

**ZTO Express (Cayman) Inc.**  
**1Q23 Financial Details for Earnings Call**  
**May 18, 2023**

Financial Performance				
	1Q23	1Q22	V%/pts	Comments
<b>Parcel package volume (in Billion)</b>	<b>6.30</b>	<b>5.23</b>	<b>20.5%</b>	9.5pts above industry avg.; 23.4% market share (21.6% @1Q22)
<i>(¥ RMB in Million)</i>				
Revenues	8,983	7,904	13.7%	¥8.79bn from core express delivery business, increased 16.1% 1) ¥ 1.05bn from KA customers, decreased 8.8% on 11.8% KA volume decrease ¥192.7mn freight forwarding revenues decreased 41.8%
COGS	-6,460	-6,285	2.8%	¥ 6.28bn from core express delivery business, increased 5.0% 1) ¥ 3.18bn line haul transportation costs, increased 7.7% 2) ¥ 2.01bn sorting hub operation costs, increased 7.1% 3) ¥ 533.7mn KA costs, decreased 10.1%
<b>Gross profit</b>	<b>2,523</b>	<b>1,619</b>	<b>55.8%</b>	¥ 2.51bn from core express delivery business, increased 57.5%
<i>Gross profit %</i>	<i>28.1%</i>	<i>20.5%</i>	<i>+7.6pts</i>	28.6% for core express delivery business (21.1% @1Q22)
SG&A	-787	-618	27.2%	1) SG&A excluding SBC was 5.9% of revenues (5.6% @1Q22) 2) Increased performance bonus accrual
Other operating income/(loss), net	214	115		1) ¥ 99.4mn gov't subsidies and tax rebates (¥ 49.9mn @1Q22) 2) ¥ 69.5mn VAT super deduction (¥ 68.3mn @1Q22)
<b>Income from operations</b>	<b>1,950</b>	<b>1,116</b>	<b>74.7%</b>	
<i>Operating profit %</i>	<i>21.7%</i>	<i>14.1%</i>	<i>+7.6pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>2,205</i>	<i>1,295</i>	<i>70.3%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>24.6%</i>	<i>16.4%</i>	<i>+8.2pts</i>	
Interest income (net)	20	51		
Fair value changes of financial instruments	156	-1		
Currency exchange gain/(loss)	-10	-13		
Income before income tax and equity pickup	2,116	1,154	83.4%	
Income tax expenses	-455	-255		Adj. ETR 18.5% (19.2%@1Q22), increase in local earnings, taxed @15%
Equity pickup	4	-23		
<b>Net income</b>	<b>1,665</b>	<b>876</b>	<b>90.2%</b>	
<i>Net income%</i>	<i>18.5%</i>	<i>11.1%</i>	<i>+7.4pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>1,920</i>	<i>1,055</i>	<i>82.1%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>21.4%</i>	<i>13.3%</i>	<i>+8.1pts</i>	
<b>EBITDA</b>	<b>2,878</b>	<b>1,823</b>	<b>57.9%</b>	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>3,133</i>	<i>2,002</i>	<i>56.5%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.38</i>	<i>1.34</i>	<i>77.6%</i>	

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Unit Economics (RMB per parcel)				
	1Q23	1Q22	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.40	1.45	-5 cents	Core express delivery ASP decreased 3.7% (lower avg. parcel weight -3 cents, less % of KA volume -3 cents, pricing policy refinement +3 cents, incentives -2 cents)
Cost of Revenue (excluding COE)	1.00	1.14	+14 cents	Core express delivery unit cost decreased 12.8%
- transportation cost per parcel	0.51	0.57	+6 cents	1) Better economies of scale(+) 2) Real-time data monitoring and analytics to optimize route planning(+) 3) ~86% of self-owned trucks were high-capacity trucks (~84% @1Q22) (+) 4) Improved load rate (+)
- sorting hub cost per parcel	0.32	0.36	+4 cents	1) Improved standardization in operating procedures with improved labor productivity (+) 2) 454 sets of automated sorting equipment in use (422 sets @ 1Q22) (+)
Gross profit (excluding COE)	0.40	0.31	+9 cents	Increased revenues and cost productivity gain
<i>SG&amp;A excluding SBC (Non GAAP)</i>	<i>0.08</i>	<i>0.08</i>	<i>flat</i>	Stable corporate cost structure
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.35</i>	<i>0.25</i>	<i>+10 cents</i>	

Cash and Capex (RMB in Million)				
	1Q23	1Q22	Diff	Comments
Operating cash flow	2,738	1,105	1,633	
CapEx	2,302	1,801	500	Approx. ¥ 1700mn land use rights and sorting hub construction ¥ 580mn automation equipment
Cash and Cash Equivalents	19,163	14,107	5,056	Including ¥ 6.60bn net proceeds of convertible senior notes Excluding ¥ 8.14bn cash on deposits maturing in one year or longer