

ZTO Express (ZTO US/2057 HK)

**2026 volume growth guidance: up 10-13%;
Shareholder return at least 50% of earnings**

ZTO's reported net profit increased 3% YoY to RMB9.08bn in 2025. Core net profit, based on our calculation, was down 6% YoY to RMB9bn, which is 3% below our estimate but 3% above Bloomberg consensus. ZTO introduced the parcel volume growth guidance of 10-13% for 2026, which it believes is higher than the industry average. Meanwhile, ZTO approved a new share repurchase program with a maximum budget of US\$1.5bn over the coming two years (starting from Mar 20). ZTO targets an annual shareholder return ratio of at least 50% of adjusted net profit (cash dividend + share buyback). We revise up our 2026E/27E earnings forecast by 12%/19%, after incorporating better unit margin and lower tax rate. We expect the anti-involution campaign will help support the ASP in the foreseeable future. Our TP for ZTO US/2057 HK is revised up to US\$29.7/HK\$233, based on 17x 2026E P/E, equivalent to 0.5SD below historical average (previously 1SD). Our narrowed valuation discount is to reflect potential rebound of earnings growth. Maintain **BUY**.

Key highlights in 4Q25 results:

- **4Q25 core net profit +6% YoY to RMB2.63bn.** Revenue grew 12% YoY but gross profit dropped 2% YoY due to a unit gross profit contraction of 10% YoY (to RMB0.35/parcel). Net profit slightly increased 5% YoY to RMB2.5bn, helped by a lower effective tax rate of 19% (30% in 4Q24).
- **Parcel volume +9% YoY to 10.6bn units.** Market share in 4Q25 was 19.6% (+0.8ppts YoY and +0.2ppts QoQ). ZTO remained the largest player in China in terms of express delivery parcel volume in 3Q, followed by YTO (15.9%) and STO (13.5%).
- **ASP +3% YoY.** ASP increased RMB0.03/parcel (or 3%) YoY in 4Q25 to RMB1.35/parcel (breakdown: KA +RMB0.15, volume incentives - RMB0.11).
- **Total unit cost increased 8% YoY to RMB1.01/parcel.** Unit cost of transportation decreased RMB0.03 (or 9%) YoY to RMB0.37/parcel, helped by economies of scale and improved route planning. Unit cost of sorting hubs was stable YoY at RMB0.26/parcel, as economies of scale was offset by the cost of new facilities opening. Other unit cost surged by RMB0.12/unit (or 53%) YoY to RMB0.36/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)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	44,281	49,099	54,607	59,929	65,193
YoY growth (%)	15.3	10.9	11.2	9.7	8.8
Adjusted net profit (RMB mn)	9,555.8	9,002.0	10,359.3	11,670.5	12,862.7
EPS (Adjusted) (RMB)	11.45	11.29	12.78	14.40	15.87
Consensus EPS (RMB)	na	11.68	12.75	14.12	na
P/E (x)	15.5	14.4	12.8	11.3	10.3
P/B (x)	2.1	2.0	1.8	1.7	1.5
Yield (%)	3.0	3.1	3.5	4.0	4.4
ROE (%)	14.6	14.4	15.1	15.6	15.7
Net gearing (%)	(40.0)	(30.0)	(32.8)	(37.5)	(40.7)

Source: Company data, Bloomberg, CMBIGM estimates

ZTO US	2057 HK
BUY	BUY
Maintain	Maintain

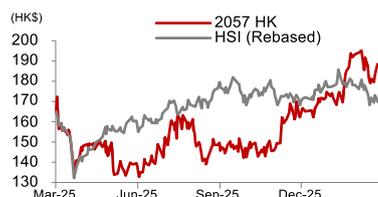
TP	US\$29.70	HK\$233.00
Prior TP	US\$23.30	HK\$183.00
Up/Downside	25.2%	27.5%
Current Price	US\$23.7	HK\$182.8

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12-mth Price Performance



Source: FactSet

Stock Performance

	ZTO US		2057 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-6.3%	-3.7%	-5.5%	-3.2%
3-mth	10.8%	12.1%	10.7%	9.2%
6-mth	26.4%	25.1%	25.3%	29.7%

Source: FactSet

Stock Data

(LC)	ZTO US	2057 HK
Mkt Cap (mn)	18927.88	145807.7
Avg 3 mths t/o (mn)	43.58	338.63
52w High	25.45	195.1
52w Low	16.51	132.9
Issued Shares (mn)	797.6349	797.6349

Source: FactSet

Related reports:

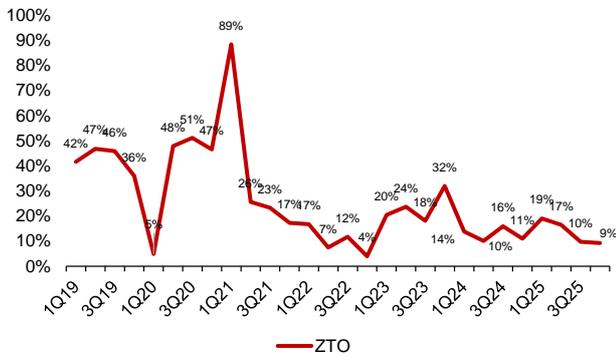
1. ZTO (ZTO US/2057 HK) – 3Q25 results in-line; Expect further improvement in ASP – 20 Nov 2025 ([link](#))
2. ZTO (ZTO US/2057 HK) – Lower volume guidance but likely ASP surprise – 20 Aug 2025 ([link](#))
3. Express delivery – Price floor in Guangdong likely set an example for other regions; Staying +ve on the sector – 8 Aug 2025 ([link](#))

Figure 1: ZTO's 4Q25 results

(RMB mn)	1Q24	1Q25	Change YoY	2Q24	2Q25	Change YoY	3Q24	3Q25	Change YoY	4Q24	4Q25	Change YoY
Total revenue	9,960	10,891	9.4%	10,726	11,832	10.3%	10,675	11,865	11.1%	12,920	14,511	12.3%
Cost of sales	-6,958	-8,202	17.9%	-7,105	-8,887	25.1%	-7,340	-8,909	21.4%	-9,160	-10,829	18.2%
Gross profit	3,002	2,689	-10.4%	3,620	2,944	-18.7%	3,335	2,956	-11.4%	3,760	3,682	-2.1%
Other income	161	454	181.3%	188	154	-17.8%	52	82	58.4%	349	151	-56.7%
SG&A expenses	-897	-738	-17.7%	-593	-624	5.2%	-545	-633	16.2%	-656	-644	-1.8%
EBIT	2,267	2,405	6.1%	3,215	2,475	-23.0%	2,842	2,405	-15.4%	3,453	3,189	-7.6%
D&A	786	827	5.2%	755	809	7.1%	731	862	17.9%	751	882	17.4%
EBITDA	3,053	3,232	5.9%	3,970	3,284	-17.3%	3,573	3,267	-8.6%	4,204	4,071	-3.2%
Net finance income/(expense)	161	130	-19.6%	172	111	-35.8%	172	131	-24.0%	150	128	-15.1%
Finance income	245	198	-19.0%	288	209	-27.5%	239	185	-22.3%	222	155	-30.3%
Finance expenses	-84	-69	-17.9%	-116	-98	-15.3%	-66	-54	-18.0%	-72	-27	-62.1%
Gain/(loss) on disposal of subsidiaries	0	0	n/a	12	-1	n/a	-1	36	n/a	-21	2	n/a
Impairment of investment in equity investees	-478	0	n/a	-194	-84	n/a	0	0	n/a	-259	0	n/a
Fair value changes of financial instruments	43	37	-14.3%	55	-4	n/a	-63	102	n/a	168	-9	n/a
FX gain/(loss)	5	-4	n/a	15	16	8.2%	-38	9	n/a	-0	-20	6227.4%
Share of profit of JV and associates	16	3	-80.4%	4	27	519.4%	22	16	-29.9%	15	42	185.2%
Pretax profit	2,014	2,571	27.6%	3,279	2,540	-22.5%	2,934	2,699	-8.0%	3,506	3,331	-5.0%
Income tax	-566	-532	-6.1%	-665	-576	-13.5%	-555	-160	-71.2%	-1,059	-638	-39.7%
After tax profit	1,448	2,039	40.8%	2,614	1,965	-24.8%	2,379	2,539	6.7%	2,447	2,693	10.1%
MI	-22	-46	111.7%	-2	-26	1094.9%	17	-15	n/a	-64	-68	5.8%
Net profit	1,426	1,993	39.8%	2,612	1,938	-25.8%	2,396	2,524	5.3%	2,383	2,625	10.2%
Core net profit	1,862	1,956	5.1%	2,740	2,027	-26.0%	2,460	2,386	-3.0%	2,494	2,633	5.5%
Ratios:			<i>ppt</i>			<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	29.1%	25.4%	-3.7
EBIT margin	22.8%	22.1%	-0.7	30.0%	20.9%	-9.1	26.6%	20.3%	-6.4	26.7%	22.0%	-4.7
After tax profit margin	14.5%	18.7%	4.2	24.4%	16.6%	-7.8	22.3%	21.4%	-0.9	18.9%	18.6%	-0.4
Effective tax rate	28.1%	20.7%	-7.4	20.3%	22.7%	2.4	18.9%	5.9%	-13.0	30.2%	19.2%	-11.1

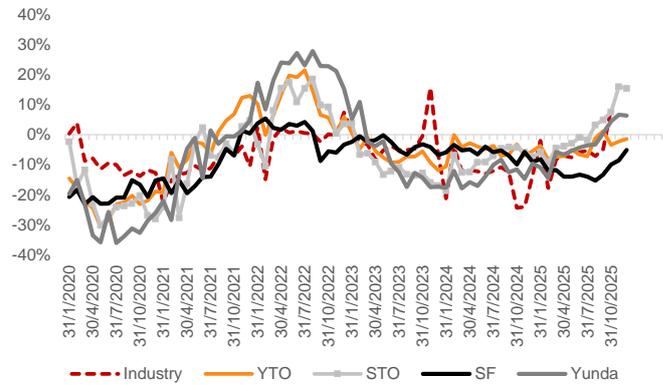
Source: Company data, CMBIGM

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



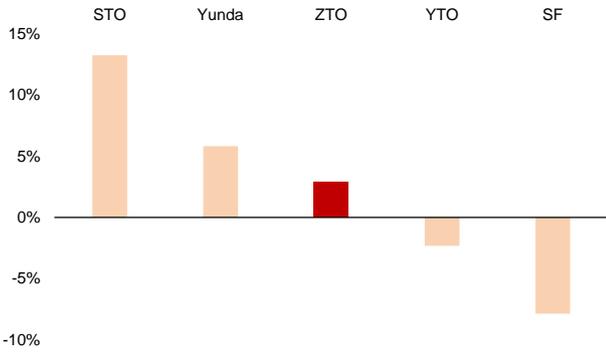
Source: Company data, CMBIGM

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



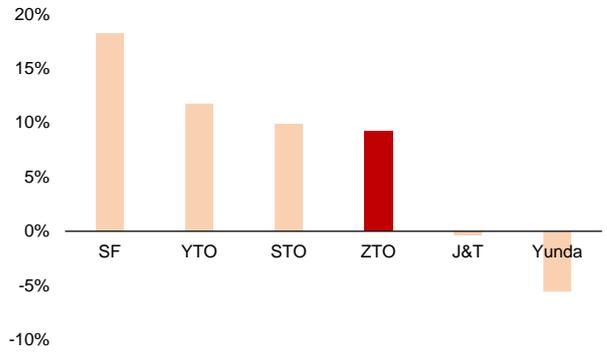
Source: The State Post Bureau, company data, CMBIGM

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



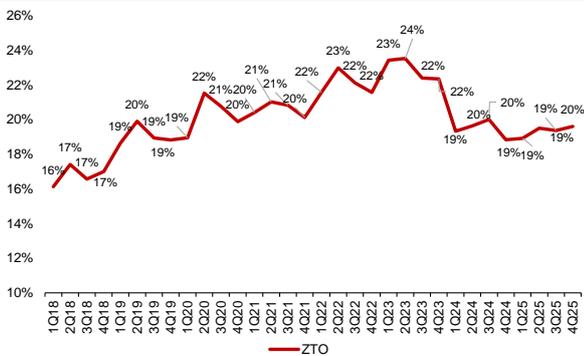
Source: Company data, the State Post Bureau, CMBIGM

Figure 5: Major players' parcel volume growth (YoY) in 4Q25



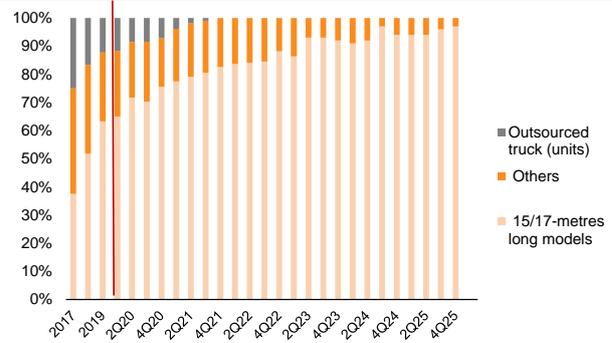
Source: Company data, the State Post Bureau, CMBIGM

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



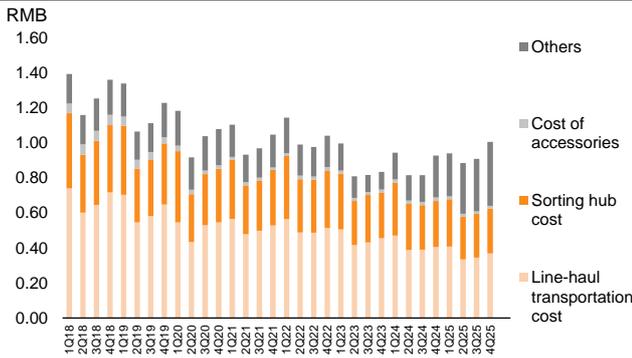
Source: Company data, CMBIGM

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



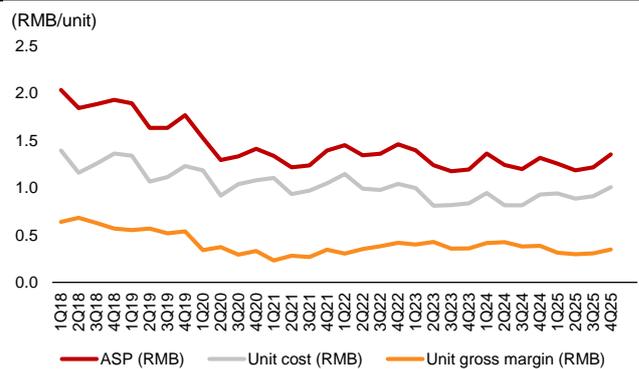
Source: Company data, CMBIGM

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			
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Shipment volume (mn units of parcel)									
Unit of parcel	42,660	46,926	-	43,139	47,884	52,673	1.1%	2.0%	-
ASP (RMB/unit)									
Per unit of parcel	1.24	1.22	-	1.25	1.24	1.22	1.0%	1.0%	-
Unit cost (RMB)									
Line-haul transportation cost	-0.35	-0.34	-	-0.33	-0.31	-0.29	-3.7%	-7.7%	-
Sorting hub cost	-0.25	-0.24	-	-0.24	-0.23	-0.22	-1.2%	-3.3%	-
Others	-0.31	-0.32	-	-0.33	-0.35	-0.38	7.6%	9.7%	-
Total	-0.92	-0.91	-	-0.92	-0.91	-0.90	0.4%	-0.8%	-
Unit gross margin (RMB)	0.32	0.31	-	0.33	0.33	0.33	2.7%	6.3%	-
(RMB mn)									
Revenue									
Express delivery, accessories & others	52,689	57,378	-	53,815	59,137	64,401	2.1%	3.1%	-
Freight forwarding services	772	772	-	792	792	792	2.5%	2.5%	-
Total	53,461	58,151	-	54,607	59,929	65,193	2.1%	3.1%	-
Revenue growth							ppt		
Express delivery, accessories & others	11%	9%	-	11%	10%	9%	0.4	1.0	-
Freight forwarding services	-2%	0%	-	-2%	0%	0%	0.0	0.0	-
Revenue	11%	9%	-	11%	10%	9%	0.4	1.0	-
SG&A expense ratio	5.5%	5.5%	-	5.3%	5.2%	5.1%	(0.2)	(0.3)	-
Effective tax rate	25.0%	25.0%	-	18.0%	18.0%	18.0%	(7.0)	(7.0)	-
Net profit	9,224	9,841	-	10,359	11,670	12,863	12.3%	18.6%	-
Core net profit	9,224	9,841	-	10,359	11,670	12,863	12.3%	18.6%	-

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)					
	1.19	1.22	1.25	1.27	1.31	
-0.350	7,662	8,929	9,773	10,618	11,885	
-0.340	8,013	9,280	10,125	10,970	12,237	
Unit line-haul transportation cost (RMB)	-0.334	8,248	9,515	10,359	11,204	12,471
-0.327	8,482	9,749	10,594	11,438	12,705	
-0.317	8,833	10,101	10,945	11,790	13,057	

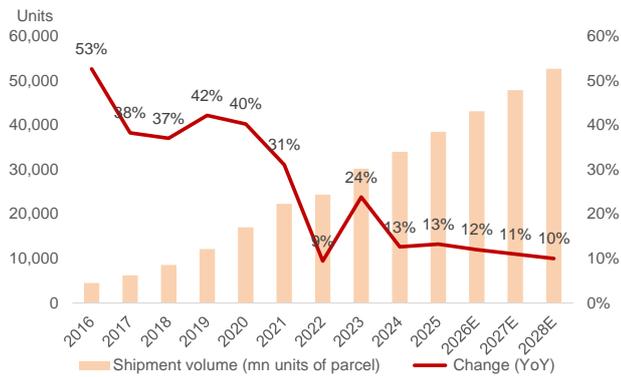
Source: Company data, CMBIGM estimates

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

2026E Net profit (RMB mn)	ASP (RMB/unit)					
	1.19	1.22	1.25	1.27	1.31	
-0.255	7,822	9,089	9,933	10,778	12,045	
-0.247	8,077	9,344	10,189	11,034	12,301	
Unit sorting hub cost (RMB)	-0.243	8,248	9,515	10,359	11,204	12,471
-0.238	8,418	9,685	10,530	11,374	12,641	
-0.231	8,674	9,941	10,785	11,630	12,897	

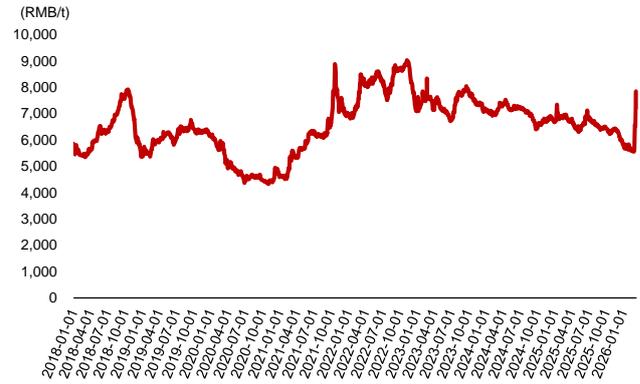
Source: Company data, CMBIGM estimates

Figure 13: ZTO's parcel shipment volume forecast



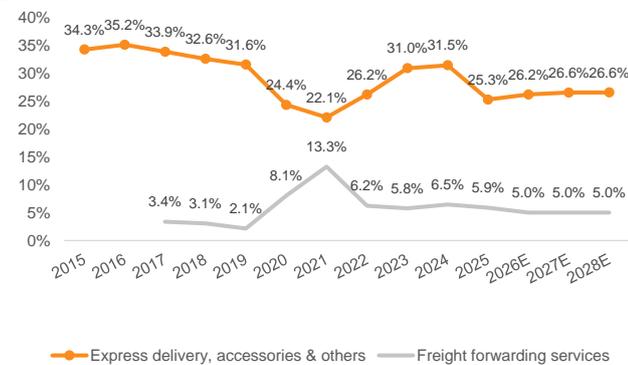
Source: Company data, CMBIGM estimates

Figure 14: China's diesel price



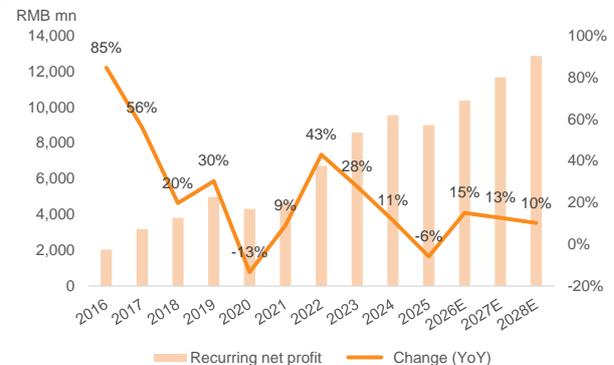
Source: Wind, CMBIGM

Figure 15: ZTO's gross margin trend



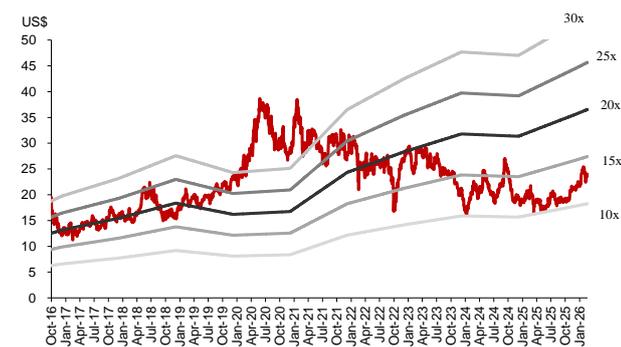
Source: Company data, CMBIGM estimates

Figure 16: ZTO's core net profit forecast



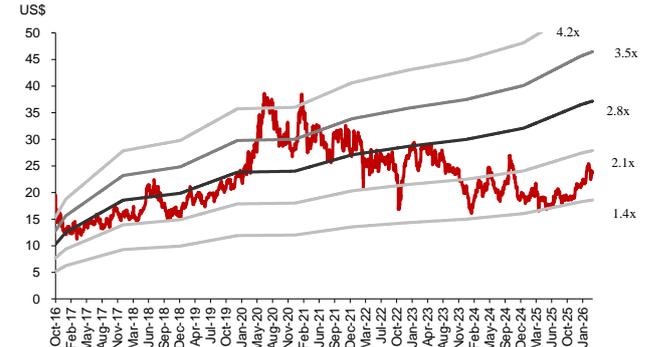
Source: Company data, CMBIGM estimates

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	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	38,419	44,281	49,099	54,607	59,929	65,193
Cost of goods sold	(26,756)	(30,564)	(36,827)	(40,451)	(44,175)	(48,025)
Gross profit	11,663	13,717	12,271	14,156	15,754	17,168
SG&A expense	(2,425)	(2,690)	(2,638)	(2,894)	(3,116)	(3,325)
Others	771	750	841	928	1,019	1,108
Operating profit	10,008	11,777	10,475	12,190	13,657	14,951
Investment gain/loss	170	(739)	79	0	0	0
Share of (losses)/profits of associates/JV	4	57	87	92	101	110
Interest income	707	994	747	828	976	1,148
Interest expense	(290)	(338)	(249)	(285)	(285)	(285)
Net interest income/(expense)	417	656	498	543	691	864
Foreign exchange gain/loss	94	(18)	2	0	0	0
Pre-tax profit	10,693	11,733	11,141	12,826	14,449	15,925
Income tax	(1,939)	(2,845)	(1,905)	(2,309)	(2,601)	(2,867)
Minority interest	(5)	(71)	(155)	(158)	(178)	(196)
Net profit	8,754	8,888	9,236	10,517	11,848	13,059
Adjusted net profit	8,579	9,556	9,002	10,359	11,670	12,863
Gross dividends	3,592	2,028	2,260	2,797	3,151	3,473
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	26,954	30,354	33,965	39,779	44,417	51,847
Cash & equivalents	12,334	13,465	10,012	13,886	19,885	25,381
Account receivables	573	1,504	1,287	1,705	1,579	1,993
Inventories	28	39	41	70	51	81
Prepayment	822	784	719	719	719	719
Other current assets	13,197	14,562	21,906	23,399	22,183	23,673
Non-current assets	61,512	61,987	57,059	58,911	60,542	61,998
PP&E	32,181	33,915	35,434	36,687	37,540	38,394
Deferred income tax	880	985	1,104	1,104	1,104	1,104
Investment in JVs & assos	3,455	1,871	1,952	2,144	2,345	2,555
Intangibles	23	17	53	42	37	35
Goodwill	4,242	4,242	4,157	4,157	4,157	4,157
Other non-current assets	20,731	20,957	14,360	14,777	15,359	15,753
Total assets	88,465	92,340	91,024	98,690	104,959	113,845
Current liabilities	20,061	28,273	22,869	24,142	23,461	24,754
Short-term borrowings	7,766	9,514	10,934	10,934	10,934	10,934
Account payables	2,557	2,463	2,577	3,851	3,169	4,462
Tax payable	333	489	280	280	280	280
Other current liabilities	9,405	15,807	9,078	9,078	9,078	9,078
Non-current liabilities	8,124	1,392	1,018	1,018	1,018	1,018
Long-term borrowings	0	0	18	18	18	18
Obligations under finance leases	456	378	261	261	261	261
Other non-current liabilities	7,668	1,015	739	739	739	739
Total liabilities	28,185	29,665	23,888	25,161	24,479	25,773
Total shareholders equity	59,802	62,062	66,384	72,619	79,392	86,788
Minority interest	479	612	752	910	1,088	1,283
Total equity and liabilities	88,465	92,340	91,024	98,690	104,959	113,845

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	10,693	11,733	11,141	12,826	14,449	15,925
Depreciation & amortization	2,881	3,030	3,388	3,915	4,320	4,327
Tax paid	(1,939)	(2,845)	(1,905)	(2,309)	(2,601)	(2,867)
Change in working capital	700	(1,035)	593	(741)	430	(713)
Others	318	(446)	(1,995)	(635)	(792)	(974)
Net cash from operations	12,654	10,436	11,221	13,056	15,805	15,699
Investing						
Capital expenditure	(6,529)	(5,208)	(5,800)	(5,000)	(5,000)	(5,000)
Acquisition of subsidiaries/ investments	63	0	0	(100)	(100)	(100)
Others	(6,494)	(1,766)	226	328	476	648
Net cash from investing	(12,960)	(6,974)	(5,574)	(4,772)	(4,624)	(4,452)
Financing						
Dividend paid	(2,063)	(5,620)	(3,766)	(4,124)	(4,898)	(5,466)
Net borrowings	2,372	1,748	1,438	0	0	0
Proceeds from share issues	(1,006)	(1,157)	0	0	0	0
Others	(72)	34	(8,240)	(285)	(285)	(285)
Net cash from financing	(770)	(4,995)	(10,567)	(4,409)	(5,183)	(5,751)
Net change in cash						
Cash at the beginning of the year	11,693	12,334	13,465	10,012	13,886	19,885
Exchange difference	1,716	2,665	1,466	0	0	0
Cash at the end of the year	12,334	13,465	10,012	13,886	19,885	25,381
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	8.6%	15.3%	10.9%	11.2%	9.7%	8.8%
Gross profit	29.0%	17.6%	(10.5%)	15.4%	11.3%	9.0%
Operating profit	29.4%	17.7%	(11.1%)	16.4%	12.0%	9.5%
Net profit	31.5%	1.5%	3.9%	13.9%	12.7%	10.2%
Adj. net profit	27.7%	11.4%	(5.8%)	15.1%	12.7%	10.2%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	30.4%	31.0%	25.0%	25.9%	26.3%	26.3%
Operating margin	26.0%	26.6%	21.3%	22.3%	22.8%	22.9%
Adj. net profit margin	22.3%	21.6%	18.3%	19.0%	19.5%	19.7%
Return on equity (ROE)	15.4%	14.6%	14.4%	15.1%	15.6%	15.7%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.4)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Current ratio (x)	1.3	1.1	1.5	1.6	1.9	2.1
Receivable turnover days	17.3	16.1	17.4	17.0	17.0	17.0
Inventory turnover days	0.5	0.4	0.4	0.5	0.5	0.5
Payable turnover days	32.5	30.0	25.0	29.0	29.0	29.0
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	15.1	15.5	14.4	12.8	11.3	10.3
P/B	2.2	2.1	2.0	1.8	1.7	1.5
Div yield (%)	2.7	3.0	3.1	3.5	4.0	4.4

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

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