

ZTO Express (Cayman) Inc.
3Q22 Financial Details for Earnings Call
Nov 22, 2022

Financial Performance				
	3Q22	3Q21	V%	Comments
Parcel package volume (in Billion)	6.37	5.70	11.7%	6.5pts above industry avg.; 22.1% market share (↑ 1.3pts, 20.8% @3Q21)
<i>(¥RMB in Million)</i>				
Revenues	8,945	7,391	21.0%	¥8.65bn from core express delivery business, increased 22.7%; 1) ¥1.20bn from KA customers, increased 5.1% on 13.7% KA volume decrease ¥298mn freight forwarding revenues decreased 13.7%
COGS	<u>-6,501</u>	<u>-5,822</u>	11.6%	¥ 6.22bn from core express delivery business, increased 12.6% 1) Line haul transportation costs increased 9.2% to ¥ 3.10bn 2) Sorting hub operation costs increased 18.2% to ¥ 1.93bn 3) ¥ 610mn KA costs decreased 1.2% ¥ 284mn freight forwarding costs decreased 5.8%
Gross profit	2,444	1,568	55.9%	¥ 2.43bn from core express delivery business, increased 59.4%
<i>Gross profit %</i>	<i>27.3%</i>	<i>21.2%</i>	<i>6.1pts</i>	28.1% for core express delivery business (21.6% @3Q21)
SG&A	-441	-389	13.4%	SG&A excluding SBC was 4.9% of revenues (5.3% @3Q21)
Other operating income/(loss), net	<u>172</u>	<u>182</u>		¥ 111.5mn gov't subsidies and tax rebates (¥ 66.0mn @3Q21), ¥ 48.2mn VAT super deduction (¥ 139.3mn @3Q21)
Income from operations	2,175	1,360	59.9%	
<i>Operating profit %</i>	<i>24.3%</i>	<i>18.4%</i>	<i>5.9pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>2,175</i>	<i>1,360</i>	<i>59.9%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>24.3%</i>	<i>18.4%</i>	<i>5.9pts</i>	
Interest income (net)	131	40	230.7%	
Fair value change - financial instruments	-23	5		
Equity disposal gain/(loss) <i>(Non GAAP excluded)</i>	61	-		
Currency exchange gain/(loss)	<u>31</u>	<u>-8</u>	-487.1%	
Income before income tax and equity pickup	2,348	1,397	68.1%	
Income tax expenses	-439	-230		Adjusted ETR 18.8% (16.5%@3Q21), greater portion of income taxed at 25%
Equity pickup	<u>-13</u>	<u>-20</u>		
Net income	1,895	1,148	65.1%	
<i>Net income%</i>	<i>21.2%</i>	<i>15.5%</i>	<i>5.7pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,873</i>	<i>1,148</i>	<i>63.1%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>20.9%</i>	<i>15.5%</i>	<i>5.4pts</i>	
EBITDA	3,032	1,968	54.1%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>2,998</i>	<i>1,968</i>	<i>52.3%</i>	
Basic EPS	2.39	1.43	67.1%	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.36</i>	<i>1.43</i>	<i>65.0%</i>	

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Unit Economics (RMB per parcel)				
	3Q22	3Q21	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.36	1.24	+12 cents	Core express delivery ASP increased 9.9%
Cost of Revenue (excluding COE)	0.98	0.97	-1 cents	Core express delivery unit cost increased 0.8%
- transportation cost per parcel	0.49	0.50	+1 cents	Fuel costs hike offset by productivity gain 1) ~86% of self-owned trucks were high-capacity trucks (~81% @3Q21) (+) 2) Improved load rate (+) 3) Diesel price continued to rise, increased ~3 cents (-)
- sorting hub cost per parcel	0.30	0.29	-1 cents	Volume below expectation due to Omicron-related lockdown and weak economy 1) 441 sets of automated sorting equipment in use (370 sets @ 3Q21) (+) 2) ~84% of volume processed by automation (~81% @3Q21) (+) 3) Increased depreciation & amortization (-) 4) Increased labor salary (-)
Gross profit (excluding COE)	0.38	0.27	+11 cents	ASP increase offset cost inefficiency due to decelerating volume growth
<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>0.34</i>	<i>0.24</i>	<i>+10 cents</i>	
Cash and Capex (RMB in Million)				
	3Q22	3Q21	Diff	Comments
Operating cash flow	2,823	1,787	1,036	
CapEx	2,055	2,570	-515	Approx. ¥ 1,740mn land use rights acquisition and sorting hub construction ¥ 309mn automation equipment
Cash and Cash Equivalents	21,918	12,753	9,166	Including ¥ 6.60bn net proceeds of convertible senior notes Excluding ¥ 3.56bn cash on deposits maturing in one year or longer