

# ZTO Express (ZTO US/2057 HK)

## 3Q25 results in-line; Expect further improvement in ASP

ZTO's reported/core net profit was +5%/-3% in 3Q25, which is largely in-line with our expectation. ZTO revised down the parcel volume growth guidance for the full year (12.3-13.8%, vs. 14-18% in Aug). This is the second downward revision this year, which we believe is a continuous reaction to the anti-involution campaign. In the post-results call, ZTO expected the industry parcel volume growth of ~10% YoY in 2026E. We slightly revise down our 2026E/27E earnings forecast by 2%/5%, after incorporating higher ASP but lower volume along with higher cost related to KA. Major peers' parcel ASP saw a YoY rebound in Oct in general, and we expect the improvement to continue into early 2026. Our TP for ZTO US/2057 HK is slightly revised down to US\$23.3/HK\$183 (previously US\$23.9/HK\$187) based on an unchanged 15x target P/E for 2026E (1SD below historical average to reflect continuous slowdown of earnings growth). Maintain **BUY**.

### Key highlights in 3Q25 results:

- **Core net profit -3% YoY to RMB2.39bn**, after excluding the fair value gains. Revenue grew 11% YoY but gross profit dropped 11% YoY due to a unit gross profit contraction of 19% YoY (to RMB0.31/parcel). Net profit slightly increased 5% YoY to RMB2.5bn, helped largely by fair value gains and low effective tax rate of 5.9% (bolstered by one-off tax rebate). In 9M25, the core net profit dropped 10% YoY to ~RMB6.37bn, which accounted for 73% of our full-year estimate (run rate in 9M24: 74%).
- **Parcel volume +9.7% YoY to 9.57bn units**. Market share in 3Q25 was 19.4% (-0.6ppts YoY and +0.1ppt QoQ). ZTO remained the largest player in terms of express delivery parcel volume in 3Q, followed by YTO (15.6%) and STO (13.2%).
- **ASP +1.7% YoY**. ASP increased RMB0.02/parcel (or 1.7%) YoY in 3Q25 to RMB1.22/unit (breakdown: KA +RMB0.18, parcel weight -RMB0.02, volume incentives -RMB0.14).
- **Total unit cost increased 11.5% YoY to RMB0.91/parcel**. Unit cost of transportation decreased RMB0.05 (or 11.5%) YoY to RMB0.34/parcel, helped by economies of scale, improved route planning and decrease in diesel prices. Unit cost of sorting hubs dropped 2% YoY to RMB0.25/parcel, helped by scale and the increase in automation level but slightly offset by opening of new facilities. Other unit cost surged RMB0.15/unit (or 97%) YoY to RMB0.30/unit, due to an increase in KA cost, which is the key reason for the increase in total unit cost.

### Earnings Summary - ZTO US

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	38,419	44,281	48,256	53,461	58,151
YoY growth (%)	8.6	15.3	9.0	10.8	8.8
Adjusted net profit (RMB mn)	8,579.0	9,555.8	8,727.9	9,224.4	9,841.4
EPS (Adjusted) (RMB)	10.62	11.45	10.77	11.38	12.14
Consensus EPS (RMB)	na	na	10.94	12.38	13.89
P/E (x)	12.5	12.8	12.4	11.8	11.1
P/B (x)	1.8	1.7	1.6	1.5	1.4
Yield (%)	3.3	3.6	3.6	3.8	4.1
ROE (%)	15.4	14.6	13.9	13.4	13.3
Net gearing (%)	(41.6)	(40.0)	(41.5)	(42.6)	(46.2)

Source: Company data, Bloomberg, CMBIGM estimates

	ZTO US	2057 HK
	<b>BUY</b>	<b>BUY</b>
	Maintain	Maintain

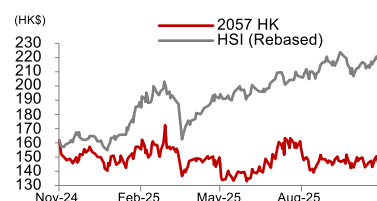
TP	US\$23.30	HK\$183.00
Prior TP	US\$23.90	HK\$187.00
Up/Downside	22.8%	24.1%
Current Price	US\$19.0	HK\$147.5

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### 12-mth Price Performance



Source: FactSet

### Stock Performance

	ZTO US		2057 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-0.7%	1.1%	-0.5%	-0.6%
3-mth	-2.9%	-6.1%	-4.7%	-5.4%
6-mth	8.4%	-2.7%	2.1%	-0.6%

Source: FactSet

### Stock Data

(LC)	ZTO US	2057 HK
Mkt Cap (mn)	15372.13	119525
Avg 3 mths t/o (mn)	12.47	260.56
52w High	21.76	172.2
52w Low	16.51	132.9
Issued Shares (mn)	810.3392	810.3392

Source: FactSet

### Related reports:

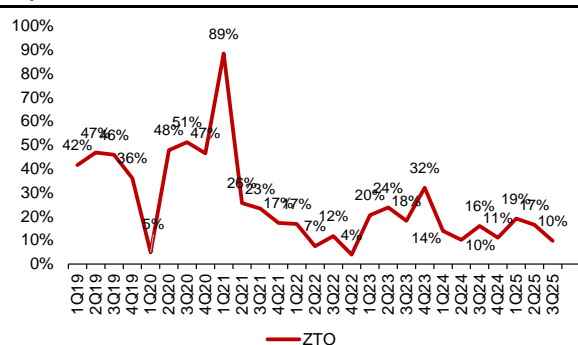
1. ZTO (ZTO US/2057 HK) – Lower volume guidance but likely ASP surprise – 20 Aug 2025 ([link](#))
2. Express delivery – Price floor in Guangdong likely set an example for other regions; Staying +ve on the sector – 8 Aug 2025 ([link](#))
3. Express delivery - Strong policy momentum to curb price war; a similar price hike story like 2022 – 4 Aug 2025 ([link](#))

Figure 1: ZTO's 3Q25 results

(RMB mn)	1Q24	1Q25	Change YoY	2Q24	2Q25	Change YoY	3Q24	3Q25	Change YoY
<b>Total revenue</b>	<b>9,960</b>	<b>10,891</b>	<b>9.4%</b>	<b>10,726</b>	<b>11,832</b>	<b>10.3%</b>	<b>10,675</b>	<b>11,865</b>	<b>11.1%</b>
Cost of sales	-6,958	-8,202	17.9%	-7,105	-8,887	25.1%	-7,340	-8,909	21.4%
<b>Gross profit</b>	<b>3,002</b>	<b>2,689</b>	<b>-10.4%</b>	<b>3,620</b>	<b>2,944</b>	<b>-18.7%</b>	<b>3,335</b>	<b>2,956</b>	<b>-11.4%</b>
Other income	161	454	181.3%	188	154	-17.8%	52	82	58.4%
SG&A expenses	-897	-738	-17.7%	-593	-624	5.2%	-545	-633	16.2%
<b>EBIT</b>	<b>2,267</b>	<b>2,405</b>	<b>6.1%</b>	<b>3,215</b>	<b>2,475</b>	<b>-23.0%</b>	<b>2,842</b>	<b>2,405</b>	<b>-15.4%</b>
D&A	786	827	5.2%	755	809	7.1%	731	862	17.9%
<b>EBITDA</b>	<b>3,053</b>	<b>3,232</b>	<b>5.9%</b>	<b>3,970</b>	<b>3,284</b>	<b>-17.3%</b>	<b>3,573</b>	<b>3,267</b>	<b>-8.6%</b>
Net finance income/(expense)	161	130	-19.6%	172	111	-35.8%	172	131	-24.0%
Finance income	245	198	-19.0%	288	209	-27.5%	239	185	-22.3%
Finance expenses	-84	-69	-17.9%	-116	-98	-15.3%	-66	-54	-18.0%
Gain/(loss) on disposal of subsidiaries	0	0	n/a	12	-1	n/a	-1	36	n/a
Impairment of investment in equity investees	-478	0	n/a	-194	-84	n/a	0	0	n/a
Fair value changes of financial instruments	43	37	-14.3%	55	-4	n/a	-63	102	n/a
FX gain/(loss)	5	-4	n/a	15	16	8.2%	-38	9	n/a
Share of profit of JV and associates	16	3	-80.4%	4	27	519.4%	22	16	-29.9%
<b>Pretax profit</b>	<b>2,014</b>	<b>2,571</b>	<b>27.6%</b>	<b>3,279</b>	<b>2,540</b>	<b>-22.5%</b>	<b>2,934</b>	<b>2,699</b>	<b>-8.0%</b>
Income tax	-566	-532	-6.1%	-665	-576	-13.5%	-555	-160	-71.2%
<b>After tax profit</b>	<b>1,448</b>	<b>2,039</b>	<b>40.8%</b>	<b>2,614</b>	<b>1,965</b>	<b>-24.8%</b>	<b>2,379</b>	<b>2,539</b>	<b>6.7%</b>
MI	-22	-46	111.7%	-2	-26	1094.9%	17	-15	n/a
<b>Net profit</b>	<b>1,426</b>	<b>1,993</b>	<b>39.8%</b>	<b>2,612</b>	<b>1,938</b>	<b>-25.8%</b>	<b>2,396</b>	<b>2,524</b>	<b>5.3%</b>
<b>Core net profit</b>	<b>1,862</b>	<b>1,956</b>	<b>5.1%</b>	<b>2,740</b>	<b>2,027</b>	<b>-26.0%</b>	<b>2,460</b>	<b>2,386</b>	<b>-3.0%</b>
<b>Ratios:</b>			<i>ppt</i>			<i>ppt</i>			<i>ppt</i>
Gross margin	30.1%	24.7%	-5.5	33.8%	24.9%	-8.9	31.2%	24.9%	-6.3
EBIT margin	22.8%	22.1%	-0.7	30.0%	20.9%	-9.1	26.6%	20.3%	-6.4
After tax profit margin	14.5%	18.7%	4.2	24.4%	16.6%	-7.8	22.3%	21.4%	-0.9
Effective tax rate	28.1%	20.7%	-7.4	20.3%	22.7%	2.4	18.9%	5.9%	-13.0

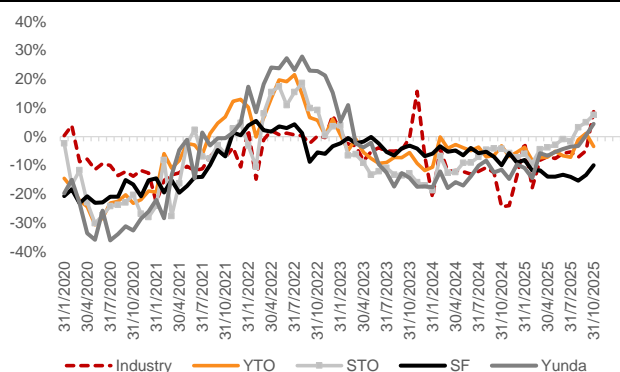
Source: Company data, CMBIGM

Figure 2: ZTO's quarterly parcel volume growth (YoY)

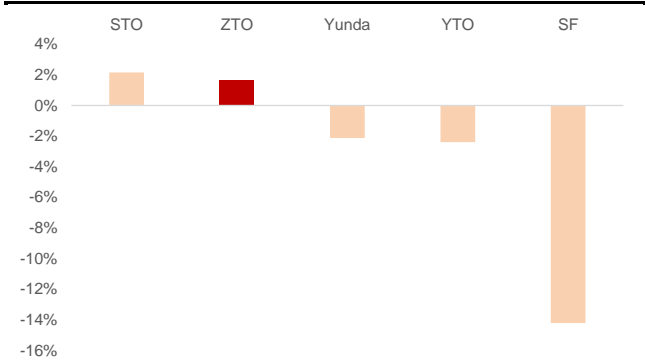


Source: Company data, CMBIGM

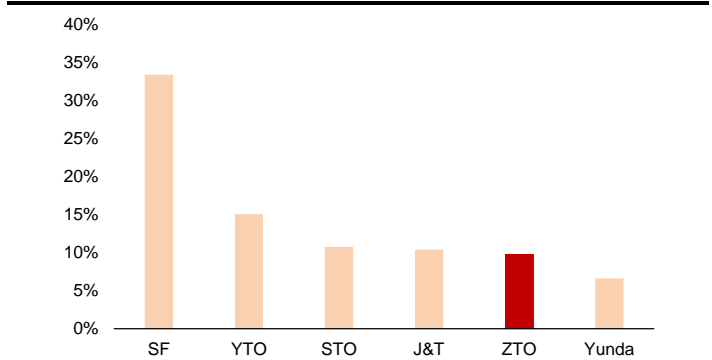
Figure 3: Major players' monthly ASP change (YoY)



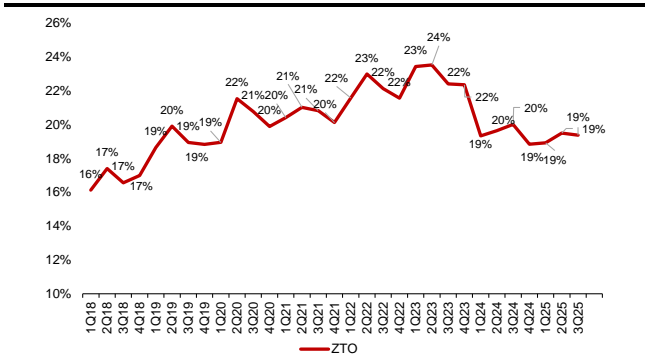
Source: The State Post Bureau, Company data, CMBIGM

**Figure 4: Major players' ASP change (YoY) in 3Q25**

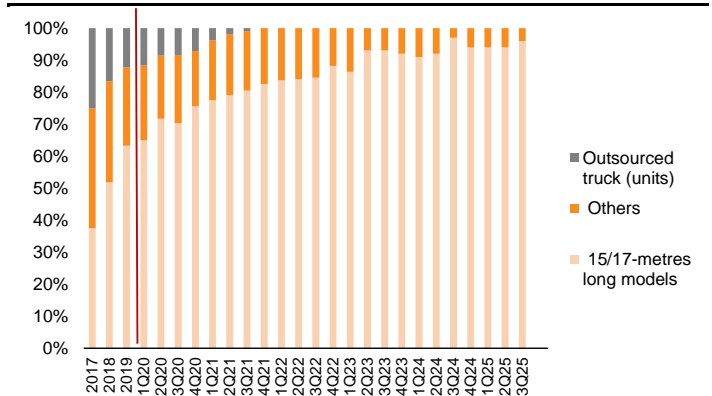
Source: Company data, the State Post Bureau, CMBIGM

**Figure 5: Major players' parcel volume growth (YoY in 3Q25)**

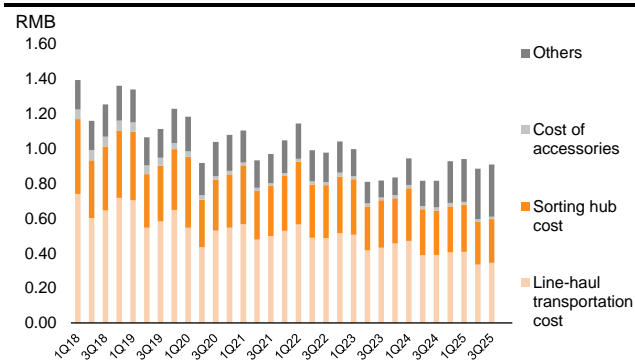
Source: Company data, CMBIGM

**Figure 6: ZTO's market share in China in terms of parcel volume**

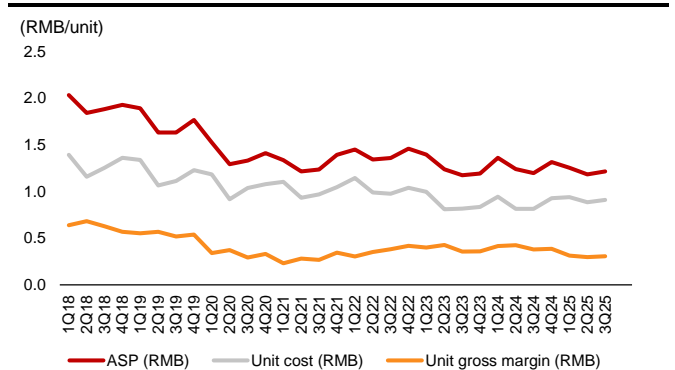
Source: Company data, CMBIGM

**Figure 7: ZTO's self-owned high-capacity truck ratio**

Source: Company data, CMBIGM

**Figure 8: ZTO's unit cost breakdown**

Source: Company data, CMBIGM

**Figure 9: ZTO's ASP, unit cost & unit gross margin**

Source: Company data, CMBIGM

**Figure 10: Changes in key operating assumptions**

	Old			New			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
<b>Shipment volume (mn units of parcel)</b>									
Unit of parcel	39,113	44,197	49,501	38,432	42,660	46,926	-1.7%	-3.5%	-5.2%
<b>ASP (RMB/unit)</b>									
Per unit of parcel	1.21	1.20	1.19	1.24	1.24	1.22	1.9%	2.9%	2.9%
<b>Unit cost (RMB)</b>									
Line-haul transportation cost	-0.37	-0.36	-0.35	-0.36	-0.35	-0.34	-3.3%	-3.3%	-3.3%
Sorting hub cost	-0.25	-0.24	-0.23	-0.25	-0.25	-0.24	3.3%	3.3%	3.3%
Others	-0.25	-0.27	-0.28	-0.29	-0.31	-0.32	13.1%	15.3%	15.3%
<b>Total</b>	<b>-0.89</b>	<b>-0.88</b>	<b>-0.88</b>	<b>-0.92</b>	<b>-0.92</b>	<b>-0.91</b>	<b>3.3%</b>	<b>4.1%</b>	<b>4.4%</b>
<b>Unit gross margin (RMB)</b>	<b>0.33</b>	<b>0.32</b>	<b>0.31</b>	<b>0.32</b>	<b>0.32</b>	<b>0.31</b>	<b>-1.8%</b>	<b>-0.4%</b>	<b>-1.2%</b>
<b>(RMB mn)</b>									
<b>Revenue</b>									
Express delivery, accessories & others	47,409	53,037	58,807	47,468	52,689	57,378	0.1%	-0.7%	-2.4%
Freight forwarding services	788	772	772	788	772	772	0.0%	0.0%	0.0%
<b>Total</b>	<b>48,197</b>	<b>53,809</b>	<b>59,580</b>	<b>48,256</b>	<b>53,461</b>	<b>58,151</b>	<b>0.1%</b>	<b>-0.6%</b>	<b>-2.4%</b>
<b>Revenue growth</b>								ppt	
Express delivery, accessories & others	9%	12%	11%	9%	11%	9%	0.1	(0.9)	(2.0)
Freight forwarding services	-11%	-2%	0%	-11%	-2%	0%	0.0	0.0	0.0
<b>Revenue</b>	<b>9%</b>	<b>12%</b>	<b>11%</b>	<b>9%</b>	<b>11%</b>	<b>9%</b>	<b>0.1</b>	<b>(0.9)</b>	<b>(2.0)</b>
SG&A expense ratio	-6.0%	-6.0%	-6.0%	-5.6%	-5.5%	-5.5%	0.4	0.5	0.5
<b>Core net profit</b>	<b>8,745</b>	<b>9,439</b>	<b>10,340</b>	<b>8,728</b>	<b>9,224</b>	<b>9,841</b>	<b>-0.2%</b>	<b>-2.3%</b>	<b>-4.8%</b>

Source: Company data, CMBIGM estimates

**Figure 11: Earnings sensitivity to ASP and unit line-haul transportation cost**

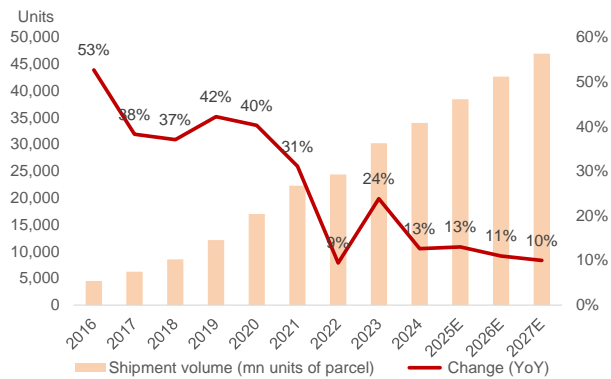
2026E Net profit (RMB mn)		ASP (RMB/unit)				
		1.17	1.21	1.24	1.26	1.30
<b>Unit line-haul transportation cost (RMB)</b>	-0.364	6,760	7,906	8,669	9,433	10,578
	-0.353	7,093	8,239	9,002	9,766	10,911
	<b>-0.347</b>	7,315	8,461	<b>9,224</b>	9,988	11,133
	-0.340	7,537	8,683	9,446	10,210	11,355
	-0.329	7,870	9,016	9,779	10,543	11,688

Source: Company data, CMBIGM estimates

**Figure 12: Earnings sensitivity to ASP and unit sorting hub cost**

2026E Net profit (RMB mn)		ASP (RMB/unit)				
		1.17	1.21	1.24	1.26	1.30
<b>Unit sorting hub cost (RMB)</b>	-0.258	6,922	8,067	8,831	9,595	10,740
	-0.251	7,158	8,303	9,067	9,831	10,976
	<b>-0.246</b>	7,315	8,461	<b>9,224</b>	9,988	11,133
	-0.241	7,473	8,618	9,382	10,145	11,291
	-0.233	7,709	8,854	9,618	10,381	11,527

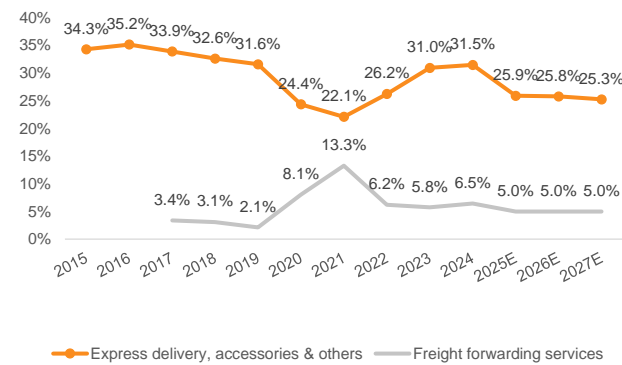
Source: Company data, CMBIGM estimates

**Figure 13: ZTO's parcel shipment volume forecast**

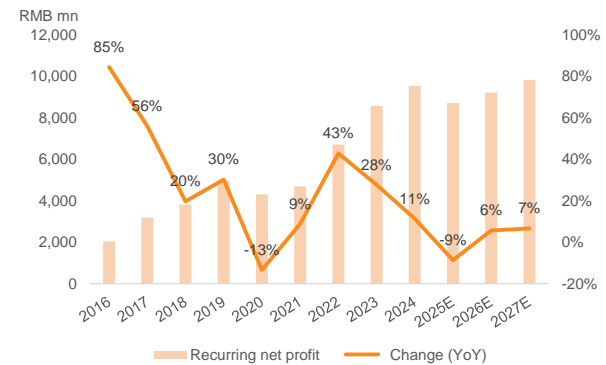
Source: Company data, CMBIGM estimates

**Figure 14: China's diesel price**

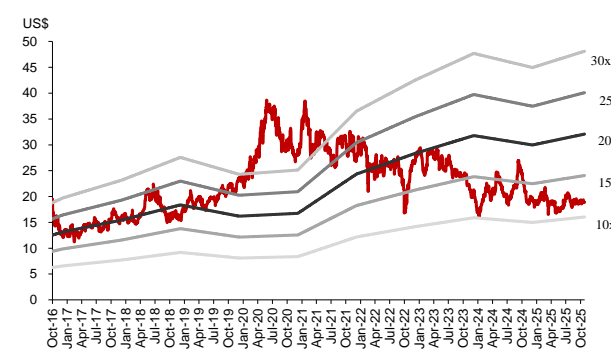
Source: Wind, CMBIGM

**Figure 15: ZTO's gross margin trend**

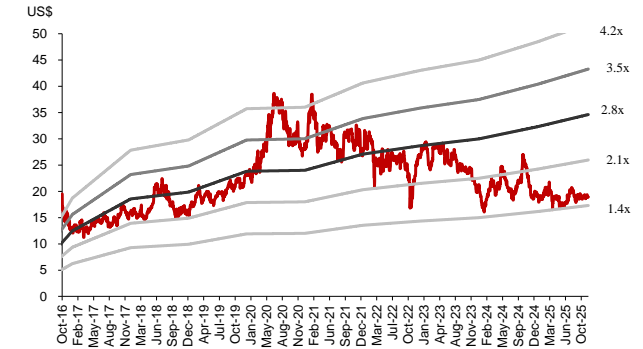
Source: Company data, CMBIGM estimates

**Figure 16: ZTO's net profit forecast**

Source: Company data, CMBIGM estimates

**Figure 17: ZTO US's P/E band**

Source: Bloomberg, company data, CMBIGM estimates

**Figure 18: ZTO US's P/B band**

Source: Bloomberg, company data, CMBIGM estimates

**Major risk factors include:** (1) a renewed price war, and (2) further slowdown of overall consumption.

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	35,377	38,419	44,281	48,256	53,461	58,151
Cost of goods sold	(26,338)	(26,756)	(30,564)	(35,916)	(39,830)	(43,619)
Gross profit	9,039	11,663	13,717	12,340	13,631	14,532
SG&A expense	(2,077)	(2,425)	(2,690)	(2,702)	(2,940)	(3,198)
Others	775	771	750	965	1,069	1,163
Operating profit	7,736	10,008	11,777	10,603	11,760	12,496
Investment gain/loss	90	170	(739)	86	0	0
Share of (losses)/profits of associates/JV	6	4	57	60	45	50
Interest income	504	707	994	905	990	1,079
Interest expense	(191)	(290)	(338)	(371)	(371)	(371)
Net interest income/(expense)	313	417	656	534	618	708
Foreign exchange gain/loss	147	94	(18)	22	0	0
Pre-tax profit	8,292	10,693	11,733	11,304	12,423	13,254
Income tax	(1,633)	(1,939)	(2,845)	(2,374)	(3,106)	(3,314)
Minority interest	150	(5)	(71)	(116)	(93)	(99)
Net profit	6,659	8,754	8,888	8,930	9,318	9,941
Adjusted net profit	6,720	8,579	9,556	8,728	9,224	9,841
Gross dividends	2,063	3,592	4,056	3,966	4,151	4,429
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	24,475	26,954	30,354	32,097	36,750	40,688
Cash & equivalents	11,693	12,334	13,465	16,374	19,342	24,544
Account receivables	819	573	1,504	162	1,742	329
Inventories	41	28	39	60	49	70
Prepayment	862	822	784	784	784	784
Other current assets	11,061	13,197	14,562	14,717	14,833	14,961
Non-current assets	54,049	61,512	61,987	65,701	66,634	68,853
PP&E	28,813	32,181	33,915	36,039	36,962	37,485
Deferred income tax	750	880	985	985	985	985
Investment in JVs & assos	3,951	3,455	1,871	2,131	2,376	2,626
Intangibles	29	23	17	11	5	2
Goodwill	4,242	4,242	4,242	4,242	4,242	4,242
Other non-current assets	16,264	20,731	20,957	22,295	22,065	23,514
Total assets	78,524	88,465	92,340	97,798	103,385	109,541
Current liabilities	16,405	20,061	28,273	28,857	29,092	29,459
Short-term borrowings	5,394	7,766	9,514	9,514	9,514	9,514
Account payables	2,203	2,557	2,463	3,047	3,282	3,649
Tax payable	228	333	489	489	489	489
Other current liabilities	8,580	9,405	15,807	15,807	15,807	15,807
Non-current liabilities	7,646	8,124	1,392	1,392	1,392	1,392
Long-term borrowings	0	0	0	0	0	0
Obligations under finance leases	510	456	378	378	378	378
Other non-current liabilities	7,135	7,668	1,015	1,015	1,015	1,015
Total liabilities	24,051	28,185	29,665	30,249	30,484	30,851
Total shareholders equity	54,029	59,802	62,062	66,820	72,079	77,769
Minority interest	444	479	612	729	822	921
Total equity and liabilities	78,524	88,465	92,340	97,798	103,385	109,541

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	8,292	10,693	11,733	11,304	12,423	13,254
Depreciation & amortization	2,671	2,881	3,030	3,826	4,236	4,643
Tax paid	(1,633)	(1,939)	(2,845)	(2,374)	(3,106)	(3,314)
Change in working capital	1,498	700	(1,035)	768	(874)	519
Others	148	318	(446)	(594)	(664)	(758)
<b>Net cash from operations</b>	<b>10,976</b>	<b>12,654</b>	<b>10,436</b>	<b>12,931</b>	<b>12,016</b>	<b>14,345</b>
<b>Investing</b>						
Capital expenditure	(6,837)	(6,529)	(5,900)	(5,800)	(5,000)	(5,000)
Acquisition of subsidiaries/ investments	136	63	0	(200)	(200)	(200)
Others	(9,845)	(6,494)	(1,074)	405	490	579
<b>Net cash from investing</b>	<b>(16,546)</b>	<b>(12,960)</b>	<b>(6,974)</b>	<b>(5,595)</b>	<b>(4,710)</b>	<b>(4,621)</b>
<b>Financing</b>						
Dividend paid	(1,353)	(2,063)	(3,592)	(4,056)	(3,966)	(4,151)
Net borrowings	1,936	2,372	1,748	0	0	0
Proceeds from share issues	(85)	(1,006)	0	0	0	0
Others	6,560	(72)	(3,151)	(371)	(371)	(371)
<b>Net cash from financing</b>	<b>7,058</b>	<b>(770)</b>	<b>(4,995)</b>	<b>(4,427)</b>	<b>(4,337)</b>	<b>(4,522)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	9,721	11,693	12,334	13,465	16,374	19,342
Exchange difference	483	1,716	2,665	0	0	0
<b>Cash at the end of the year</b>	<b>11,693</b>	<b>12,334</b>	<b>13,465</b>	<b>16,374</b>	<b>19,342</b>	<b>24,544</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	16.3%	8.6%	15.3%	9.0%	10.8%	8.8%
Gross profit	37.2%	29.0%	17.6%	(10.0%)	10.5%	6.6%
Operating profit	40.6%	29.4%	17.7%	(10.0%)	10.9%	6.3%
Net profit	41.6%	31.5%	1.5%	0.5%	4.3%	6.7%
Adj. net profit	43.0%	27.7%	11.4%	(8.7%)	5.7%	6.7%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	25.6%	30.4%	31.0%	25.6%	25.5%	25.0%
Operating margin	21.9%	26.0%	26.6%	22.0%	22.0%	21.5%
Adj. net profit margin	19.0%	22.3%	21.6%	18.1%	17.3%	16.9%
Return on equity (ROE)	13.0%	15.4%	14.6%	13.9%	13.4%	13.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Current ratio (x)	1.5	1.3	1.1	1.1	1.3	1.4
Receivable turnover days	23.0	17.3	16.1	16.3	16.5	17.0
Inventory turnover days	0.9	0.5	0.4	0.5	0.5	0.5
Payable turnover days	28.8	32.5	30.0	28.0	29.0	29.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
P/E	16.0	12.5	12.8	12.4	11.8	11.1
P/B	2.0	1.8	1.7	1.6	1.5	1.4
Div yield (%)	1.9	3.3	3.6	3.6	3.8	4.1

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.



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