

ZTO Express (Cayman) Inc.
4Q24 and FY2024 Financial Details for Earnings Call
Mar 19, 2025

Financial Performance				
	2024	2023	V%	Comments
Parcel package volume (in Billion)	34.01	30.20	12.6%	8.9pts below industry avg.; 19.4% market share (21.0% @2023 restated by SPB*)
<i>(¥RMB in Million)</i>				
Revenues	44,281	38,419	15.3%	¥43.40bn from core express delivery business, increased 15.7% 1) ¥6.11bn from KA customers, increased 100.7% on 46.4% KA volume increase ¥0.89bn freight forwarding revenues, decreased 2.4%
COGS	-30,564	-26,756	14.2%	¥29.74bn from core express delivery business, increased 14.8% 1) ¥13.97bn line haul transportation costs, increased 2.8% 2) ¥9.16bn sorting hub operation costs, increased 11.0% 3) ¥4.07bn KA costs, increased 151.4% ¥0.83bn freight forwarding costs, decreased 3.1%
Gross profit	13,717	11,663	17.6%	¥13.66bn from core express delivery business, increased 17.7%
<i>Gross profit %</i>	<i>31.0%</i>	<i>30.4%</i>	<i>0.6pts</i>	<i>31.5% for core express delivery business (31.0% @2023)</i>
SG&A	-2,690	-2,425	10.9%	SG&A excl. SBC was 5.4% of revenues (5.6% @2023)
Other operating income/(loss), net	750	771		¥488.9mn of government subsidies and tax rebates (¥397.0mn @2023) ¥111.5mn ADR fee rebate (¥53.0mn @2023) ¥147.2mn of rental and other income (¥43.3mn @2023)
Income from operations	11,777	10,008	17.7%	
<i>Operating profit %</i>	<i>26.6%</i>	<i>26.0%</i>	<i>0.6pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>12,096</i>	<i>10,263</i>	<i>17.9%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>27.3%</i>	<i>26.7%</i>	<i>0.6pts</i>	
Interest income (net)	656	417		
Fair value changes of financial instruments	203	165		
Currency exchange gain/(loss)	-18	94		
Income before income tax and equity pickup	11,676	10,689	9.2%	
Income tax expenses	-2,845	-1,939		2024 included: 1) ¥518.3mn accrual of dividend tax (2023 included: 1) ¥207.1mn "Key Software Enterprise" tax credit for 2022; 2) ¥202.5mn accrual of dividend tax) Adjusted ETR 17.8% (17.6% @2023)
Equity pickup	57	4		
Net income	8,888	8,754	1.5%	
<i>Net income%</i>	<i>20.1%</i>	<i>22.8%</i>	<i>-2.7pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>10,150</i>	<i>9,006</i>	<i>12.7%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>22.9%</i>	<i>23.4%</i>	<i>-0.5pts</i>	
EBITDA	15,094	13,858	8.9%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>16,355</i>	<i>14,107</i>	<i>15.9%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>12.52</i>	<i>11.14</i>	<i>12.4%</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)				
	2024	2023	Impact (+/-)	Comments (+positive/-negative impact)
ASP (excluding COE)	1.28	1.24	+4 cents	Core express delivery ASP increased 2.7%(unit KA revenue +8 cents, volume incentives -2 cents, lower avg. parcel weight -2 cents)
Cost of Revenue (excluding COE)	0.87	0.86	-1 cent	Core express delivery unit cost remained stable
- transportation cost per parcel	0.41	0.45	+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	0.27	0.27	Flat	1) Better economies of scale (+) 2) Increased automation, 596 sets of auto. sorting equipment in use (464 sets @2023) (+) 3) Increased costs associated with sorting activities on behalf of franchisees (-)
Gross profit (excluding COE)	0.40	0.38	+2 cents	Increased revenues and cost productivity gain
SG&A excluding SBC (Non GAAP)	0.07	0.07	Flat	Stable corporate cost structure & leverage
Adjusted income from operations (Non GAAP)	0.36	0.34	+2 cents	
Cash and Capex (RMB in Million)				
	2024	2023	Diff	Comments
Operating cash flow	11,429	13,361	(1,932)	Operating cash flow decreased 14.5%, mainly due to: 1) ¥1,200mn one-time refund of franchisee deposits under new business policy (-) 2) ¥820mn higher advances for platform reverse parcels (-) 3) ¥350mn greater allocation to long-term financial investments (-) 4) ¥310mn tighten VAT refund policies (-) 5) ¥320mn increase in accrual of dividend tax (+)
CapEx	5,902	6,670	-768	Approx. ¥4,103mn land use rights and sorting hub construction ¥1,325mn automation equipment ¥362mn self-owned trucks
Cash and Cash Equivalents	22,351	20,475	1,876	Excluding ¥12.02bn cash on deposits maturing in one year or longer

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Financial Performance				
	4Q24	4Q23	V%	Comments
Parcel package volume (in Billion)	9.66	8.70	11.0%	9.2pts below industry avg.; 18.8% market share (20.4% @4Q23 restated by SPB*)
<i>(¥RMB in Million)</i>				
Revenues	12,920	10,619	21.7%	¥12.71bn from core express delivery business, increased 22.4% 1) ¥2,573.2mn from KA customers, increased 275.9% on 191.6% KA volume increase ¥208.9mn freight forwarding revenues, decreased 11.7%
COGS	-9,160	-7,491	22.3%	¥8.96bn from core express delivery business, increased 23.4% 1) ¥3.91bn line haul transportation costs, decreased 1.3% 2) ¥2.54bn sorting hub operation costs, increased 12.7% 3) ¥1,834.5mn KA costs, increased 368.2% ¥197.1mn freight forwarding costs, decreased 13.4%
Gross profit	3,760	3,128	20.2%	¥3.75bn from core express delivery business, increased 20.2%
<i>Gross profit %</i>	<i>29.1%</i>	<i>29.5%</i>	<i>-0.4pts</i>	<i>29.5% for core express delivery business (30.0% @4Q23)</i>
SG&A	-656	-700	-6.4%	SG&A excl. SBC was 5.0% of revenues (6.6% @4Q23)
Other operating income/(loss), net	349	327		¥214.7mn of government subsidies and tax rebates (¥191.2mn @4Q23) ¥111.5mn ADR fee rebate (¥53.0mn @4Q23) ¥23.1mn of rental and other income (¥11.2mn @4Q23)
Income from operations	3,453	2,755	25.3%	
<i>Operating profit %</i>	<i>26.7%</i>	<i>25.9%</i>	<i>0.8pts</i>	
<i>Income from operations excluding SBC (Non GAAP)</i>	<i>3,460</i>	<i>2,755</i>	<i>25.6%</i>	
<i>Operating profit % excluding SBC (Non GAAP)</i>	<i>26.8%</i>	<i>25.9%</i>	<i>0.9pts</i>	
Interest income (net)	150	140		
Fair value changes of financial instruments	168	-51		Included ¥45.0mn unrealized foreign exchange gain related to cash management products
Currency exchange gain/(loss)	-	18		
Income before income tax and equity pickup	3,491	2,857	22.2%	
Income tax expenses	-1,059	-637		Included ¥372.3mn accrual of dividend tax (¥202.5mn @4Q23) Adjusted ETR 18.0% (15.3% @4Q23)
Equity pickup	15	-10		
Net income	2,446	2,210	10.7%	
<i>Net income%</i>	<i>18.9%</i>	<i>20.8%</i>	<i>-1.9pts</i>	
<i>Adjusted net income (Non GAAP)</i>	<i>2,733</i>	<i>2,214</i>	<i>23.4%</i>	
<i>Adjusted net income (Non GAAP)%</i>	<i>21.2%</i>	<i>20.9%</i>	<i>0.3pts</i>	
EBITDA	4,329	3,647	18.7%	
<i>Adjusted EBITDA (Non GAAP)</i>	<i>4,615</i>	<i>3,652</i>	<i>26.4%</i>	
<i>Adjusted Basic EPS (Non GAAP) (¥RMB in Yuan)</i>	<i>3.32</i>	<i>2.73</i>	<i>21.6%</i>	

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ASP (excluding COE)	1.32	1.19	+13 cents	Core express delivery ASP increased 10.3%(unit KA revenue +19 cents, volume incentives -4 cents, lower avg. parcel weight -2 cents)
Cost of Revenue (excluding COE)	0.93	0.83	-10 cents	Core express delivery unit cost increased 11.1%, among which unit KA cost increased 15 cents
- transportation cost per parcel	0.40	0.46	+6 cents	1) Better economies of scale (+) 2) Improved load rate (+) 3) Real-time data monitoring and analytics to optimize route planning (+) 4) Diesel price declined, decreased ~1 cent (+)
- sorting hub cost per parcel	0.26	0.26	Flat	1) Better economies of scale (+) 2) Increased automation, 596 sets of auto. sorting equipment in use (464 sets @4Q23) (+) 3) Increased costs associated with sorting activities on behalf of franchisees (-)
Gross profit (excluding COE)	0.39	0.36	+3 cents	Increased revenues and cost productivity gain
SG&A excluding SBC (Non GAAP)	0.07	0.08	+1 cent	Efficient corporate cost structure & leverage
Adjusted income from operations (Non GAAP)	0.36	0.32	+4 cents	
Cash and Capex (RMB in Million)				
	4Q24	4Q23	Diff	Comments
Operating cash flow	2,806	3,923	-1,117	Operating cash flow decreased 28.5%, mainly due to: 1) ¥1,200mn one-time refund of franchisee deposits under new business policy (-) 2) ¥660mn higher advances for platform reverse parcels (-) 3) ¥320mn increase in accrual of dividend tax (+)
CapEx	1,152	895	257	Approx. ¥785mn land use rights and sorting hub construction ¥325mn automation equipment
Cash and Cash Equivalents	22,351	20,475	1,876	Excluding ¥12.02bn cash on deposits maturing in one year or longer