

ZTO Express (Cayman) Inc.
3Q 2024 Financial Details for Earnings Call
Nov 20, 2024

Financial Performance				
	3Q24	3Q23	V%	Comments
Parcel package volume (in Billion)	8.72	7.52	15.9%	4.2pts below industry avg.; 20.0% market share (20.7% @3Q23 restated by SPB*)
<i>(¥RMB in Million)</i>				
Revenues	10,675	9,076	17.6%	¥10.43bn from core express delivery business, increased 18.1% 1) ¥1,298.8mn from KA customers, increased 122.1% on 69.4% KA volume increase ¥240.5mn freight forwarding revenues, increased 0.8%
COGS	<u>-7,340</u>	<u>-6,369</u>	15.2%	¥7.11bn from core express delivery business, increased 15.7% 1) ¥3.40bn line haul transportation costs, increased 4.7% 2) ¥2.22bn sorting hub operation costs, increased 8.6% 3) ¥844.1mn KA costs, increased 183.9% ¥226.1mn freight forwarding costs, increased 2.0%
Gross profit	3,335	2,706	23.2%	¥3.32bn from core express delivery business, increased 23.5%
<i>Gross profit %</i>	<i>31.2%</i>	<i>29.8%</i>	<i>1.4pts</i>	<i>31.8% for core express delivery business (30.4% @3Q23)</i>
SG&A	-545	-434	25.6%	SG&A excl. SBC was 5.0% of revenues (4.8% @3Q23)
<i>Includes Share-based compensation (SBC)</i>				
Other operating income/(loss), net	<u>52</u>	<u>151</u>		¥43.4mn of rental and other income (¥18.3mn @3Q23) ¥8mn of government subsidies and tax rebates (¥38.3mn @3Q23)
Income from operations	2,842	2,424	17.3%	
<i>Operating profit %</i>	<i>26.6%</i>	<i>26.7%</i>	<i>-0.1pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>2,849</i>	<i>2,424</i>	<i>17.5%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>26.7%</i>	<i>26.7%</i>	<i>Flat</i>	
Interest income (net)	172	163		
Fair value changes of financial instruments	-63	9		Included ¥95.0mn unrealized foreign exchange loss related to cash management products
Equity disposal gain/(loss) <i>(Non GAAP excluded)</i>	-1	11		
Currency exchange gain/(loss)	-38	5		
Income before income tax and equity pickup	2,912	2,610	11.5%	
Income tax expenses	-555	-271		3Q24 included: 1) ¥48.0mn accrual of dividend tax; 2) ¥23.0mn capital gains tax of "Cainiao" (3Q23 included ¥207.1mn "Key Software Enterprise" tax credit for 2022) Adjusted ETR 16.7% (18.4% @3Q23)
Equity pickup	<u>22</u>	<u>11</u>		
Net income	2,379	2,350	1.3%	
<i>Net income%</i>	<i>22.3%</i>	<i>25.9%</i>	<i>-3.6pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>2,387</i>	<i>2,341</i>	<i>2.0%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>22.4%</i>	<i>25.8%</i>	<i>-3.4pts</i>	
EBITDA	3,731	3,449	8.2%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>3,740</i>	<i>3,439</i>	<i>8.7%</i>	
Basic EPS	2.98	2.91	2.4%	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.99</i>	<i>2.89</i>	<i>3.5%</i>	

*Based on data from State Post Bureau. From the beginning of 2024, the scope of industry data has been revised to include China Postal small packages.
May contain rounding differences

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Unit Economics (RMB per parcel)				
	3Q24	3Q23	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.20	1.17	+3 cents	Core express delivery ASP increased 1.8%(reverse parcels +7 cents, lower avg. parcel weight -2 cents, volume incentives -2 cents)
<i>Avg. weight per parcel (kg)</i>	<i>0.86</i>	<i>0.90</i>	<i>-4.7%</i>	
Cost of Revenue (excluding COE)	0.82	0.82	<i>Flat</i>	Core express delivery unit cost remained stable
<i>- transportation cost per parcel</i>	<i>0.39</i>	<i>0.43</i>	<i>+4 cents</i>	1) Better economies of scale (+) 2) Improved load rate (+) 3) Real-time data monitoring and analytics to optimize route planning (+)
<i>- sorting hub cost per parcel</i>	<i>0.25</i>	<i>0.27</i>	<i>+2 cents</i>	1) Better economies of scale (+) 2) Improved standardization in operating procedures (+) 3) Increased automation, 535 sets of auto. sorting equipment in use (482 sets @3Q23) (+)
Gross profit (excluding COE)	0.38	0.36	+2 cents	Increased revenues and cost productivity gain
<i>SG&A excluding SBC (Non GAAP)</i>	<i>0.06</i>	<i>0.06</i>	<i>Flat</i>	Stable corporate cost structure & leverage
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.33</i>	<i>0.32</i>	<i>+1 cent</i>	
Adjusted EBITDA per parcel	0.43	0.46	-3 cents	
Cash and Capex (RMB in Million)				
	3Q24	3Q23	Diff	Comments
Operating cash flow	3,112	2,938	174	
CapEx	1,781	1,272	509	Approx. ¥1,170mn land use rights and sorting hub construction ¥410mn automation equipment
Cash and Cash Equivalents	22,949	17,731	5,218	Excluding ¥13.51bn cash on deposits maturing in one year or longer