

ZTO Express (Cayman) Inc.
1Q24 Financial Details for Earnings Call
May 16, 2024

Financial Performance				
	1Q24	1Q23	V%	Comments
Parcel package volume (in Billion)	7.17	6.30	13.9%	11.3 pts below industry avg.; 19.3% market share (21.2% @1Q23 restated by SPB)
<i>(¥RMB in Million)</i>				
Revenues	9,960	8,983	10.9%	¥9.76bn from core express delivery business, increased 11.0% 1) ¥971.3mn from KA customers, decreased 7.1% on 30.4% KA volume decrease ¥202.7mn freight forwarding revenues, increased 5.2%
COGS	<u>-6,958</u>	<u>-6,460</u>	7.7%	¥6.77bn from core express delivery business, increased 7.8% 1) ¥3.37bn line haul transportation costs, increased 6.0% 2) ¥2.17bn sorting hub operation costs, increased 7.7% 3) ¥657.9mn KA costs, increased 23.3% ¥188.4mn freight forwarding costs, increased 3.0%
Gross profit	3,002	2,523	19.0%	¥2.99bn from core express delivery business, increased 18.9%
<i>Gross profit %</i>	<i>30.1%</i>	<i>28.1%</i>	<i>2pts</i>	30.6% for core express delivery business (28.6% @1Q23)
SG&A	-897	-787	14.0%	Included ¥37.3mn provisional loss related to a collection against certain supplier SG&A excl. SBC & such provision was 5.6% of revenues (5.9% @1Q23)
Other operating income/(loss), net	<u>161</u>	<u>214</u>		1) ¥118.9mn of government subsidies and tax rebates (¥99.4mn @1Q23) 2) ¥40.2mn of rental and other income (¥44.7mn @1Q23) 3) VAT super deduction policy expired by 2023 (¥69.5mn@1Q23)
Income from operations	2,267	1,950	16.2%	
<i>Operating profit %</i>	<i>22.8%</i>	<i>21.7%</i>	<i>1.1pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>2,565</i>	<i>2,205</i>	<i>16.3%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>25.8%</i>	<i>24.6%</i>	<i>1.2pts</i>	
Interest income (net)	161	20		
Fair value changes of financial instruments	43	156		
Currency exchange gain/(loss)	5	-10		
Impairment on equity investment <i>(Non GAAP excluded)</i>	<u>-478</u>	<u>-</u>		Impairment losses on investment in "Cainiao"
Income before income tax and equity pickup	1,998	2,116	-5.6%	
Income tax expenses	-566	-455		Included approx. ¥44.0mn accrual of withholding tax on distributable earnings planned for dividend payment for 1Q24
Equity pickup	<u>16</u>	<u>4</u>		
Net income	1,448	1,665	-13.0%	
<i>Net income%</i>	<i>14.5%</i>	<i>18.5%</i>	<i>-4.0pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>2,224</i>	<i>1,920</i>	<i>15.8%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>22.3%</i>	<i>21.4%</i>	<i>0.9pts</i>	
EBITDA	2,884	2,878	0.2%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>3,660</i>	<i>3,133</i>	<i>16.8%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>2.74</i>	<i>2.38</i>	<i>15.1%</i>	

* may contain rounding differences

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Unit Economics (RMB per parcel)				
	1Q24	1Q23	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.36	1.40	-4 cents	Core express delivery ASP decreased 2.5% (volume incentives -4cents)
Cost of Revenue (excluding COE)	0.94	1.00	+6 cents	Core express delivery unit cost decreased 5.3%
- transportation cost per parcel	0.47	0.51	+4 cents	1) Better economies of scale (+) 2) Improved load rate (+) 3) Real-time data monitoring and analytics to optimize route planning (+)
- sorting hub cost per parcel	0.30	0.32	+2 cents	1) Better economies of scale (+) 2) Improved standardization in operating procedures with improved labor productivity (+) 3) Increased automation, 461 sets of auto. sorting equipment in use (454 sets @1Q23) (+)
<i>SG&A excluding SBC (Non GAAP)</i>	<i>0.08</i>	<i>0.08</i>	<i>Flat</i>	Stable corporate cost structure & leverage
<i>Adjusted income from operations (Non GAAP)</i>	<i>0.36</i>	<i>0.35</i>	<i>+1 cents</i>	
Cash and Capex (RMB in Million)				
	1Q24	1Q23	Diff	Comments
Operating cash flow	2,031	2,738	-707	
CapEx	1,692	2,302	-609	Approx. ¥1,420mn land use rights and sorting hub construction ¥240mn automation equipment
Cash and Cash Equivalents	19,895	19,163	731	Excluding ¥13.45bn cash on deposits maturing in one year or longer