB in Million)				
	1Q22	1Q21	Diff	Comments
Operating cash flow	1,105	477	628	
CapEx	1,801	2,280	-479	Approx. ¥ 1200mn land use rights acquisition and sorting hub construction ¥ 50mn self-owned trucks ¥ 550mn automation equipment
Cash and Cash Equivalents	14,107	17,006	-2899	Excluding ¥ 1.51bn cash on deposits maturing in one year or longer