

ZTO Express (Cayman) Inc.
2Q22 Financial Details for Earnings Call
Aug 18, 2022

Financial Performance				
	2Q22	2Q21	V%	Comments
Parcel package volume (in Billion)	6.20	5.77	7.5%	9.2pts above industry avg.; 23.0% market share (↑ 2.0pts, 21.0% @2Q21)
<i>(¥RMB in Million)</i>				
Revenues	8,657	7,325	18.2%	¥8.33bn from core express delivery business, increased 18.8%; 1) ¥ 1.22bn from KA customers, increased 11.8% on 18.2% KA volume decrease ¥330mn freight forwarding revenues increased 5.2%
COGS	<u>-6,454</u>	<u>-5,651</u>	14.2%	¥ 6.15bn from core express delivery business, increased 14.1% 1) Line haul transportation costs increased 9.6% to ¥ 3.03bn 2) Sorting hub operation costs increased 17.3% to ¥ 1.89bn 3) ¥ 655mn KA costs increased 7.3% ¥ 307mn freight forwarding costs increased 15.3%
Gross profit	2,203	1,674	31.6%	¥ 2.18bn from core express delivery business, increased 34.0%
<i>Gross profit %</i>	<i>25.4%</i>	<i>22.8%</i>	<i>2.6pts</i>	26.2% for core express delivery business (23.2% @2Q21)
SG&A	-457	-394	16.0%	SG&A excluding SBC was 5.3% of revenues (5.4% @2Q21)
Other operating income/(loss), net	<u>240</u>	<u>176</u>		¥ 145.8mn gov't subsidies and tax rebates (¥ 38.5mn @2Q21), ¥ 56.6mn VAT super deduction (¥ 95.8mn @2Q21)
Income from operations	1,986	1,456	36.4%	
<i>Operating profit %</i>	<i>22.9%</i>	<i>19.9%</i>	<i>3.1pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>1,986</i>	<i>1,456</i>	<i>36.4%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>22.9%</i>	<i>19.9%</i>	<i>3.1pts</i>	
Interest income (net)	95	69	39.0%	
Fair value change - financial instruments	-14	32		
Currency exchange gain/(loss)	<u>120</u>	<u>-26</u>		
Income before income tax and equity pickup	2,187	1,531	42.9%	
Income tax expenses	-438	-255		Adjusted ETR 18.5% (16.7%@2Q21), greater portion of income taxed at 25%
Equity pickup	<u>10</u>	<u>-4</u>		
Net income	1,759	1,272	38.2%	
<i>Net income%</i>	<i>20.3%</i>	<i>17.4%</i>	<i>2.9pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,759</i>	<i>1,272</i>	<i>38.2%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>20.3%</i>	<i>17.4%</i>	<i>2.9pts</i>	
EBITDA	2,892	2,126	36.0%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>2,892</i>	<i>2,126</i>	<i>36.0%</i>	
Basic EPS	2.23	1.56	42.9%	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.23</i>	<i>1.56</i>	<i>42.9%</i>	

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Unit Economics (RMB per parcel)				
	2Q22	2Q21	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.34	1.21	+13 cents	Core express delivery ASP increased 10.5%
Cost of Revenue (excluding COE)	0.99	0.93	-6 cents	Core express delivery unit cost increased 6.2%
- transportation cost per parcel	0.49	0.48	-1 cents	Fuel costs hike offset by productivity gain 1) ~84% of self-owned trucks were high-capacity trucks (~81% @2Q21) (+) 2) Improved load rate (+) 3) Diesel price continued to rise, increased ~4 cents (-)
- sorting hub cost per parcel	0.30	0.28	-2 cents	Volume below expectation due to Omicron-related lockdown 1) 431 sets of automated sorting equipment in use (361 sets @ 2Q21) (+) 2) ~83% of volume processed by automation (~80% @2Q21) (+) 3) Increased depreciation & amortization (-) 4) Increased labor salary (-)
Gross profit (excluding COE)	0.35	0.28	+7 cents	ASP increase offset cost inefficiency due to lower-than-expected volume
<i>SG&A excluding SBC (Non GAAP)</i>	<i>0.07</i>	<i>0.07</i>	<i>Flat</i>	Healthy corporate cost structure & leverage
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.32</i>	<i>0.25</i>	<i>+7 cents</i>	
Cash and Capex (RMB in Million)				
	2Q22	2Q21	Diff	Comments
Operating cash flow	3,781	1,932	1848	
CapEx	1,535	2,225	-689	Approx. ¥ 1400mn land use rights acquisition and sorting hub construction ¥ 150mn automation equipment
Cash and Cash Equivalents	15,524	15,289	235	Excluding ¥ 2.36bn cash on deposits maturing in one year or longer