

**ZTO Express (Cayman) Inc.**  
**4Q22 and FY2022 Financial Details for Earnings Call**  
**March 16, 2023**

Financial Performance				
	2022	2021	V%	Comments
<b>Parcel package volume (in Billion)</b>	<b>24.39</b>	<b>22.29</b>	<b>9.4%</b>	7.3pts above industry avg.; 22.1% market share (↑ 1.5pts, 20.6% @2021)
<i>(¥RMB in Million)</i>				
Revenues	35,377	30,406	16.3%	¥ 34.16bn from core express delivery business, increased 18.3% 1) ¥ 4.86bn from KA customers, increased 5.4% on 12.9% KA volume decrease ¥1.21bn freight forwarding revenues decreased 20.7%
COGS	<u>-26,338</u>	<u>-23,816</u>	10.6%	¥ 25.20bn from core express delivery business, increased 12.1% 1) Line haul transportation costs increased 8.6% to ¥ 12.48bn 2) Sorting hub operation costs increased 15.8% to ¥ 7.85bn 3) ¥ 2.52bn KA costs decreased 0.4% ¥1.14bn freight forwarding costs decreased 14.3%
<b>Gross profit</b>	<b>9,039</b>	<b>6,589</b>	<b>37.2%</b>	¥ 8.96bn from core business, increased 40%
<i>Gross profit %</i>	<i>25.6%</i>	<i>21.7%</i>	<i>3.9pts</i>	26.2% for core express delivery business (22.1% @2021)
SG&A	-2,077	-1,876	10.7%	SG&A excluding SBC was 5.4% of revenues (5.4% @ 2021)
Other operating income/(loss), net	<u>775</u>	<u>790</u>		¥ 346.1mn gov't subsidies and tax rebates (¥ 250.9mn @2021), ¥ 273.4mn VAT super deduction (¥ 432.2mn @2021), ¥ 59.9mn ADR rebate fee (¥ 54.6mn @2021)
<b>Income from operations</b>	<b>7,736</b>	<b>5,503</b>	<b>40.6%</b>	
<i>Operating profit %</i>	<i>21.9%</i>	<i>18.1%</i>	<i>3.8pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>7,915</i>	<i>5,751</i>	<i>37.6%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>22.4%</i>	<i>18.9%</i>	<i>3.5pts</i>	
Interest income (net)	313	237	31.9%	
Fair value change - financial instruments	46	53		
Equity disposal gain/(loss) <i>(Non GAAP excluded)</i>	70	2		
Currency exchange gain/(loss)	<u>147</u>	<u>-56</u>		
Income before income tax and equity pickup	8,286	5,739	44.4%	
Income tax expenses	-1,633	-1,005		Adjusted ETR 19.7% (17.5%@2021), greater portion of income taxed at 25%
Equity pickup	<u>6</u>	<u>-32</u>		
<b>Net income</b>	<b>6,659</b>	<b>4,701</b>	<b>41.6%</b>	
<i>Net income%</i>	<i>18.8%</i>	<i>15.5%</i>	<i>3.3pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>6,806</i>	<i>4,947</i>	<i>37.6%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>19.2%</i>	<i>16.3%</i>	<i>2.9pts</i>	
<b>EBITDA</b>	<b>11,153</b>	<b>8,055</b>	<b>38.5%</b>	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>11,289</i>	<i>8,301</i>	<i>36.0%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>8.59</i>	<i>6.10</i>	<i>40.8%</i>	

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Unit Economics (RMB per parcel)				
	2022	2021	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.40	1.30	+10 cents	Core ASP increased 8.1%
Cost of Revenue (excluding COE)	1.03	1.01	-2 cents	Core express delivery unit cost increased 2.4%
- transportation cost per parcel	0.51	0.52	+1 cent	Fuel costs increase offset by productivity gain 1) ~88% of self-owned trucks were high-capacity trucks (~83% @2021) (+) 2) Improved load rate (+) 3) Diesel price continued to rise, increased ~3 cents (-)
- sorting hub cost per parcel	0.32	0.30	-2 cents	Main drivers: 1) 458 sets of automated sorting equipment in use (385 sets @ 2021) (+) 2) Increased depreciation & amortization (-) 3) Increased sorting personnel and salary(-)
Gross profit (excluding COE)	0.37	0.29	+8 cents	ASP increase offset cost inefficiency due to lower-than-expected volume
SG&A excluding SBC (Non GAAP)	0.08	0.07	-1 cent	Healthy corporate cost structure
Adjusted income from operations (Non GAAP)	0.32	0.26	+6 cents	
Cash and Capex (RMB in Million)				
	2022	2021	Diff	Comments
Operating cash flow	11,479	7,220	4,259	
CapEx	7,234	9,328	-2094	Approx. ¥ 5790mn land use rights acquisition and sorting hub construction ¥ 1280mn automation equipment ¥ 43mn self-owned trucks
Cash and Cash Equivalents	18,342	12,594	5,747	Including ¥ 6.60bn net proceeds of convertible senior notes Excluding ¥ 7.32bn cash on deposits maturing in one year or longer

\* may contain rounding differences

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Financial Performance				
	4Q22	4Q21	V%	Comments
<b>Parcel package volume (in Billion)</b>	<b>6.59</b>	<b>6.34</b>	<b>3.9%</b>	6.9pts above industry avg.; 21.6% market share (↑ 1.5pts, 20.1% @4Q21)
<i>(¥RMB in Million)</i>				
Revenues	9,871	9,218	7.1%	¥9.62bn from core express delivery business, increased 8.8%; 1) ¥ 1.29bn from KA customers, decreased 9.8% on 15.6% KA volume decrease ¥254mn freight forwarding revenues decreased 32.8%
COGS	<u>-7,099</u>	<u>-6,967</u>	1.9%	¥ 6.86bn from core express delivery business, increased 3.3% 1) Line haul transportation costs increased 1.3% to ¥ 3.39bn 2) Sorting hub operation costs increased 6.2% to ¥ 2.14bn 3) KA costs decreased 14.9% to ¥ 665mn ¥ 238mn freight forwarding costs decreased 26.1%
<b>Gross profit</b>	<b>2,773</b>	<b>2,251</b>	<b>23.2%</b>	¥ 2.76bn from core express delivery business, increased 25.6%
<i>Gross profit %</i>	<i>28.1%</i>	<i>24.4%</i>	<i>3.7pts</i>	28.7% for core express delivery business (24.8% @4Q21)
SG&A	-561	-472	18.8%	SG&A excluding SBC was 5.7% of revenues (5.1% @4Q21)
Other operating income/(loss), net	<u>248</u>	<u>275</u>		¥ 100.3mn VAT super deduction (¥ 140.5mn @4Q21), ¥ 59.9mn ADR rebate fee (¥ 54.6mn @Q42021), ¥ 38.9mn gov't subsidies and tax rebates (¥ 56.7mn @4Q21)
<b>Income from operations</b>	<b>2,460</b>	<b>2,054</b>	<b>19.8%</b>	
<i>Operating profit %</i>	<i>24.9%</i>	<i>22.3%</i>	<i>2.6pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>2,460</i>	<i>2,054</i>	<i>19.8%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>24.9%</i>	<i>22.3%</i>	<i>2.6pts</i>	
Interest income (net)	36	69	-48.6%	
Fair value change - financial instruments	84	-0		
Equity disposal gain/(loss) <i>(Non GAAP excluded)</i>	9	2		
Currency exchange gain/(loss)	<u>9</u>	<u>-22</u>		
Income before income tax and equity pickup	2,597	2,103	23.5%	
Income tax expenses	-501	-371		Adjusted ETR 19.3% (17.7%@4Q21), greater portion of income taxed at 25%
Equity pickup	<u>33</u>	<u>16</u>		
<b>Net income</b>	<b>2,129</b>	<b>1,748</b>	<b>21.8%</b>	
<i>Net income%</i>	<i>21.6%</i>	<i>19.0%</i>	<i>2.6pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>2,120</i>	<i>1,745</i>	<i>21.5%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>21.5%</i>	<i>18.9%</i>	<i>2.6pts</i>	
<b>EBITDA</b>	<b>3,407</b>	<b>2,742</b>	<b>24.3%</b>	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>3,397</i>	<i>2,739</i>	<i>24.0%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.66</i>	<i>2.18</i>	<i>22.0%</i>	

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Unit Economics (RMB per parcel)				
	4Q22	4Q21	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.46	1.39	+7 cents	Core express delivery ASP increased 4.7%
Cost of Revenue (excluding COE)	1.04	1.05	+1 cents	Core express delivery unit cost decreased 0.7%
- transportation cost per parcel	0.51	0.53	+2 cents	Fuel costs increase offset by productivity gain 1) ~88% of self-owned trucks were high-capacity trucks (~83% @4Q21) (+) 2) Improved load rate (+) 3) Diesel price continued to rise, increased ~2 cents (-)
- sorting hub cost per parcel	0.32	0.32	Flat	Main drivers: 1) 458 sets of automated sorting equipment in use (385 sets @ 4Q21) (+) 2) Increased depreciation & amortization (-) 3) Increased sorting personnel and salary (-)
Gross profit (excluding COE)	0.42	0.35	+7 cents	ASP increase and cost productivity gain
SG&A excluding SBC (Non GAAP)	0.09	0.07	-2 cents	Healthy corporate cost structure
Adjusted income from operations (Non GAAP)	0.37	0.32	+5 cents	
Cash and Capex (RMB in Million)				
	4Q22	4Q21	Diff	Comments
Operating cash flow	3,770	3,024	746	
CapEx	1,842	2,252	(410)	Approx. ¥ 1,500mn land use rights acquisition and sorting hub construction ¥ 270mn automation equipment
Cash and Cash Equivalents	18,342	12,594	5,747	Including ¥ 6.60bn net proceeds of convertible senior notes Excluding ¥ 7.32bn cash on deposits maturing in one year or longer