



Capital Markets Day

LISBON
2022



Agenda



Welcome session

8h30



**Financial Services
and Retail**

10h55



Mail

9h20



Banco CTT

11h10



**Parcel and
e-Commerce Solutions**

9h35



ESG

11h30



Operations

9h50



**Financial ambition
and guidance**

11h50



**Q&A and
Coffee-break**

10h10



Wrap-up and Q&A

12h10

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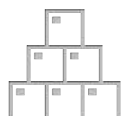
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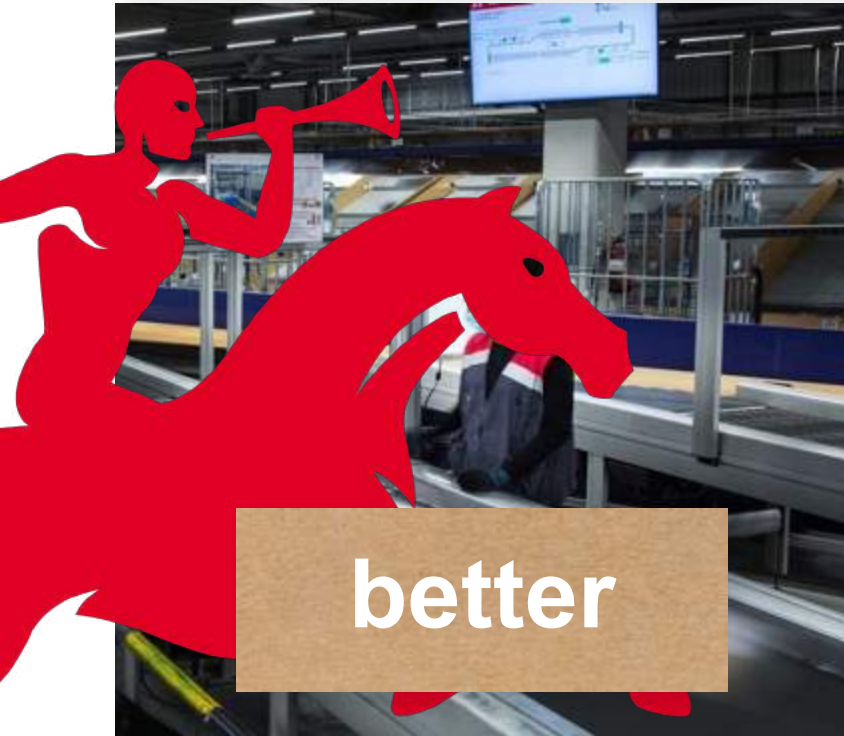
Capital Markets Day

LISBON
2022



Welcome Session

Committed to deliver



e-commerce in Iberia

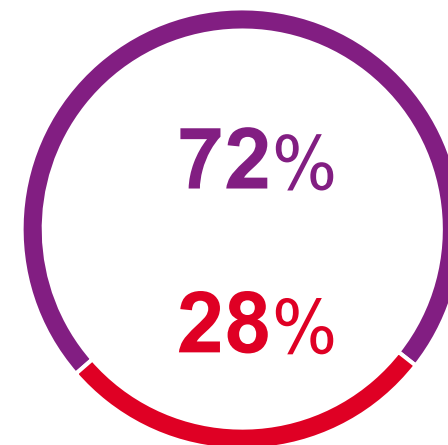
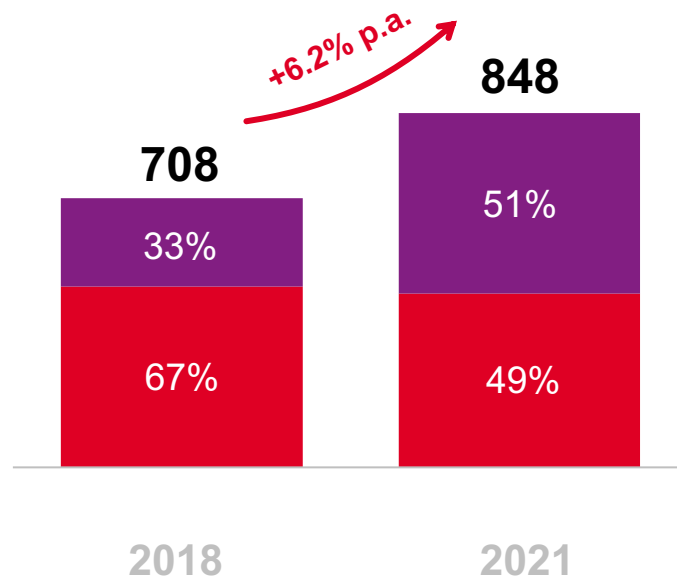
and growth in our retail services platform in Portugal

Under this vision, CTT has been on a truly transformational journey

Revenues

Recurring EBIT mix

- Growth business¹
- Legacy Mail²



1. Express & Parcels, Financial Services & Retail, Banco CTT and business solutions
 2. Mail & other excluding business solutions

The sector is deeply changing in the backdrop of **digitalization** and **changing consumer habits** and **expectations**



1. **Digitalization** and **e-commerce** growth driving change in mix



2. **New supply chain dynamics**, reinforcing opportunity for local/regional players



3. **Consumers** demanding increased **convenience** and **speed**



4. **Technological** evolution pushing efficiency and customer service



5. Businesses looking for “**one-stop-shops**” for digitalization



6. Slowdown in brick-and-mortar chains, thus increasing the **social** and **economic** roles of **postal retail networks**



7. All **stakeholders** requiring **sustainable** and **socially responsible** businesses



1. Digitalization of communication and e-commerce driving a significant shift in volume mix for postal incumbents

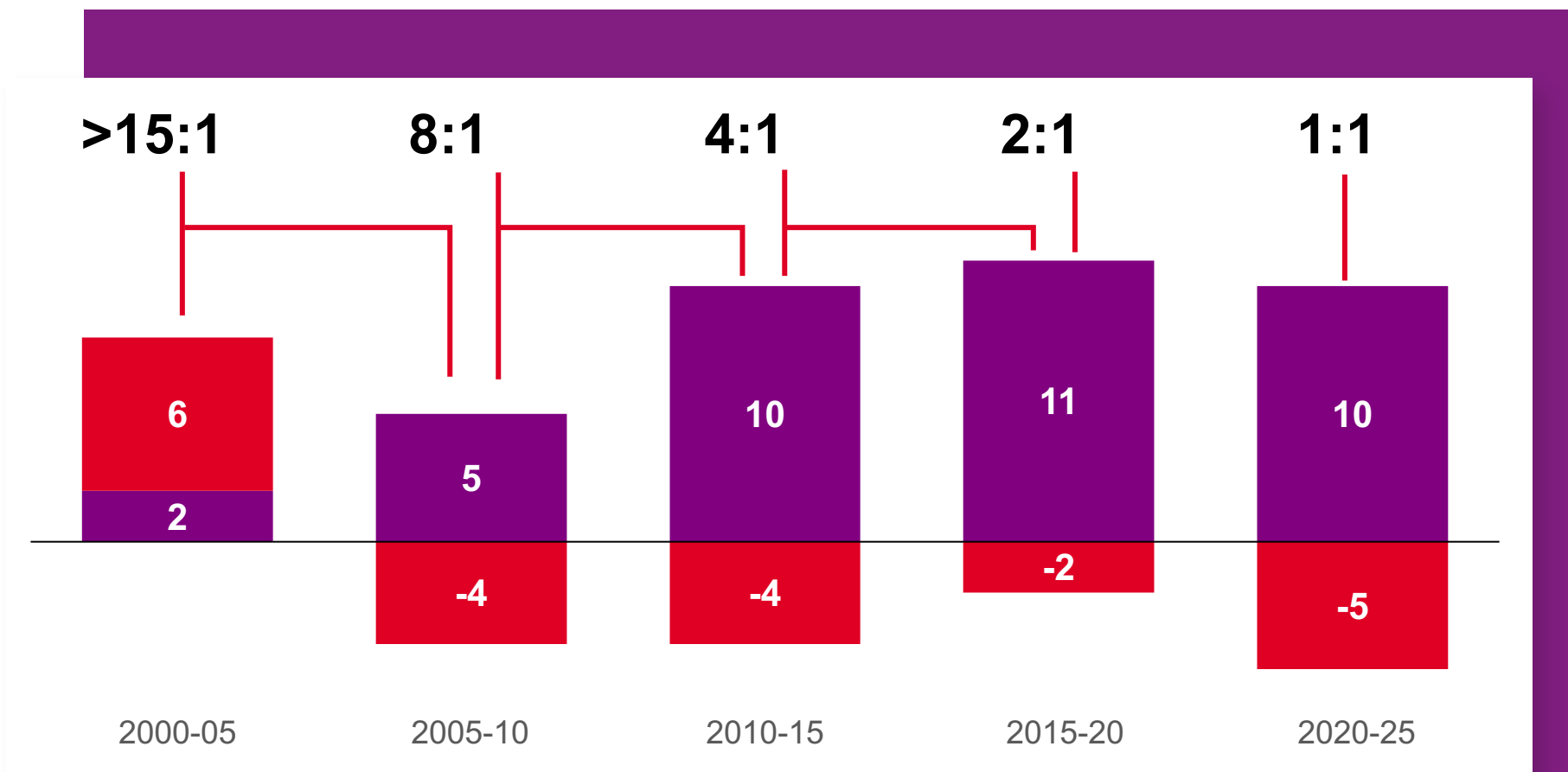


Global trend mail-to-parcel volume ratio, items



Overall market growth, parcel and mail, 2000-25 CAGR, %

● Parcels ● Mail



1. Likewise In Portugal

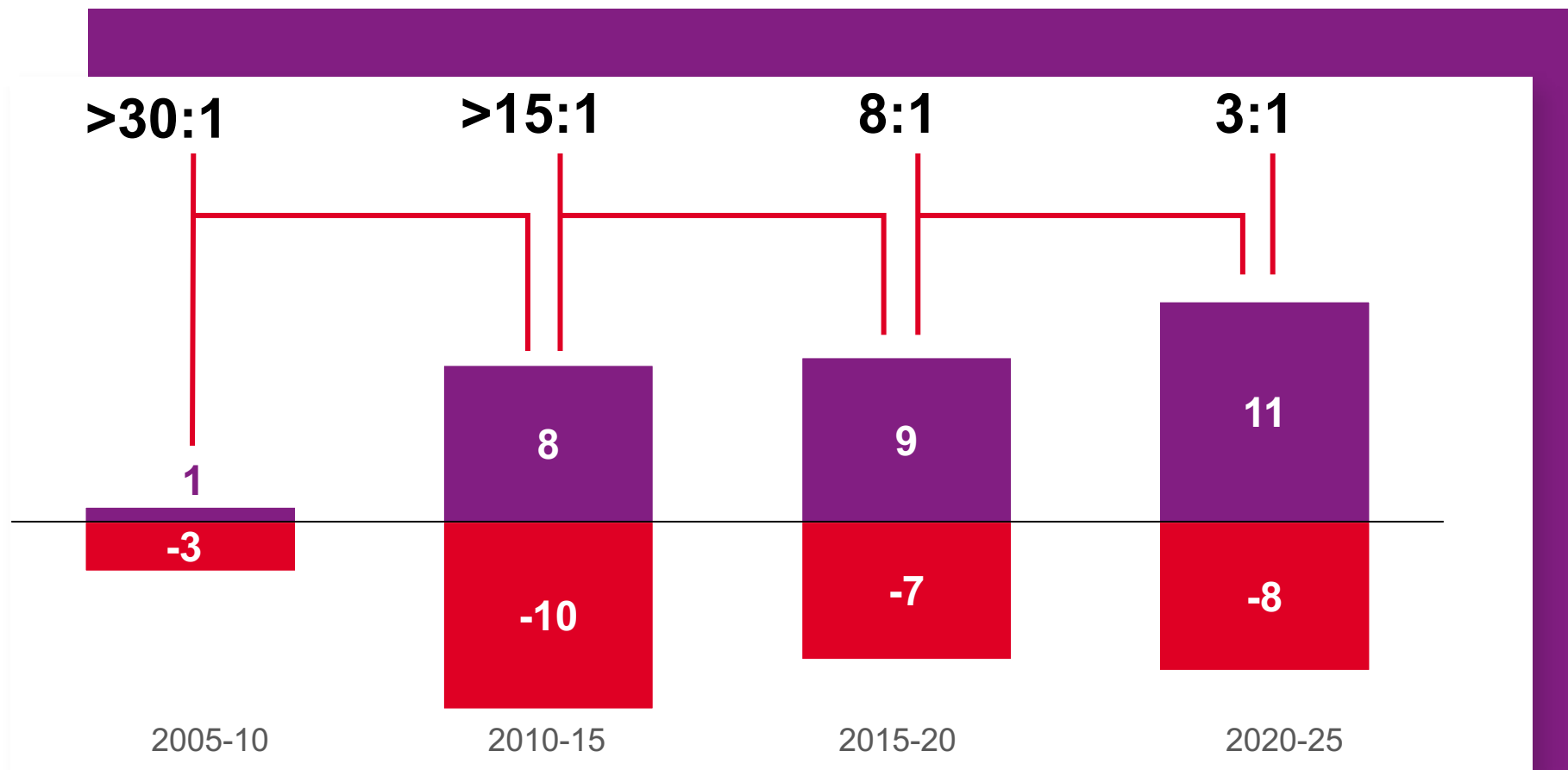


Trend
mail-to-parcel
volume ratio,
items



Market growth,
parcel and mail,
2005-25
CAGR, %

● Parcels ● Mail



2. Decentralization of supply chains reinforce the opportunity for local/regional players

Global players

building networks of fulfillment centers to increase resiliency



Regional suppliers

complementing for last mile to improve quality and speed of service



60% of cross-border e-commerce flows come from intercontinental orders



3. Consumers demanding increased convenience and speed of delivery

Clients value proximity, flexibility, and sustainability of delivery points...

30%

growth of points of convenience (next 3 years)

>38%

higher checkout conversion if providing 100% effectiveness options

>50%

e-stores in Europe with pick-up points

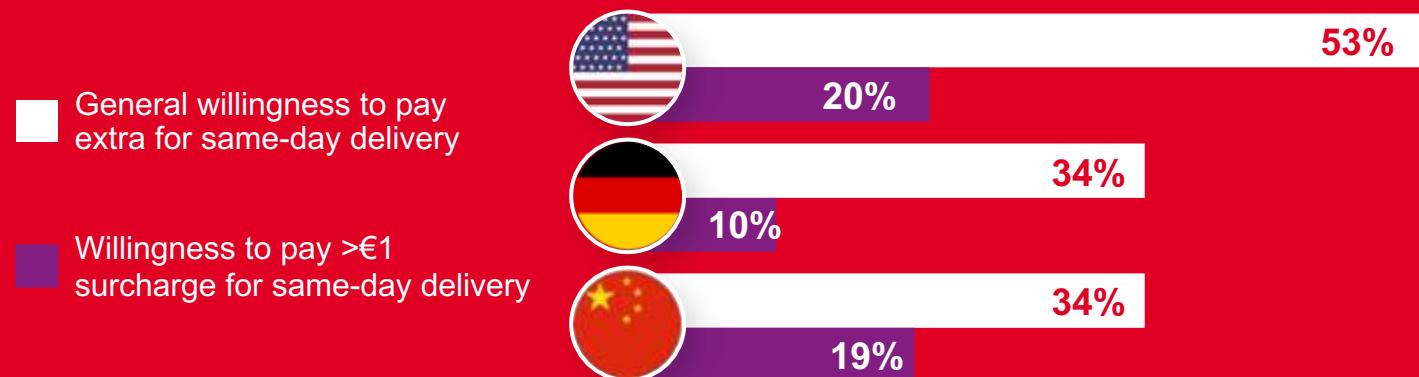
... while expecting their parcels no later than next day

30%

abandoned a shopping cart due to **shipping time** reasons

34%

pinpoint **long delivery times** as a key reason to shop in stores instead of online



4. Technological evolution driving efficiency and customer service

Turbo-charge customer convenience and expand portfolio



Same-day delivery



e-grocery solutions and cold chain logistics



Customer experience tools: **live tracking**, expected **time of arrival** and new communication channels

Digitally enhance sales



Cross-border e-commerce facilitation



Cognitive agents and **big data** analytics and advanced algorithms

Transform operations



End-to-end **transparency** through IoT and smart **sensors**



Robotics, autonomous transport and **unmanned** ground and air **delivery**



Crowd-sourced couriers

Potential impact

+25% of e-commerce gross merchant value related to cross border sales, up from 17% in 2017

>€10bn same Day Delivery Market by 2025

15% p.a. growth of online grocery in coming 5 years

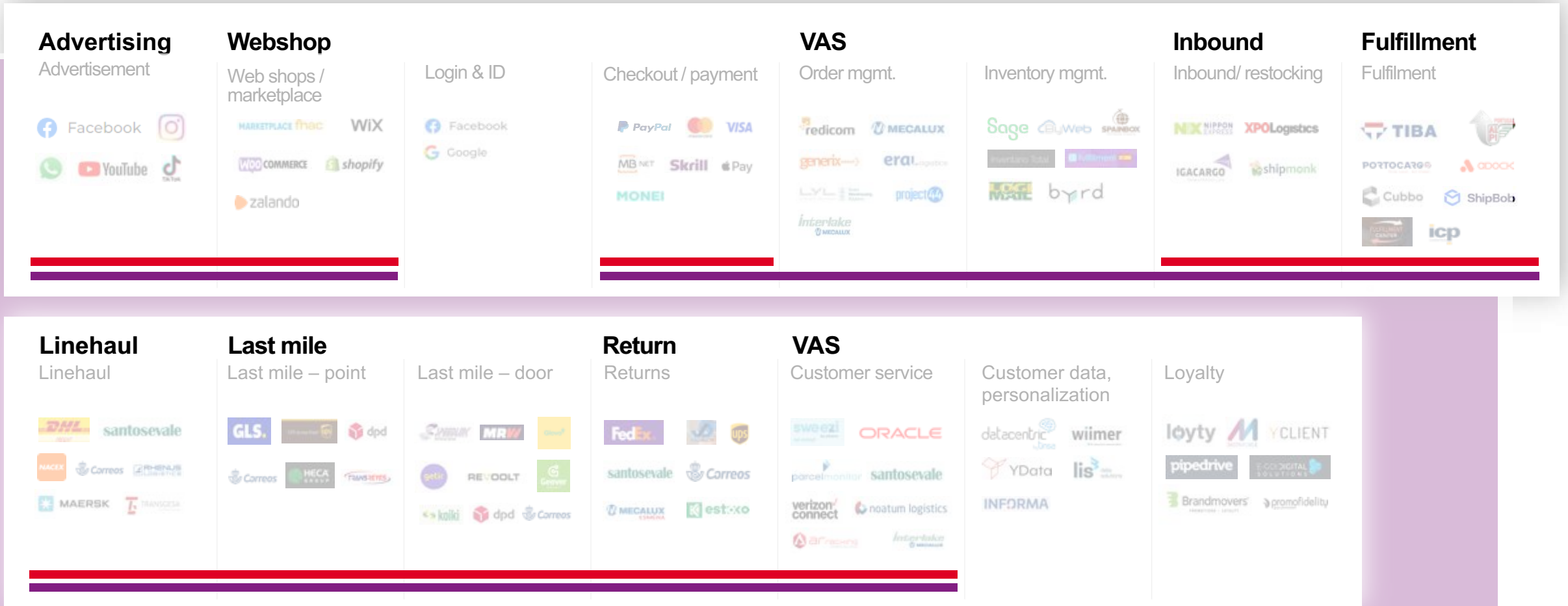
10% EBIT uplift per year from data and analytics in sales and pricing

40% reduction in last-mile delivery cost per parcel due to autonomous delivery vehicles

5. Businesses – large and small – searching “one-stop-shop” for digitalization



█ CTT current footprint █ CTT potential footprint



6. Postal networks play an increasingly important **social** and **economic** role, given the brick-and-mortar slowdown

CTT has a capillary and stable network



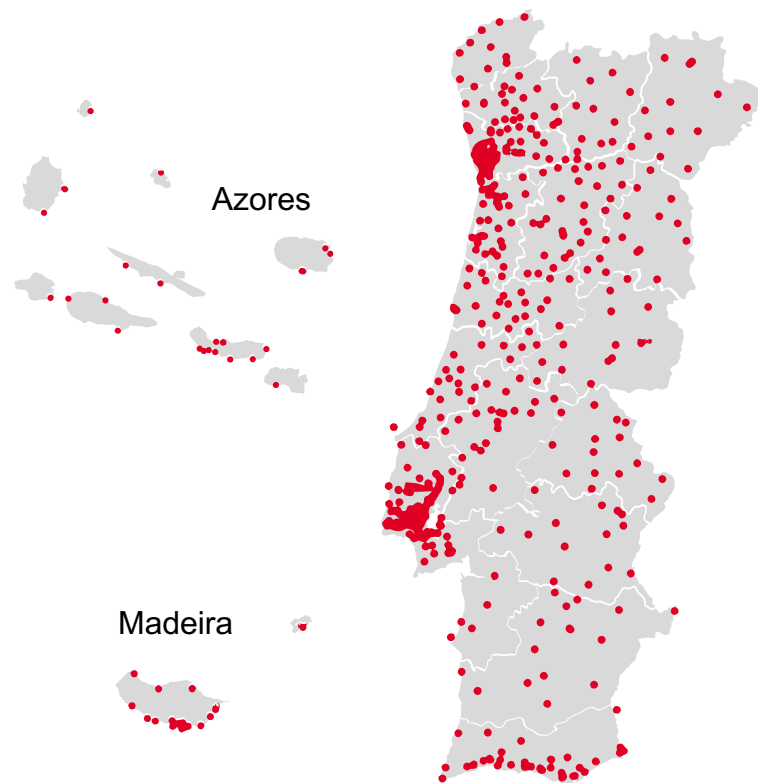
570
Post Offices



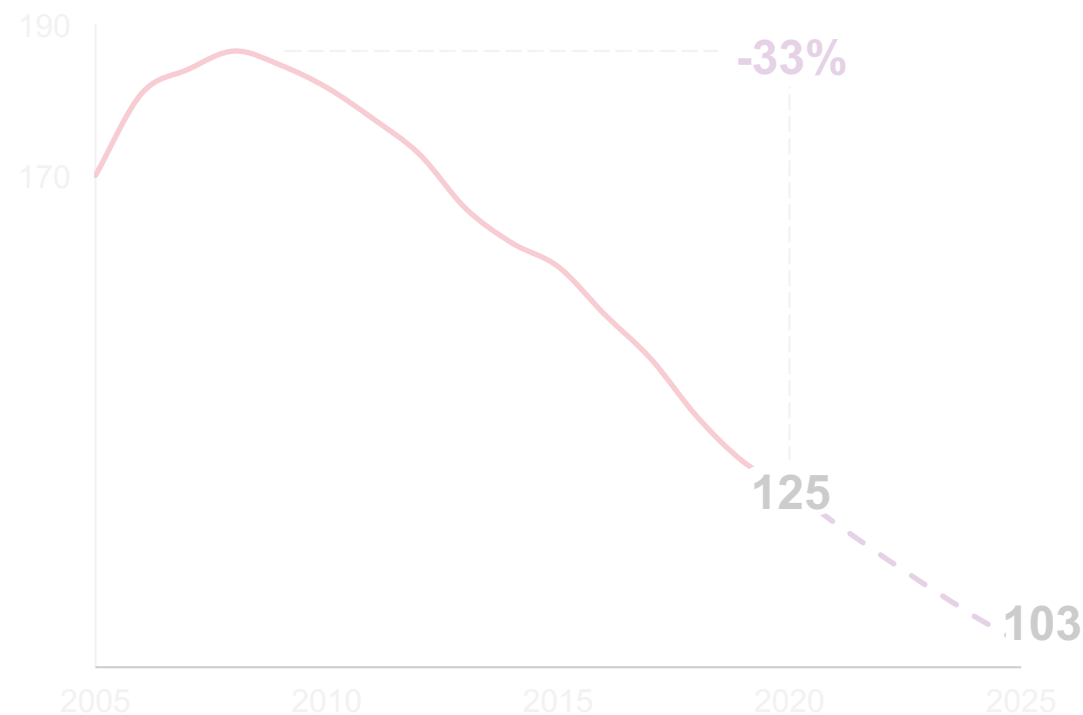
1,800
Postal agencies



>4,000
Payshop agents



While there is a closure of brick-and-mortar services
Number of branches evolution in Europe, '000



Ambitious but well targeted

7. All stakeholders requiring sustainable and socially responsible businesses

and plan: becoming fundamental to underpin business objectives and engage stakeholders

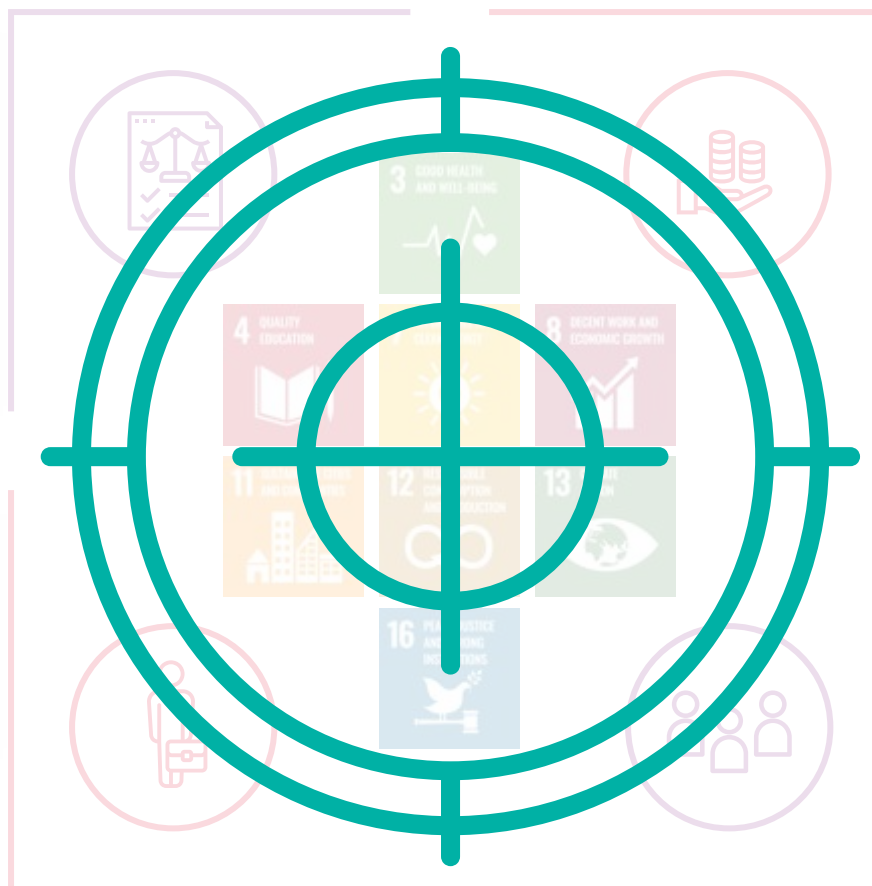
Regulatory requirements

According to EU 2020/852 sustainability includes:

- Socially contribution to environmental goals
- Reaching social requirements (e.g.. gender gap)
- Meet minimum selection criteria (e.g., diversity)

Employees

Priorities include participative engagement, recognition of merit or management of diversity



Investors

10-20% valuation uplift possible for companies with strong sustainability focus

Consumers

Interest about sourcing
Expectations convenience, responsibility and environmental care

The sector is deeply changing in the backdrop of **digitalization** and **changing consumer habits** and **expectations**

CTT is already seizing these transformation opportunities



1. Digitalization and change in mix driving change in mix



5. Businesses looking for digitalization



2. New supply chain dynamics, reinforcing opportunity for local/regional players



6. Slowdown in brick-and-mortar chains, thus increasing the **social** and **economic** roles of postal retail networks



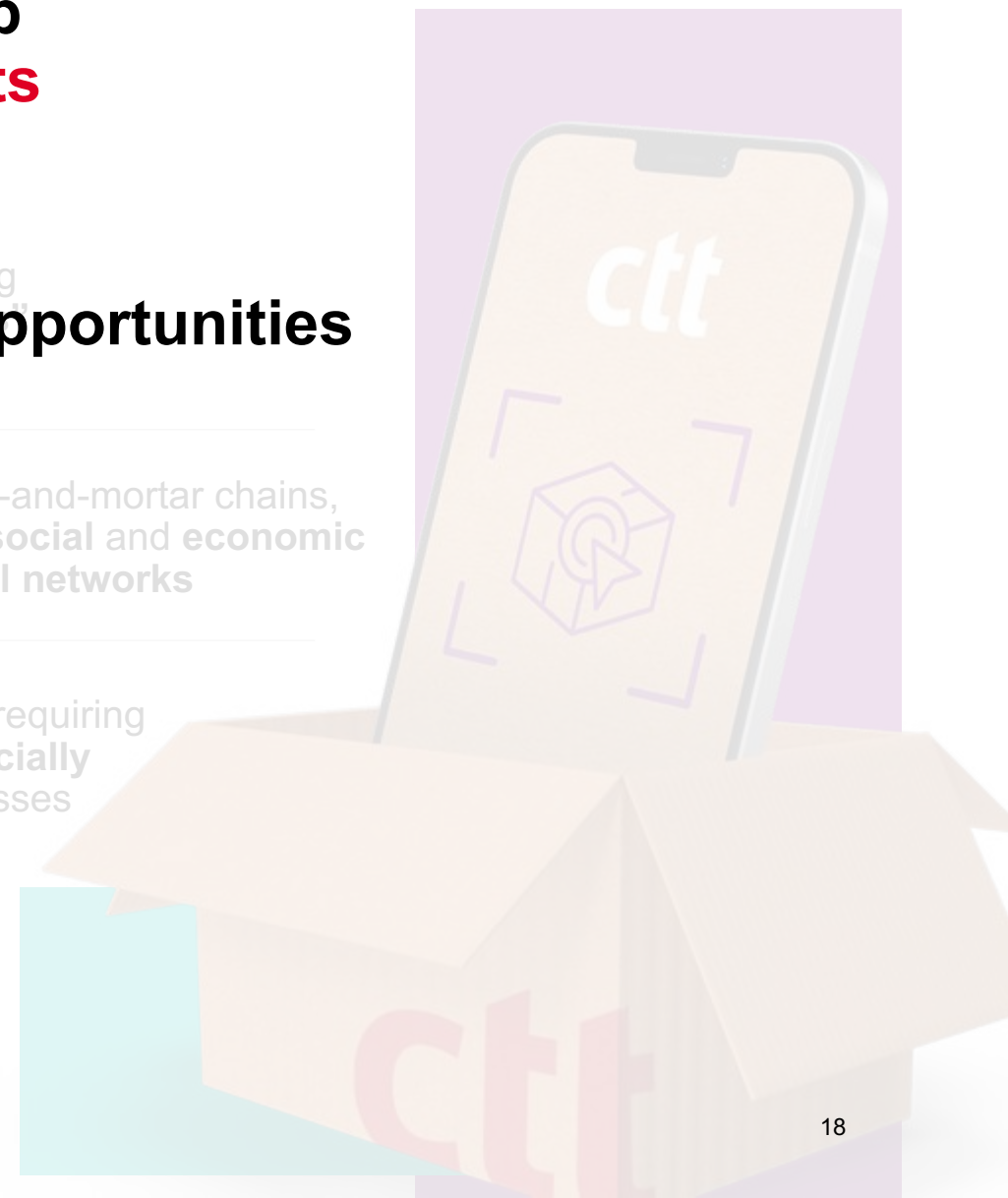
3. Consumers demanding increased **convenience** and speed



7. All stakeholders requiring **sustainable** and **socially** responsible businesses

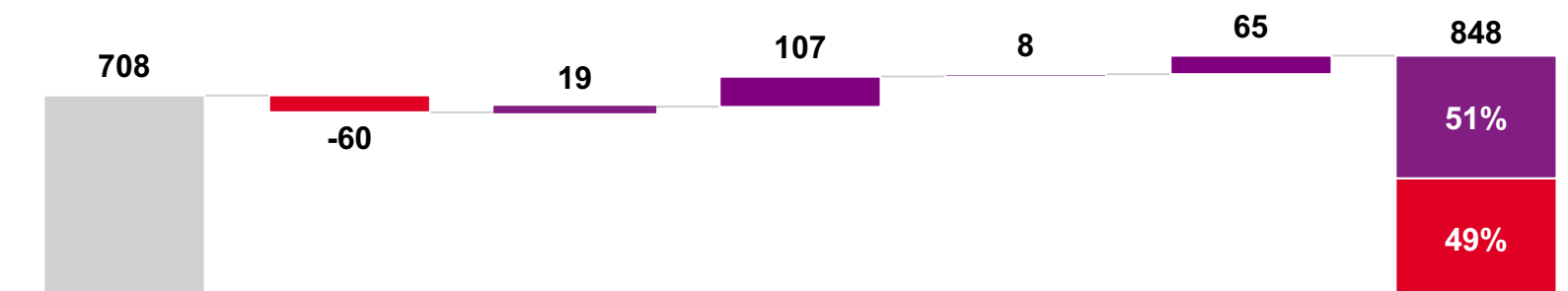


4. Technological evolution pushing efficiency and customer service



Having been able to achieve diversified, sustained and profitable growth

Revenue evolution 2018-21 €m



EBIT evolution 2018-21¹ €m



We have **converted** declining **mail revenues** into higher diversified **growth business revenues**



Express & Parcels was the **main contributor** to **revenue growth** with FS&R and BCTT also registering healthy growth




BCTT was the **main driver** of increased **profitability (EBIT)** with E&P and FS&R also contributing positively

1. Recurring
2. Including Business Solution and Central Structure

3 key landmark achievements shaped our way in 2019/20/21

1 |  Spain turnaround

2 |  Bank breakthrough

3 |  Concession contract



Key landmark achievement 1: Spain turnaround

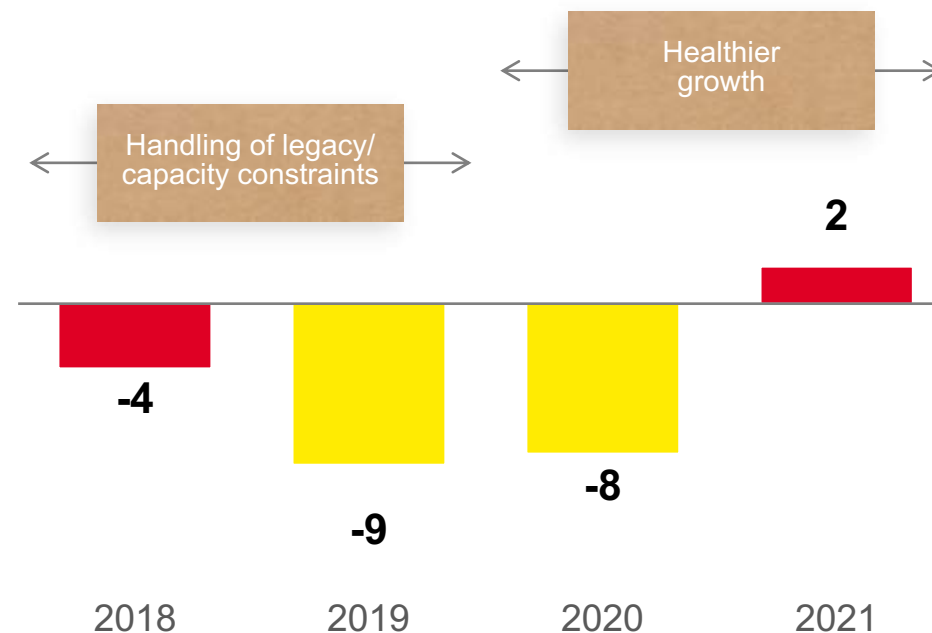
Strategic switch to own operating model

Significant market share gains

Scale and higher efficiency

Sustained growth and scale enabled EBITDA breakeven, ahead of plan

CTT Express EBITDA¹ €m



¹ EBITDA, excluding impairments & provisions

Key landmark achievement 2: Bank breakthrough

>570k
current accounts



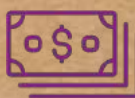
Sizable and **high potential customer base**, in just 5 years of activity

>€1.000m
consumer credit book



Establishment of a **meaningful consumer finance** business, based on high potential partnerships

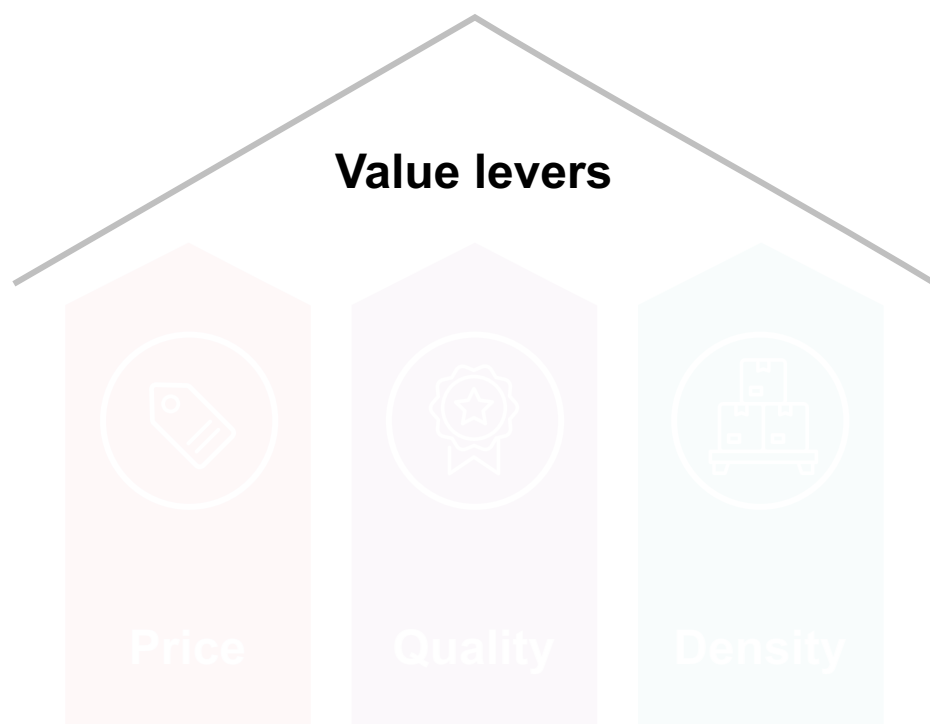
>€700m
off-balance savings AuM



Leverage on **CTT Group's tradition** on savings' placement, while also exceling in *bancassurance*

Banco CTT: a proven business model and a clear strategy achieving profitability in adverse conditions

Key landmark achievement 3: concession contract



New postal law provides checks and balances for pricing and quality parameters

7-year contract: 2022, a transition year followed by two 3-year terms

Price

Criteria based on historical data to be defined by agreement between CTT, ANACOM and the Consumer Directorate-General

Quality

To be approved by the grantor upon ANACOM's proposal following European best practices

Density

Broadly in line with the *status quo*

Going forward we envision a better, faster, and greener CTT



Better



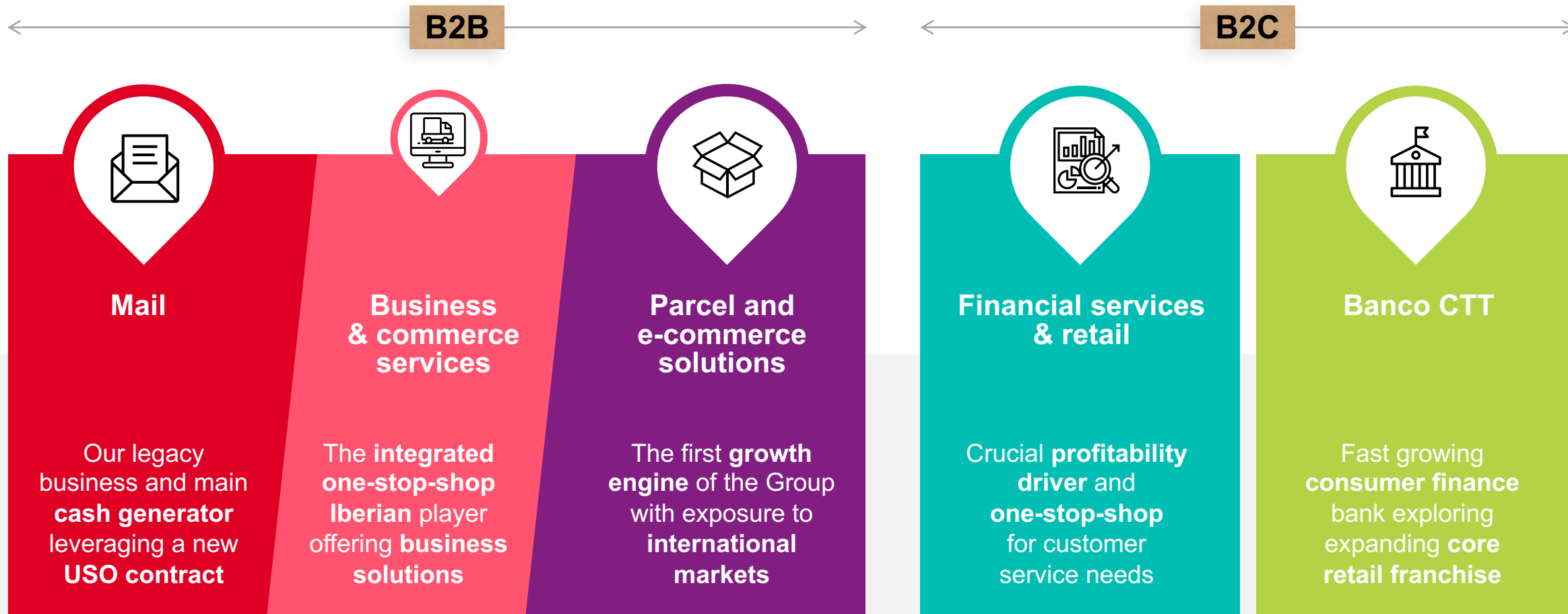
Greener



Faster



A well **diversified** company, exposed to sustained **growth**



Better, Faster and Greener

A well diversified company, exposed to sustained growth



Mail

Our legacy business and main **cash generator** leveraging a new **USO contract**



Business & commerce services

The **integrated one-stop-shop Iberian player** offering **business solutions**



Parcel and e-commerce solutions

The first **growth engine** of the Group with exposure to **international markets**



Financial services & retail

Crucial **profitability driver** and **one-stop-shop** for customer service needs



Banco CTT

Fast growing **consumer finance bank** exploring **expanding core retail franchise**

The strategy for Mail business follows three pillars



Pricing strategy



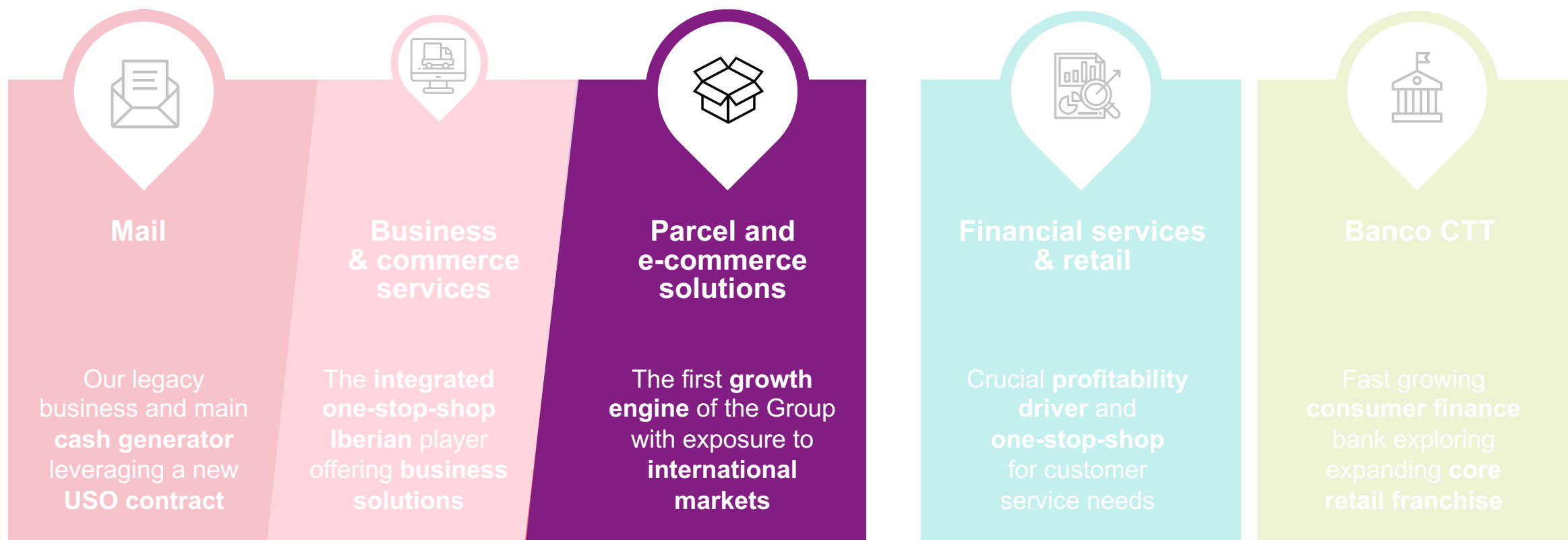
Digital services



Business solutions



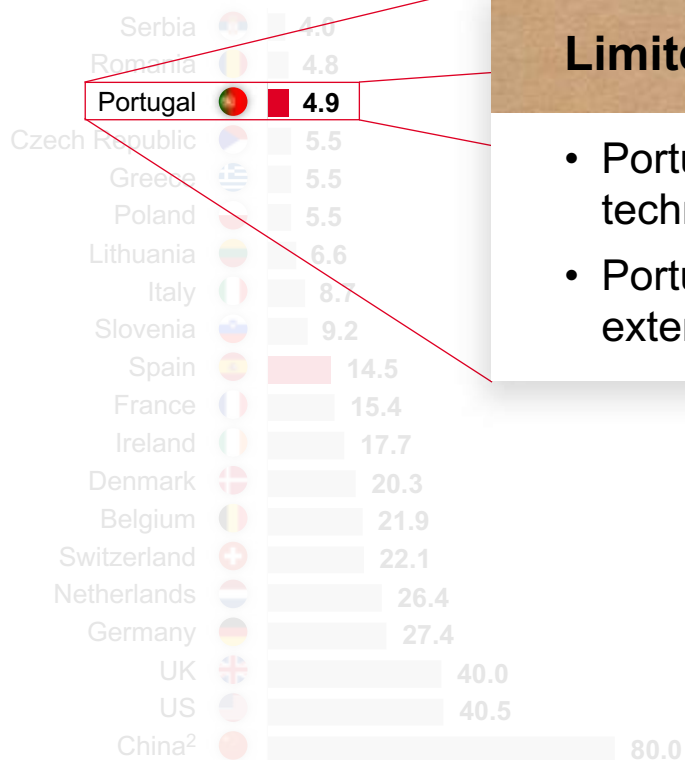
A well diversified company, exposed to sustained growth



Iberia: a large and growing market, with a unique potential to accelerate e-commerce penetration

E-commerce-relevant parcel¹ penetration, 2021

Number of parcels per capita per year



Limited supply appears to be the main cause:

- Portugal is typically an early adopter of consumer technologies (cell phones, ATMs, electronic tolls)
- Portugal ranks 4th in Europe in the percentage of external e-commerce, confirming the limited local offer

Iberia is the 4th largest European market after the UK, Germany and France, and is predicted to be the fastest growing e-commerce market in the years to come

	2019	2020	2021	Change, total	Change, %
UK	7.9	12.3	18.0	+86.6	+119%
Germany	10.1	15.1	22.2	+54.0	+97%
France	10.1	13.6	17.1	+33.5	+101%
Spain	1.7	3.6	4.6	+18.4	+121%
Portugal	1.7	3.6	4.6	+15.9	+114%
Iberia	11.8	18.9	24.5	+7.6	+97%
Spain + Portugal	10.1	21.3	27.9	+17.8	+176%
Spain	10.1	24.4	30.7	+20.6	+204%
Portugal	1.7	3.6	4.6	+2.9	+170%
Iberia	11.8	28.0	35.2	+23.5	+199%

→ European e-commerce market
€bn

¹ IMR market study ² Pordata ³ Delta of Spanish growth / Delta of total group growth
Source: IMR market study, Passport- Euromonitor

CTT is the CEP player with the best-integrated operations in Iberia



Integration across Iberia



Integration of mail and parcel operations in Portugal



17

depots serving **both countries**

94k

parcels/hour **sorting capacity**

100%

D+1 geographic coverage in **Iberia**

Iberian flows are relevant for our clients

46%

clients in Portugal sending to **Spain**

36%

clients in Spain sending to **Portugal**

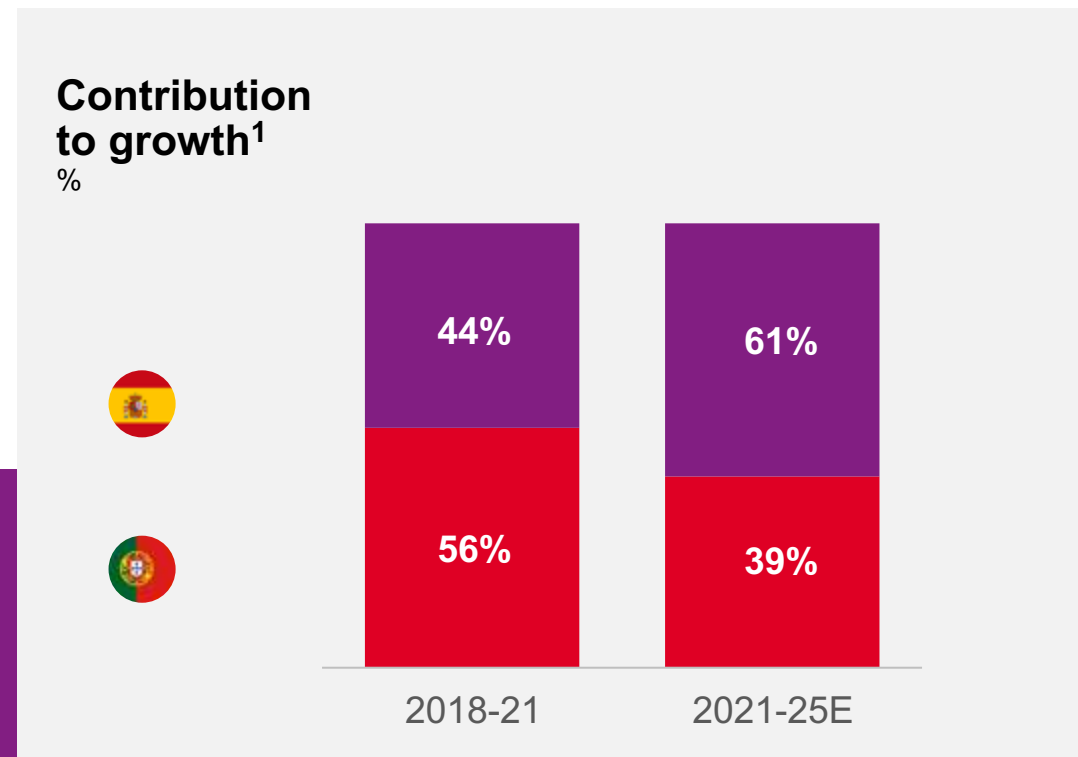
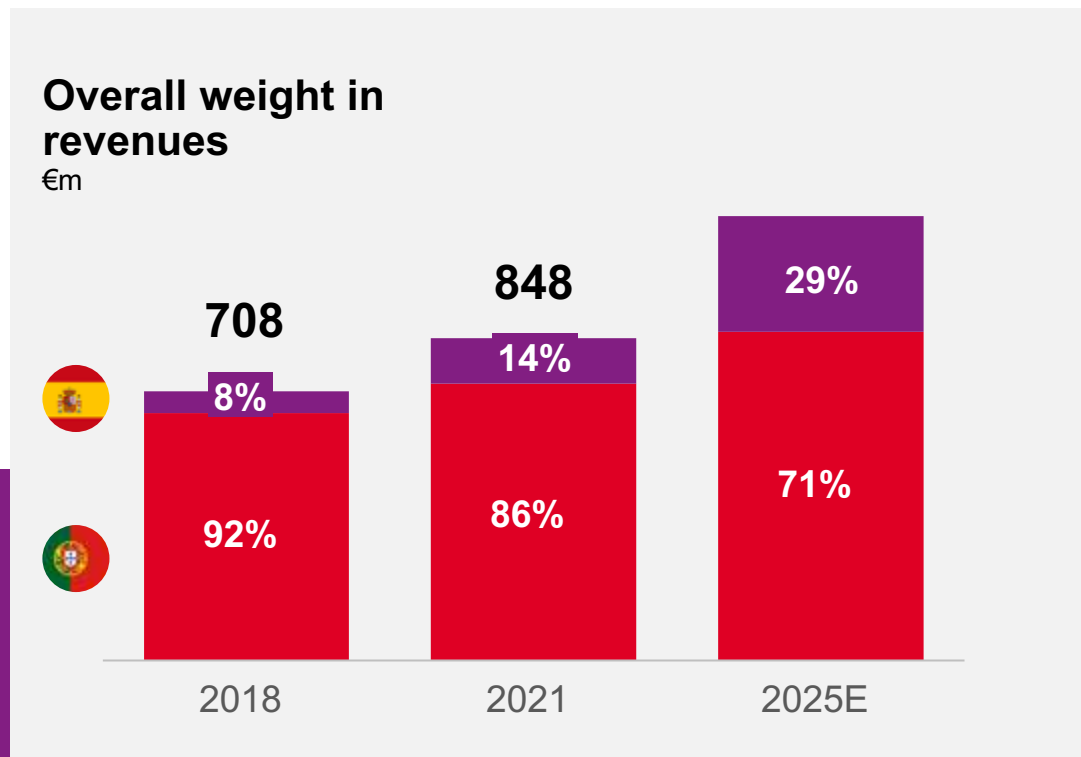
29%

CEP **Portuguese international market 2019**

50%

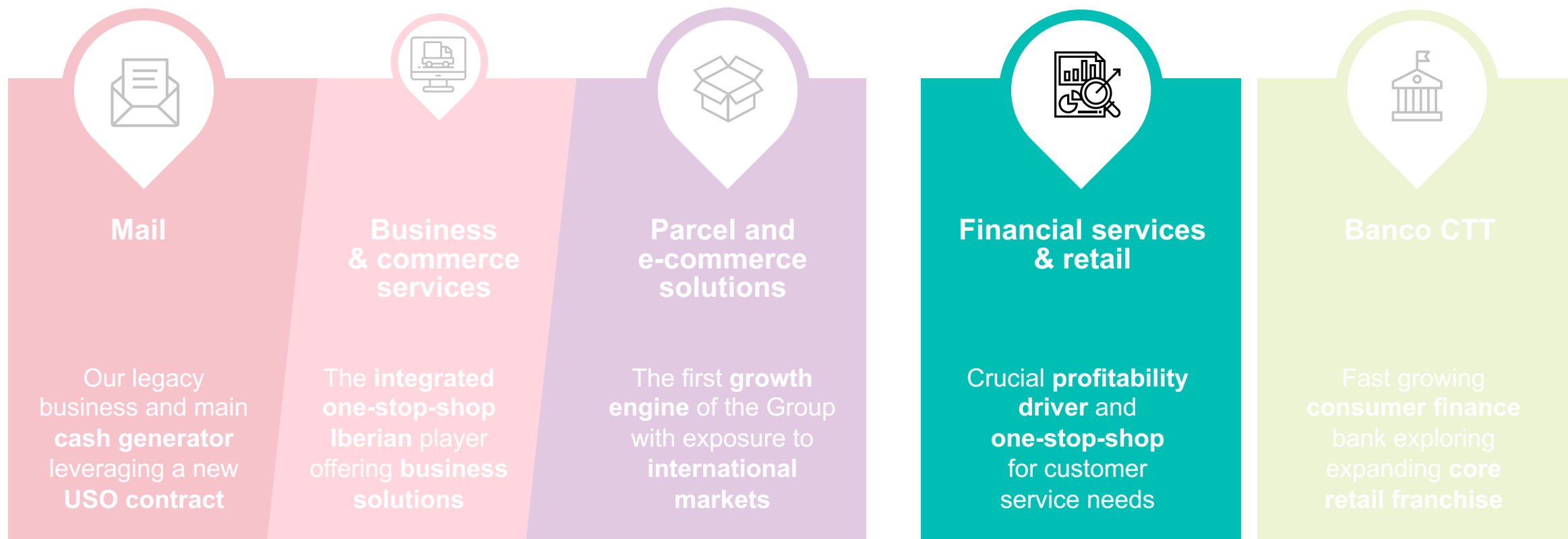
clients in Spain choose a **single operator for Iberia**¹

Iberian focus is decisive for our growth ambition



1. Delta of Spanish growth / Delta of total group growth

A well diversified company, exposed to sustained growth



Retail



→ **Unique capillary network**, associated with customer **proximity**



→ Excel in **public debt** placement and become a **leading distribution** network of **non-life insurance**



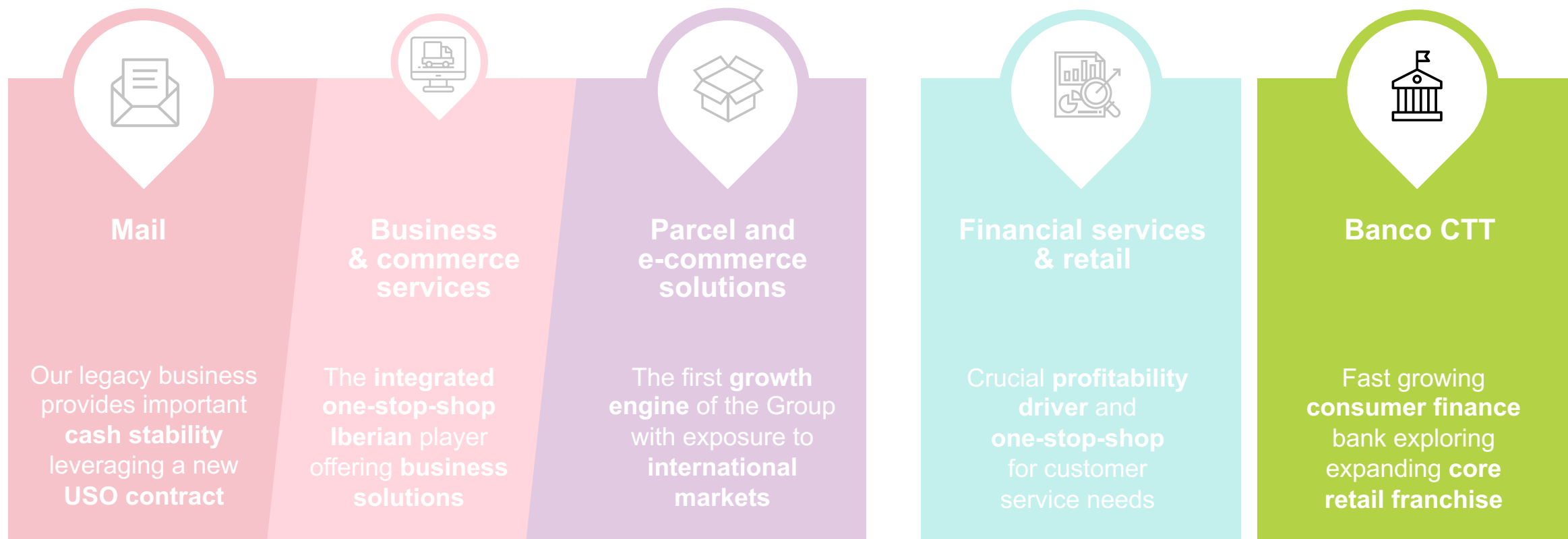
→ Leverage existing in-person traffic and increasingly available **digital / self-service functionalities**



→ Solving for **customers' convenience** and **daily service requirements** and eliminating pain-points

emerging as a
unique proximity
platform
for provision of
convenience services

A well diversified company, exposed to sustained growth



Bank

fast forward growth based on 3 axis

01

Monetize customer base,
deepening banking relationships



02

Excel in life savings,
leveraging CTT legacy as long-term savings platform



03

Grow consumer lending,
aiming to become a reference player in Portugal



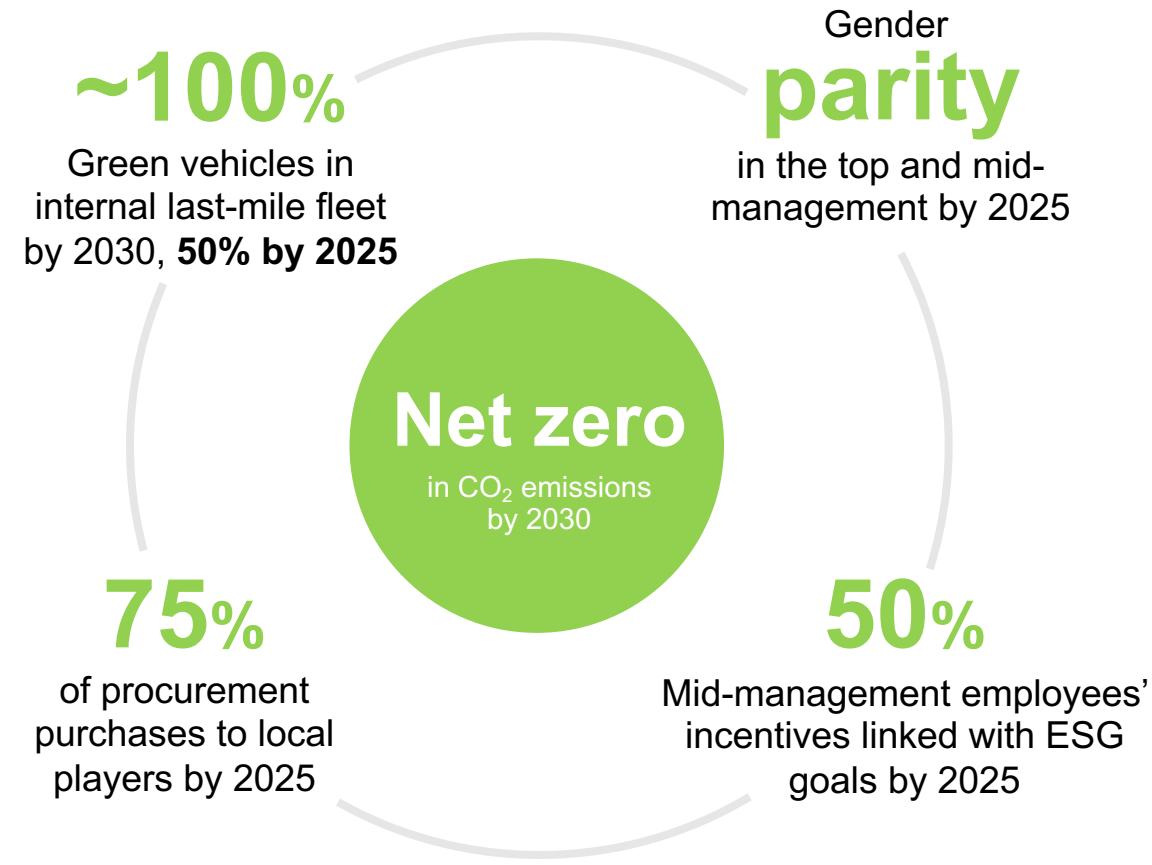
ESG: consistently raising our commitments and achievements

The world needs to be decarbonized, embrace diversity, and enhance business ethics ...

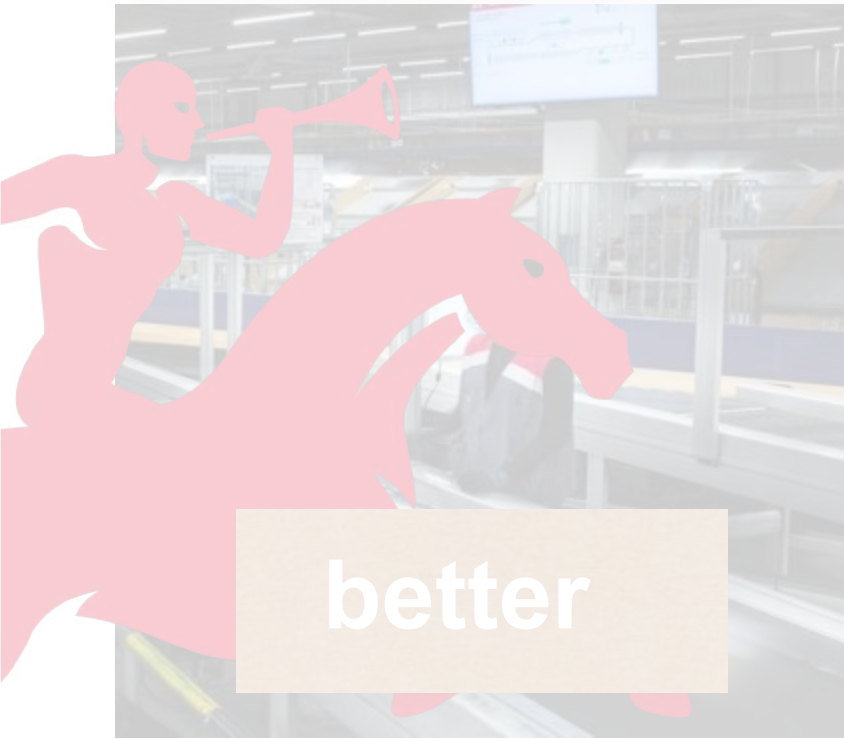


Net zero
Diversity
Integrity

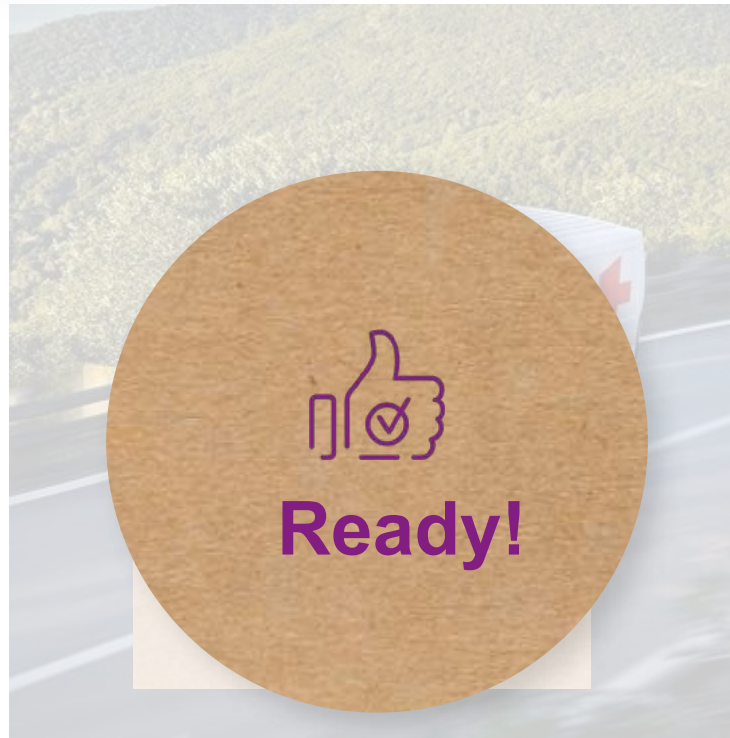
...and CTT is an active part of this mission



Committed to deliver



better



Ready!



greener

e-commerce in Iberia

and growth in our retail services platform in Portugal



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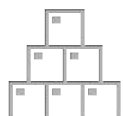
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Financial ambition and guidance

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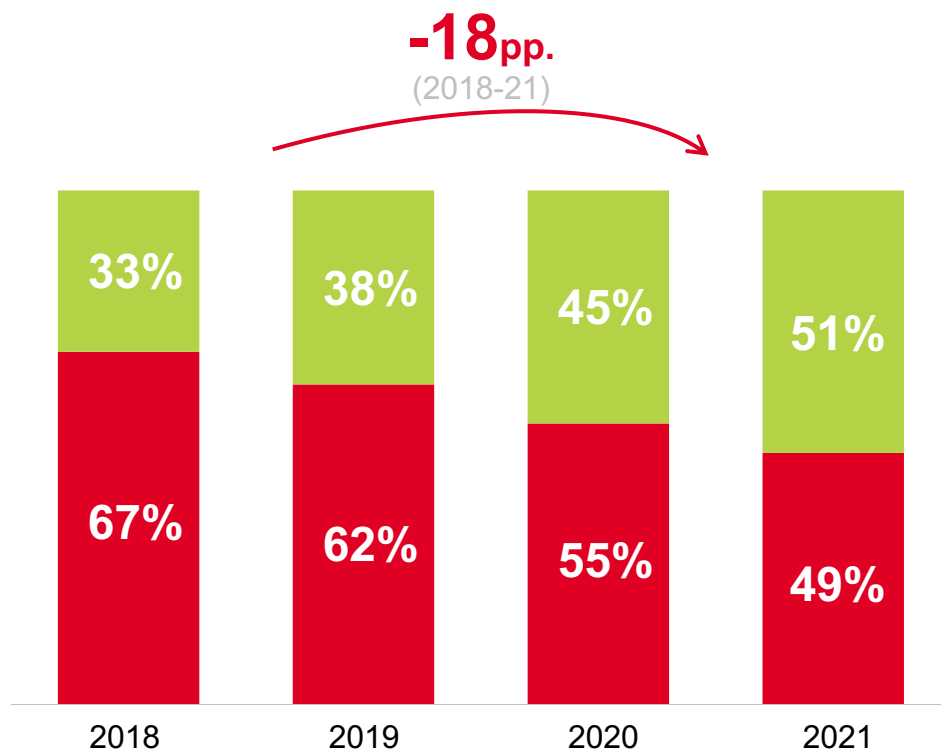


Mail

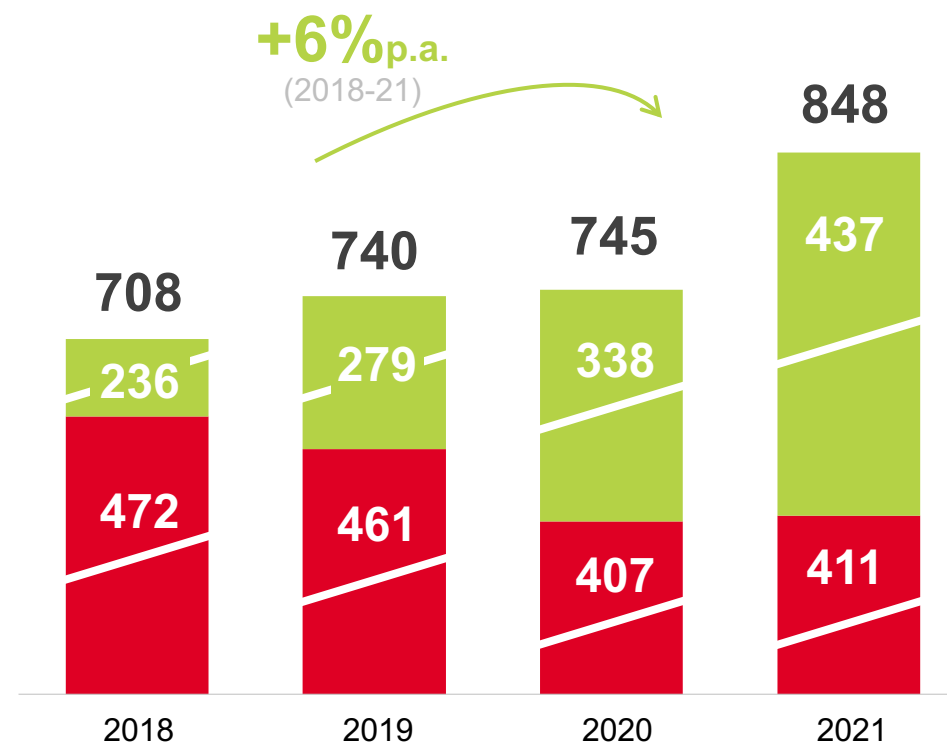
Business under transformation with mail weight in group decreasing over time



The contribution of mail out of total revenues has decreased in the last years



While the total revenue has consistently increased

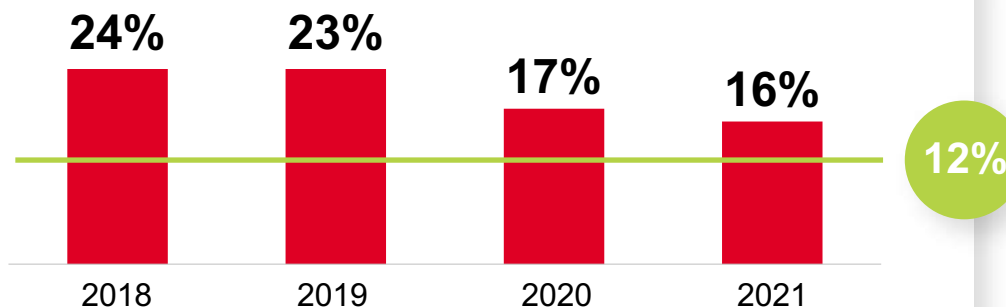


CTT mail business with strong EBIT margin leveraging strong competitive factors

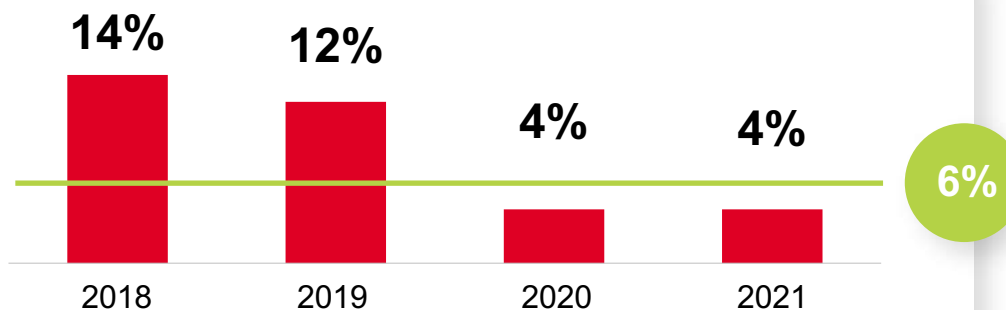
> EBIT recurring margin 2018-21



EBIT margin excluding central structure cost



EBIT margin including central structure cost



— Peers EBIT margin, 2021

Source: CTT

n1

... through a more efficient and modern operational structure...

n2

... leveraging the new USO contract that gives CTT room to substantially offset the expected decline in mail volumes and transform operations

Mail is an asset and creates the opportunity to address a large customer base of Corporate and SMEs, with extended services offer

Mail



Mail creates the opportunity to **address a very large customer base of corporate and SMEs, of more than 600k companies**, with a large **services offer** and supporting the **digitalization process**



Strong brand



Large customer base / relationship with all companies **in Portugal**



Capillary presence, with Account Managers and **+570 stores**



Extensive track record of business **support skills**



Knowledge of processes and flows of digitalization of **large companies**



Strengthen the relationship with the clients

Corporate and Public entities

Tailored solutions, from doc management, to BPO and contact centers

SMEs

Standardized and mostly digital and self-service solutions

The strategy for Mail business will follow these three pillars



Price strategy

- > **Price increases** improving the sustainability of Mail business
- > **Increased price flexibility** allowing to manage the churn rate



Digital services

- > **Significant growth** of digital services ensuring that CTT creates more value and be a reference in digital transactions, as its customers are undergoing the digitalization process
- > **1/4 of customers** with both physical and digital CTT solutions, creating more stickiness



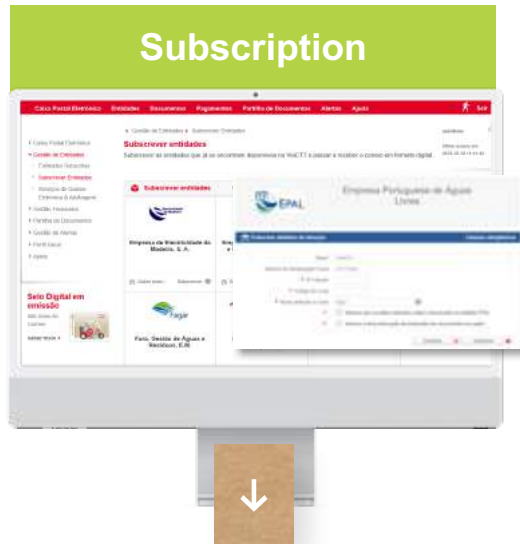
Business solutions

- > **Develop new products and solutions** to provide clients with integrated solutions focused on efficiency enhancement

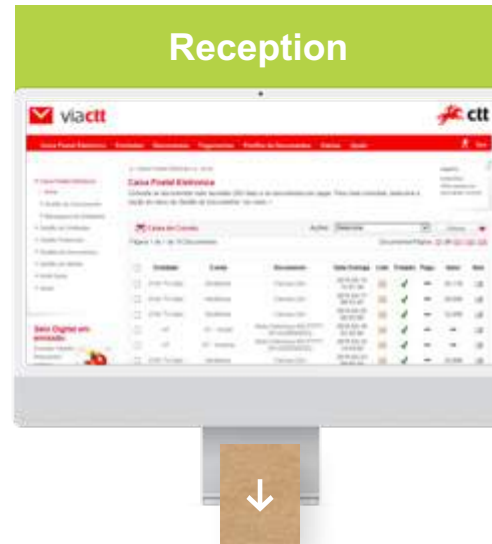
Building the digitalization roadmap to connect businesses with people, enhancing the use of Via CTT to promote security in mail deliveries



Activation of Via CTT



Subscription



Reception

Users activate their PO at stores, giving a proof of ownership of the box to increase security

Select the entities from which they wish to receive communications. Data can be validated by the entity

Users receive communications from the subscribed entities being alerted by the portal

>1.8Mn

Clients already use the security mail

+50%

Potential to reach portuguese households registered in the service

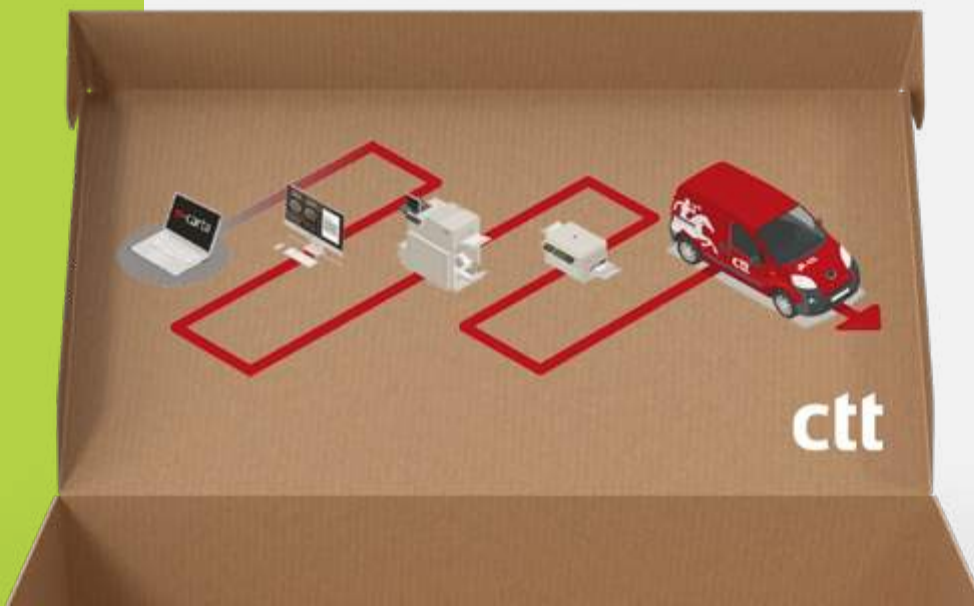
CTT as the corporate client's enabler for their digitalization roadmap, being the partner for physical and digital communication, combining customer experience and convenience in the reception and delivery of mail

CTT promotes the digitalisation providing digital and safe solutions for SMEs and corporates

E-carta (e-letter)



The solution of E-carta creates **a secure environment to send mail without printing, or manually packaging**, generating a normalization of the documentation and controlling the mail volume with a significant cost reduction



01



Documentation normalization

02



Mail volume control, possibility to track all mail in last 12 months

03




Process optimization and simplification, reducing the friction to send mail

04



Cost reduction, reduction of printing and sustaining mail volume

Business solutions complement mail value offering, helping B2B customers drive their business across the value chain



Business management offers different services



Mail management and **mail Rooms**




Printing and **finishing**



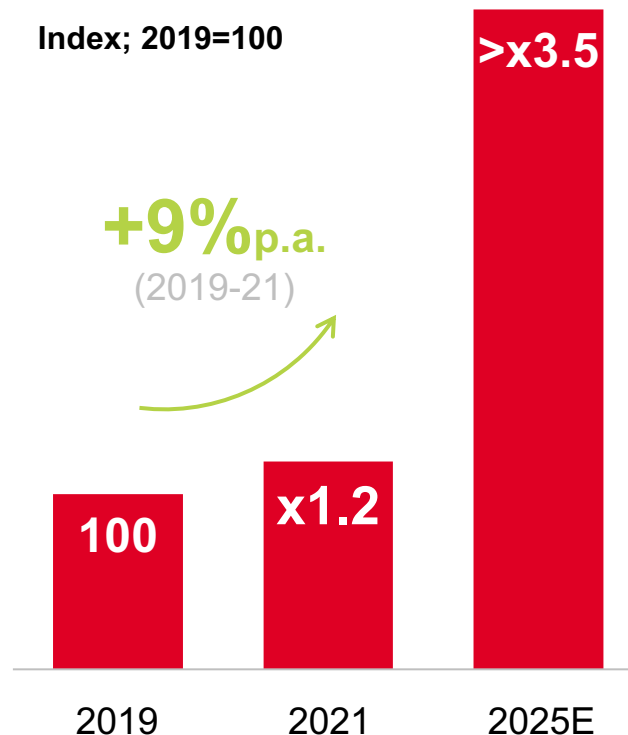
Archive and **dematerialization** (physical and digital)



Workflow and **approvals**



Revenues for Business Solutions



↓

Allows CTT to provide its clients with **integrated solutions** bringing more efficiency to such processes

↓

For large companies offering **tailored BPO** (document management) to sustain the mail value

↓

SMEs are provided with **building self-service solutions**

↓

Moreover, **CTT supports the government** on achieving greatest processes efficiency


NewSpring reinforces Business Solutions' offering allowing to expand services provided in Mail value chain, moving to VAS and managing client relationship

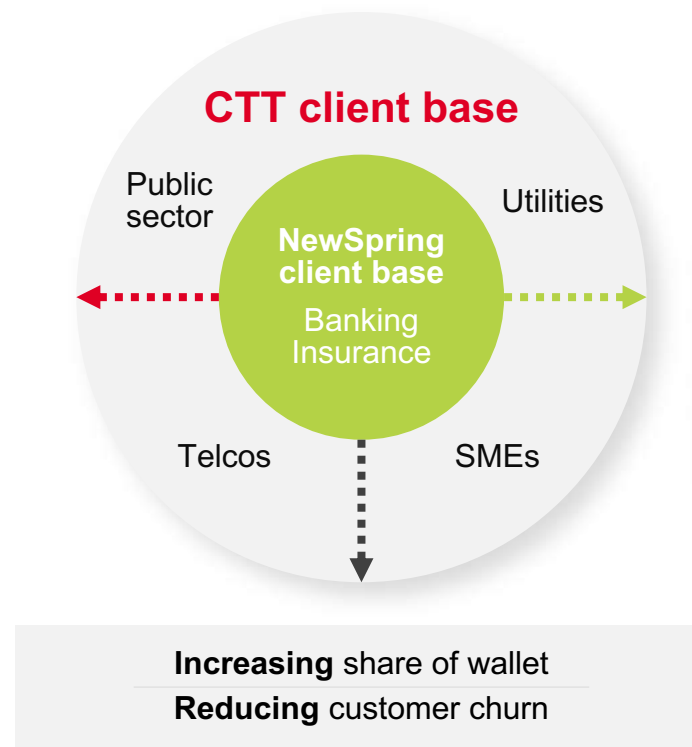
 NewSpring serving an attractive market with ambitious objectives...


 Expand market share in banking and insurance segment

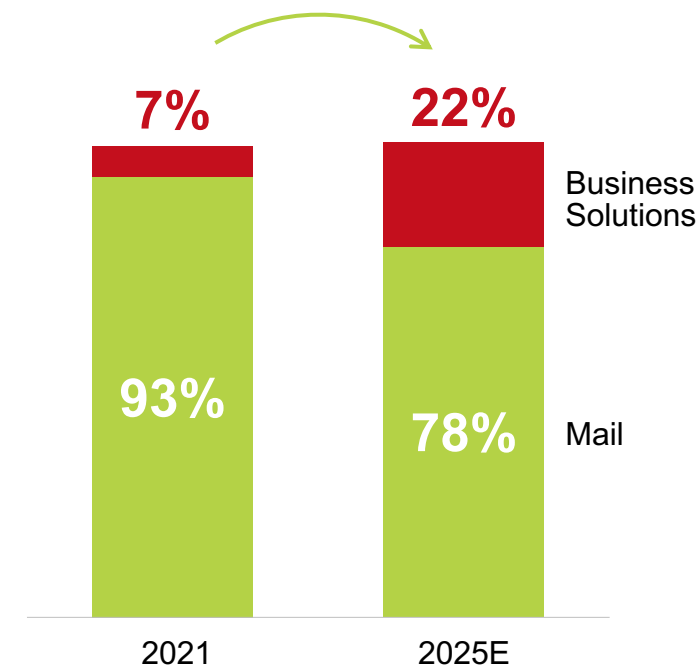
 Penetration in other sectors

 Moving towards medium size company segment

 ... bringing an opportunity to increase penetration in customer base and bring a high-quality service to our clients



 Transformation of Mail Revenues in in other Business Solutions Mail & Business Solutions¹ Revenues %



1. Including Business Solutions in CTT and NewSpring

Extended service offer, targeting specific needs of large customers and public entities with tailored solutions

→ For corporates and public entities, we have tailored solutions, based on the client's needs

→ For SMEs we develop a one-stop-shop solutions factory that offers full support to their business

Support the business



Mail for business

- Ensuring the use of secure physical and digital mail for our business clients
- Via CTT (digital mail)



Document mgmt

- Printing and finishing
- Mailrooms
- Archive



Support services

- Administrative BPO
- Specialized BPO
- Contact centers



Mgmt vertical

- STICO (fines' management system for Public entities)
- Geographical services

Empower the business



cttAds

Marketing & Advertising

- Tailored Online and physical marketing campaigns
- Wi-fi & mobile comms

Increased product mix by developing transversal and turnkey offers that can address SMEs' needs, from e-carta to contact centers and self-service advertising tools

→ For corporates and public entities, we have tailored solutions, based on the client's needs

→ For SMEs we develop a one-stop-shop solutions factory that offers full support to their business

Support the business



Mail for business

- Ensuring the use of secure physical and digital mail for our business clients
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Document mgmt

- E-carta (self-service)
- Mailrooms
- Archive
- Workflows



Support services

- Administrative BPO
- Specialized BPO
- Contact centers



Mgmt vertical

- STICO (fines' management system for Public entities)
- Geographical services

Empower the business



cttAds

Marketing & Advertising

- Self-service online and physical campaigns
- Wi-fi & mobile comms
- Giftware

CTT developing its multi-channel presence with innovative sales channels such as inside sales and outbound capabilities



← Channel strategy for Mail, Business solutions and Parcels →

From... Single channel









Face-to-face

To... Multi-channel

- **>300** Key account managers (KAM) and Sales representatives
- Inside sales and Inbound/outbound agents
- **570** CTT stores
- Indirect channel
- Digital channel

CTT leveraging existing sales channels to serve all customer segments

✔ Existing channel
 ✔ Potential channel

	Centralized channels					Distribution channel	
	Key account managers	Sales representatives	Inside sales	Inbound / Outbound	Digital channel	Indirect channel	CTT stores
 Large companies	✔					 	
 Medium companies	✔	✔	✔		✔		
 Small companies		✔	✔	✔	✔	✔	✔
 Micro companies			✔	✔	✔	✔	✔
 Consumers				✔	✔	✔	✔

We are transforming our GTM strategy through key initiatives and main objectives per sales channel

Centralized channels

Distribution channel

Key account managers

Sales representatives

Inside sales

Inbound / Outbound

Digital channel

Indirect channel

CTT stores



Key initiatives

Developing customized integrated mail offers and expand cross-product campaigns

Digital product offers in certain corporate clusters

New product offers areas

Targeted advertising mail given to CEP customers

Standard services products

Tactical marketing campaigns to promote new services

Integrated digital servicing portal, for both CEP and mail

Use of the decision tree in the commercial approach

Tactical marketing campaigns

In-store customer activation

Proactive track-record contact to small companies from retail stores



Main objectives

Enhance recurrent customer base

Increase share of wallet of existing customers

Increase the efficiency of the commercial network

Cover a larger number of potential clients

Increase product penetration

Improve customer experience

Promote remote interaction for mail

Accelerate e-commerce adoption

Leverage the customer base and the share of wallet

Increase the efficiency of the commercial network



Mail highlights

New USO contract providing **stability and sustainability** to post business

‘**Hook**’ to bring **extended offer** to large corporate and SME customer base

Wide range of **tailored business solutions** for corporate and public entities and **standardized services** for SMEs

CTT with a **multi-channel presence**

Agenda



Welcome session

8h30



Financial Services
and Retail

10h55



Mail

9h20



Banco CTT

11h10



**Parcel and
e-Commerce Solutions**

9h35



ESG

11h30



Operations

9h50



Financial ambition
and guidance

11h50



Q&A and
Coffee-break

10h10



Wrap-up and Q&A

12h10



Capital Markets Day

LISBON
2022



**Parcel &
e-Commerce
Solutions**

CTT as the preferred e-commerce player in Iberia by customers

 Adesão Online

01



Unique Iberian setup

02



One-stop shop along the value chain

03



Superior multichannel customer experience

CTT as the preferred e-commerce player in Iberia by customers

 Adesão Online

01



Unique Iberian setup

02



One-stop shop along the value chain

03

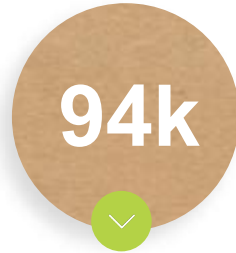


Superior multichannel customer experience

CTT has launched several initiatives to deploy a unique E&P network across Iberia



17 depots serving both countries



94k parcels / hour sorting capacity



100% D+1 geographic coverage in Iberia



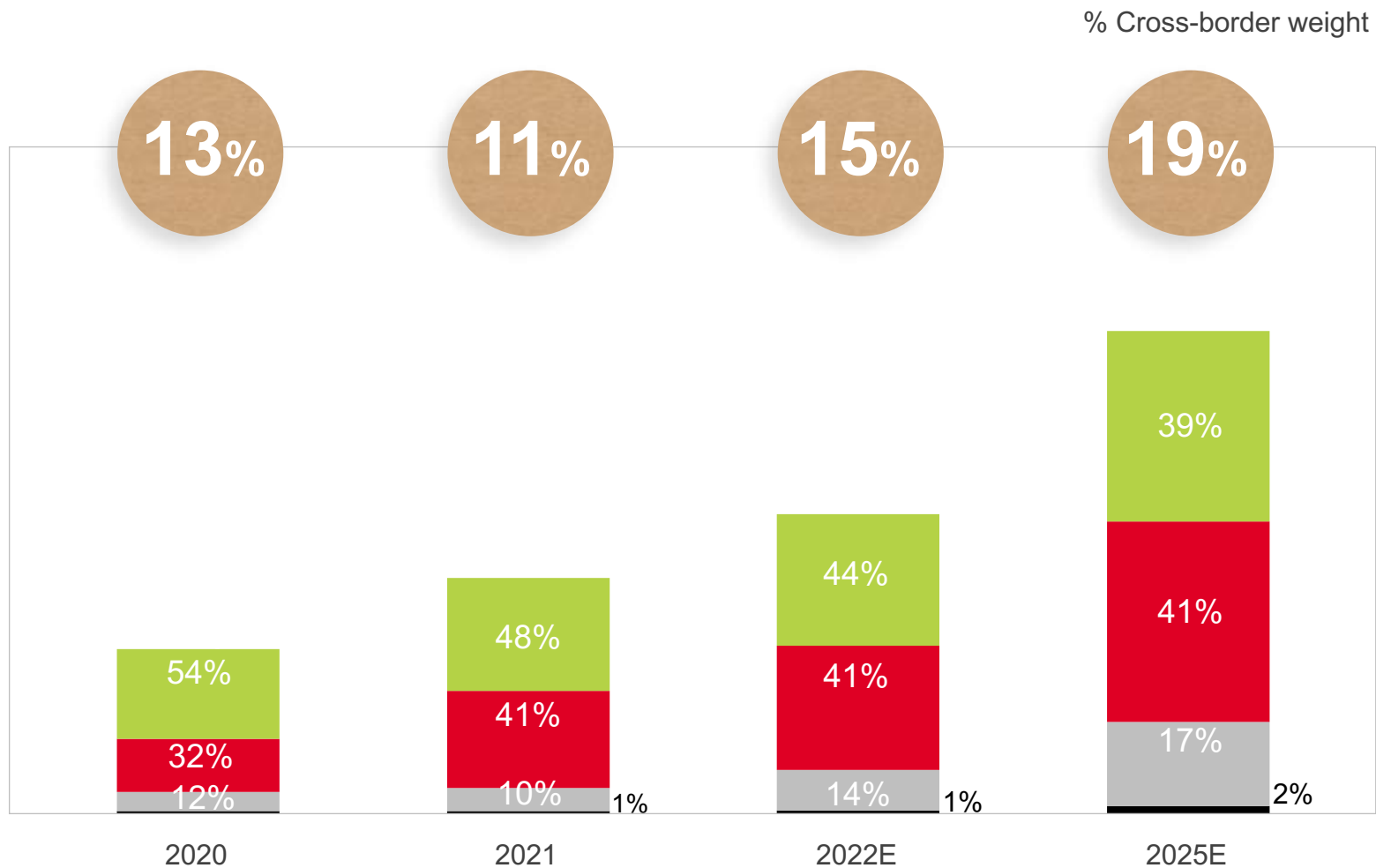
>300 Key account managers



Through **cross-border Iberian flows** with room to grow, converging EBIT margin

Operating revenues, %

● PT-PT ● SP-SP ● SP-PT ● PT-SP



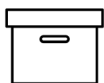
> Operating revenues, €m

Strong Iberian footprint with a differentiated offer (e.g., D+1 within the full territory)

Fulfilment offer to be launched creating a unique value proposition for e-commerce, including reverse logistics

E-commerce suite for SME, including online stores, logistics & last mile, payments

Iberian coordination started focusing on the Operations stream and commercial know-how and product offering being addressed



OPERATIONS / QUALITY OF SERVICE

- Operational stream to guarantee a true Iberian **operation and quality of service**



COMMERCIAL KNOW-HOW

- Product, commercial practices and client know-how sharing **between markets**



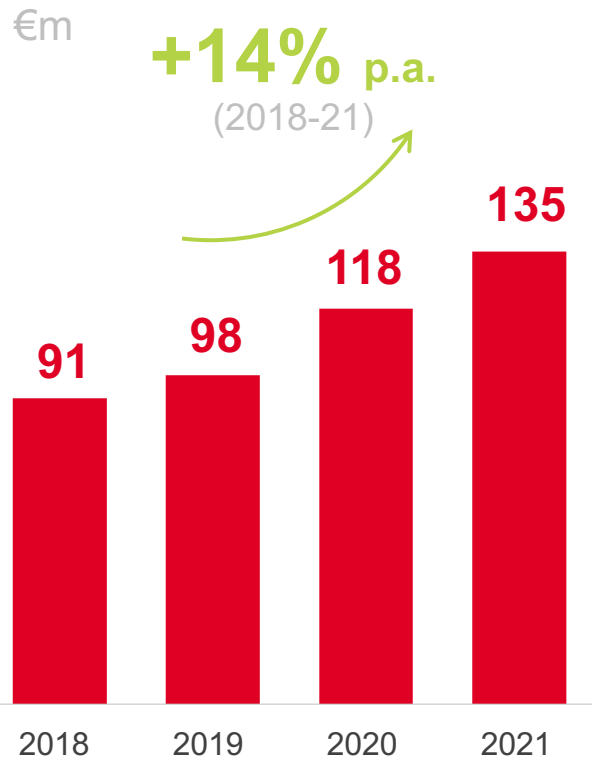
PRODUCT OFFERING

- **Product catalog** and VAS alignment
- **Expansion** of align last-mile offering (same-day, cargo, etc.)
- **Expansion of PUDOs** offer in both markets
- **Standardization of** client interaction/communication
- **Implementation of** live tracking and predict

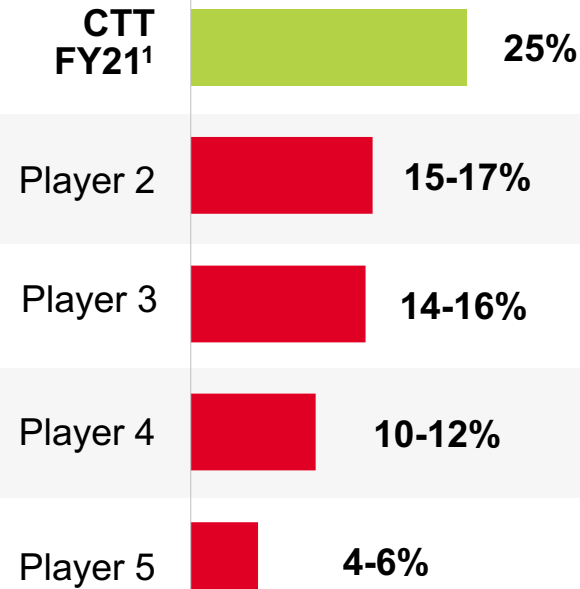
On-going initiatives



Total Operating revenues E&P



Market share 2021 total CEP



#1 Maintain market leadership by 2025



Maintain market position by reinforcing best in class customer service with extensive capillarity helping the market grow and consolidating leadership in the B2B2C segment

1. 2021 estimated; IMR market share in 2020 stood at 20% in Portugal
Source: IMR report; CTT

The strategy in Portugal follows three phases

01 Have the widest offer in the market

> Key last-mile offers

- **Next Day** and 2 days delivery
- **2-men** delivery
- **Cargo**
- **Same-day** & Instant delivery
- **Green** delivery

> Available features

- **Time-slot**
- **Three** delivery attempts
- **SMS** notification and contact consignee
- Option to **change** delivery

02 Benefit from the growth of e-commerce in Portugal

>50%

market share for global marketplaces operating in Portugal



15 out of largest 20

e-sellers in Portugal work closely with CTT



03 Help the market grow and consolidate leadership

Facilitate digitalization process, with full range of services in the e-commerce value chain



ctt now

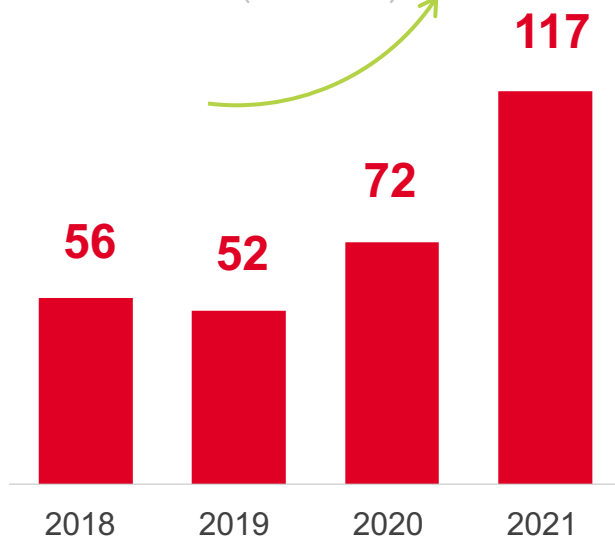
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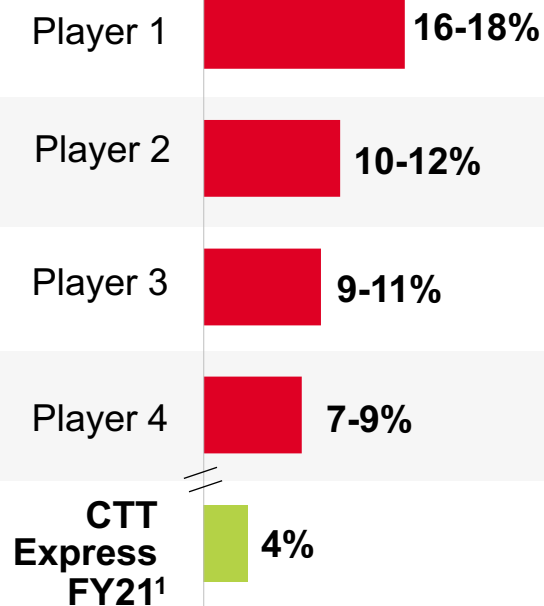
Total Operating revenues E&P

€m

+28% p.a.
(2018-21)



Market share 2021 total CEP



Achieve high single digit market share by 2025



ctt

Capital Markets Day

LISBON 2022



Outgrowing the market, gaining market share, building on recent operations turnaround to reach a high single digit market share by 2025

1. 2021 estimated; IMR market share in 2020 stood at 3% in Portugal
Source: IMR report; CTT

The growth plan in Spain goes through three stages

01 Implementation of new operating model

Managing own operations, that guarantees a better service



> Better quality of service

> Reduced unit costs

02 Gain the largest e-commerce players in Spain to guarantee volumes and scale

Positive EBITDA in 2021





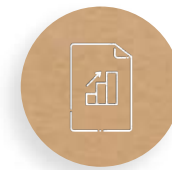
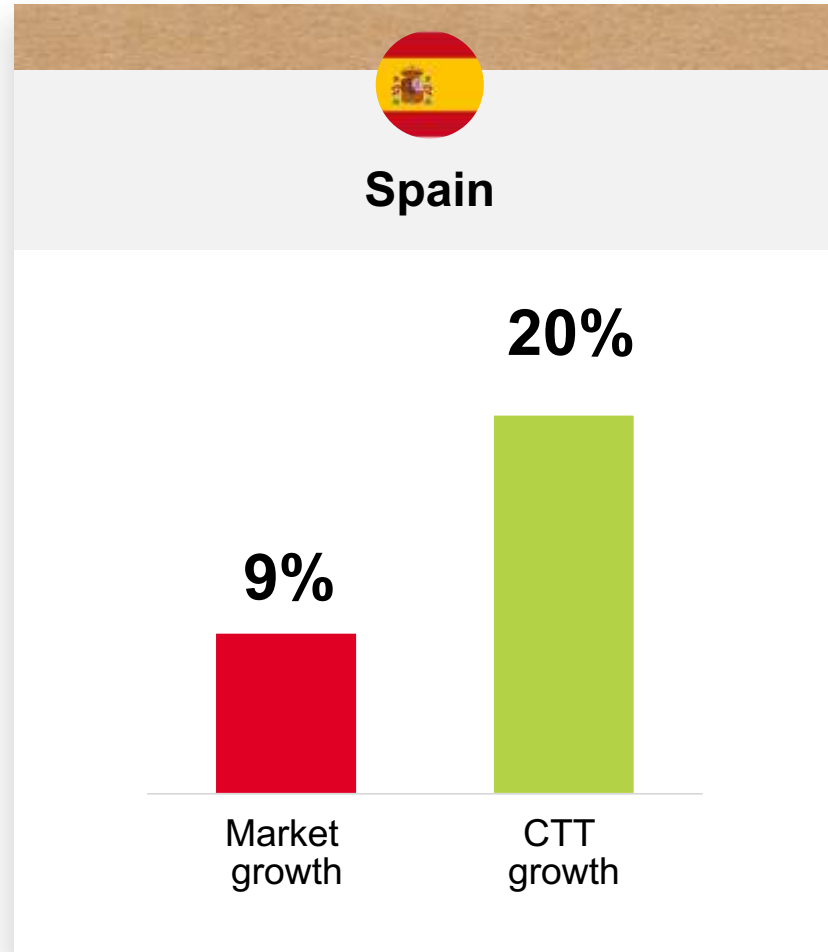
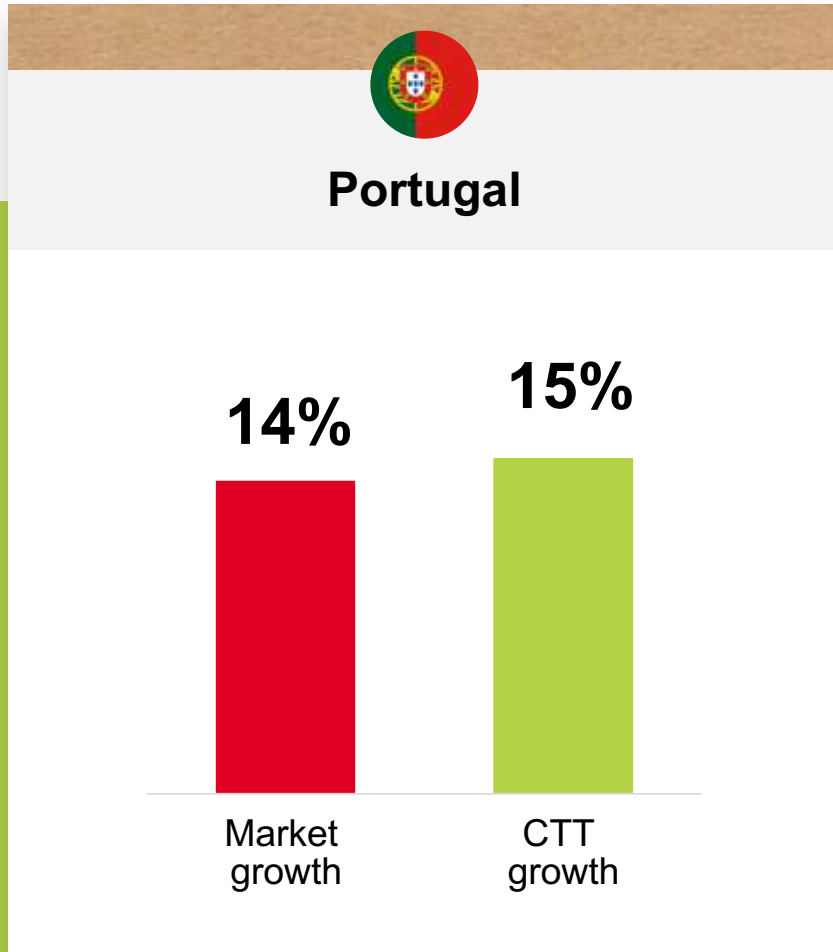
03 Implement a new commercial model and extend the service offering

On-going

- Deployment of CRM for both Sales & Services
- Tailored approach to international clients
- Enlarge small high margin B2B clients
- Extended product offering

CTT aspires to gain significant market in Spain while consolidating its leadership position in Portugal

E-commerce growth 2021-25, % CAGR



Growth ambition to ensure increased presence in cross-border and Spanish market

CTT as the preferred e-commerce player in Iberia by customers

 Adesão Online



Unique Iberian setup



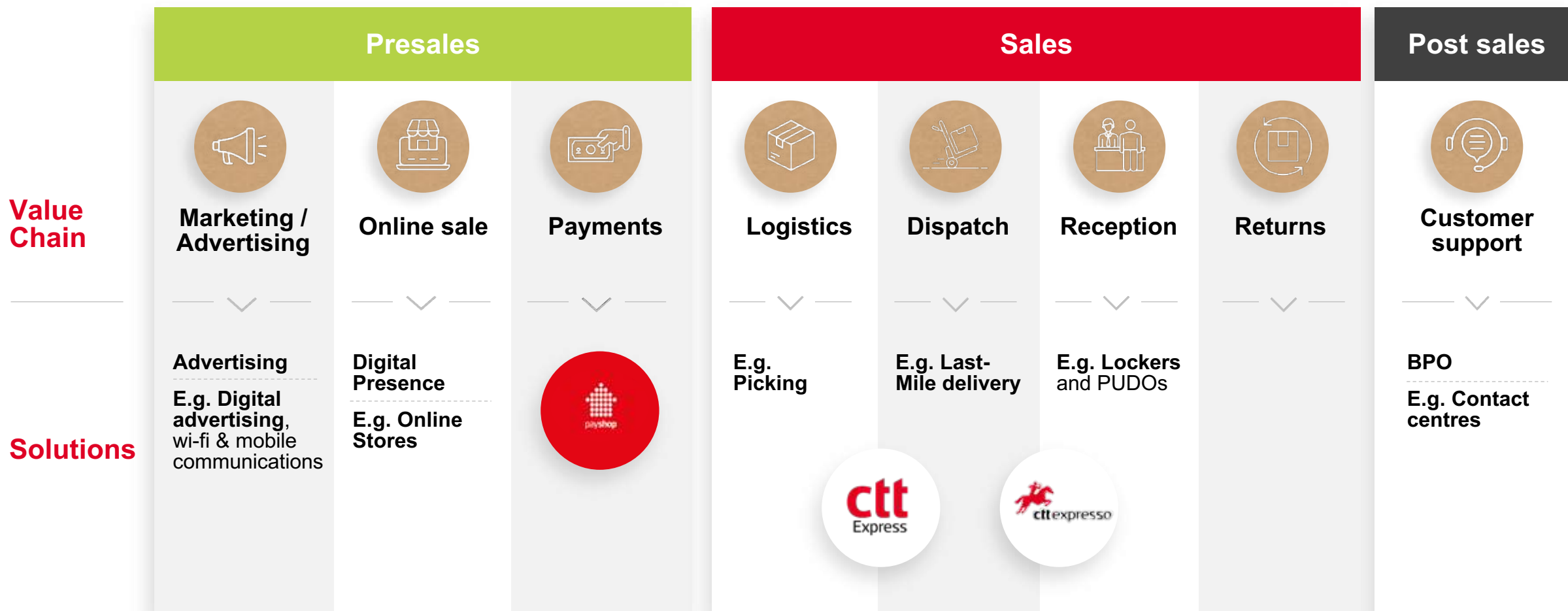
One-stop shop along the value chain



Superior multichannel customer experience

CTT aims to be the one-stop integrated player in Iberia offering e-commerce solutions across the whole value chain for Iberia

> E-commerce offer



The early stage of the fulfilment market offers ample growth opportunities both in Portugal and Spain



Rationale



CTT fulfillment ambition Iberia

Growth

- E-commerce will continue to be the growth lever for logistics and transport, as **B2B is a mature segment**

Fit

- B2C delivery has the strongest fit to CTT's **assets and skills**
- E-commerce killer features mandate **for strong fulfillment** integration – same day/instant deliver, late cut-off
- Increases stickiness **in e-commerce customers**
- Fulfillment companies** may have a significant and increasing influence in the selection of last-mile providers

- Favorable market** trend in Iberia, with **market expected to grow at 15% p.a.** in the coming years, with e-commerce increasing the outsourcing of its logistics – opportunity to seize

- Cross-sell to current E&P customers in Iberia** – large customers showing availability to our commercial approach

- Inorganic growth being considered to **accelerate the strategy**

Payments' solutions is an important enabler for CTT's ability to cover business e-commerce needs

→ **The increase of e-commerce** changed the payment ecosystem, leading to an ambitious strategic plan of new capabilities and payment offers at CTT Group, trying to capture the potential market

From traditional payment solutions...



Bill payments, in cash and in person

8

-5%



Digital payments, CTT as an end-to-end reference to e-commerce players in Portugal (gateway, wallet)

10

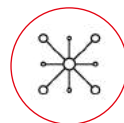
+15%



Bills & services, CTT as reference alternative to established bill and service payments in Portugal

55

+8%



Network services, expand breadth of services to existing physical networks

45

+1%

● Portuguese market volume, €bn ● CAGR, %



9%

Target market share for 2025, small and medium clients

The full range of CTT's commerce services can help companies manage their business in different needs



Support the business

Support processes

- Call center
- Business support processes

Payments



- Physical and digital



- Equipment
- Fleet management



- Energy services
- Software



Empower the business

Online sales

- Online shops creation

Management tools

- IoT Services
- Software vertical solutions

Advertising

- Direct mail and unaddressed mail
- Digital advertising
- Wi-fi and mobile communications
- Giftware

Geographical services

Geomarketing

Geographic webservices

Georouting

Geo data base



Deliver the business

Logistics

- Traditional
- E-Fulfillment

Dispatch

cttnow Uber *Shopkit*

- Module e-commerce offer
- Partnerships

Reception



- Pick-up and drop off points
- CTT 24 hours lockers
- Easy return solutions
- E-Fulfillment
- Traditional logistics

CTT as the preferred e-commerce player in Iberia by customers

 Adesão Online



Unique Iberian setup




One-stop shop along the value chain



Superior multichannel customer experience

Positioning client experience at the center of its value proposition, improving customer convenience and out-of-home network



 CTT is enhancing customer experience by growing the lockers and PUDOs network

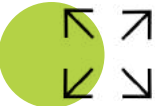
→ **>2,400 PUDOs** in Portugal


>350 lockers in Portugal


>1,150 CTT points



>980 stores CTT and Payshop partners


 Using different ways to achieve ambition



Expand network across the Portuguese and Spanish market


Develop a new app to improve customers and partners experience


Improve CTT branding in the pick-up points


 With the aim to be the largest PUDO network in Portugal, and become a relevant player in Spain


 → **5k-6k** PUDOs


 → **Expand the PUDOs and locker network** to the Spanish market

Building the largest locker network in Portugal to improve customer experience and drive operational efficiency

Locky



>350 lockers



100% local made, with advanced high-tech at a lower cost



→ Current locations

Installed in residential and commercial areas like

- Shopping malls
- Retail networks, like supermarkets
- Offices
- Gas stations
- Parking lots
- Others

→ Types of lockers


- **Public:** all online consumers, deposited by CTT
- **Private:** restricted network of digital buyers and partners (corporate and residential)
- **Click & Collect:** managed by the retailer, for their e-commerce operations

→ Goals


- Expand the network to **1,000** lockers, until the end of 2022




Our vision is to have a customer centric positioning, simplifying and improving the digital touchpoints for both B2B and B2C clients


From a product centric focus (<2021)




To a customer centric vision (2024-25)


CTT is currently developing a solution for these customer experience solutions



+30 different digital touchpoints not integrated (e.g., portal / app for Banco CTT, lockers)



Useful services provided separately



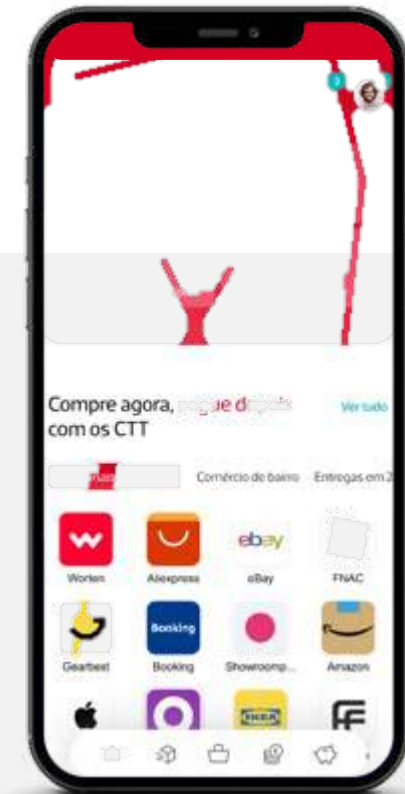
High level of difficulty in cross-selling and upselling every time

2 digital touchpoints, B2B and B2C, putting the client at the center of the value proposition

For B2B, enhancing portal experience, integrating all business solutions in one digital ecosystem, facilitating the cross-selling, and enhancing the customer experience



For B2C, an “app centric” concept, creating an integrated super app for all services that CTT offers (e.g., Delivery status, Track and Trace, PUDOS, Consumer support)



Parcel and e-Commerce Solutions highlights

Unique position to capture the **significant growth potential** of the **Iberian e-commerce** market

Grab share in Spain, support market growth from a leadership position **in Portugal**

One-stop-shop in e-commerce (including fulfillment) across Iberia

Superior **customer experience** with an extended **PUDO network** and **customer centric** digital touchpoints, 'app centric'

Ambition underpinned by a **strong brand, unique B2B sales force**, and enhanced **customer experience and loyalty**



Capital Markets Day

LISBON
2022



Agenda



Welcome session

8h30



Mail

9h20



Parcel and e-Commerce Solutions

9h35



Operations

9h50



Q&A and Coffee-break

10h10



Financial Services and Retail

10h55



Banco CTT

11h10



ESG

11h30



Financial ambition and guidance

11h50



Wrap-up and Q&A

12h10



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Operations

CTT has overcome significant challenges in both markets to accelerate the CEP turnaround in Iberia

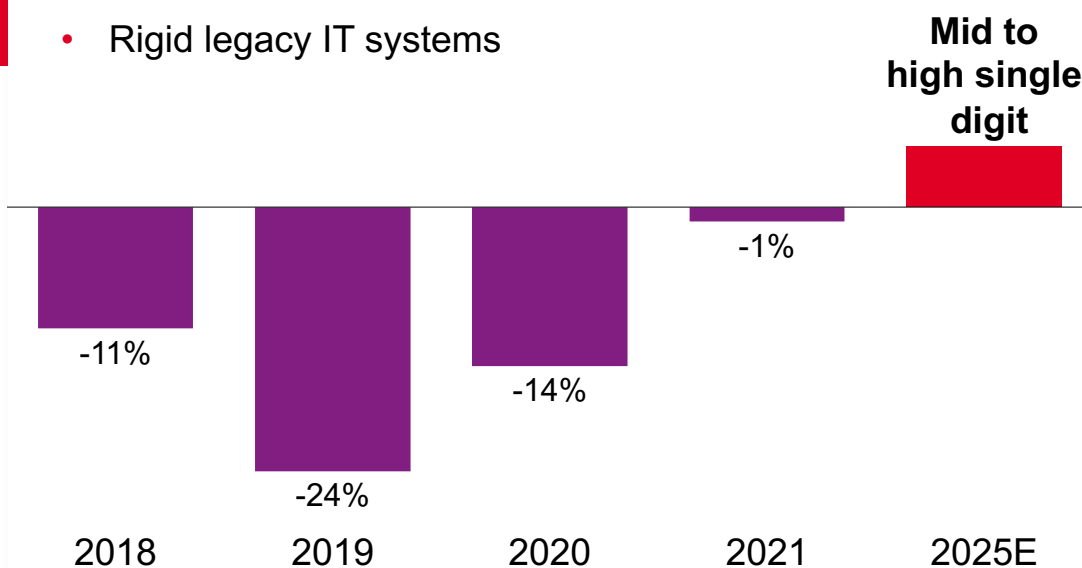
Two separated networks, posing **clear synergy opportunities**

Operations turnaround

E&P EBIT MARGIN¹ EVOLUTION, %

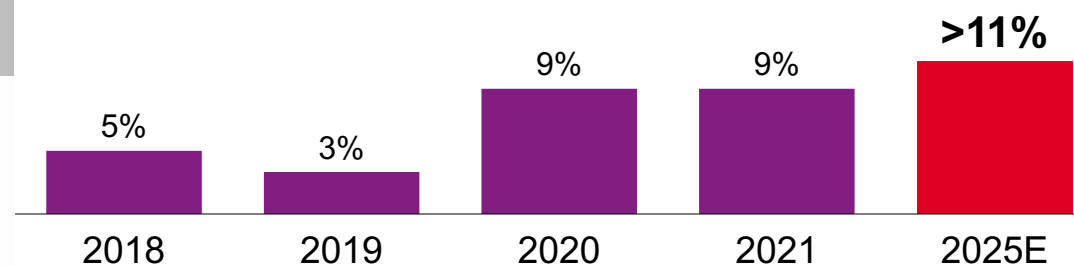


- Sub-scale operation...
- ... mostly outsourced to franchisees
- Rigid legacy IT systems



Efficiency challenge and ambition

E&P EBIT MARGIN EVOLUTION, %

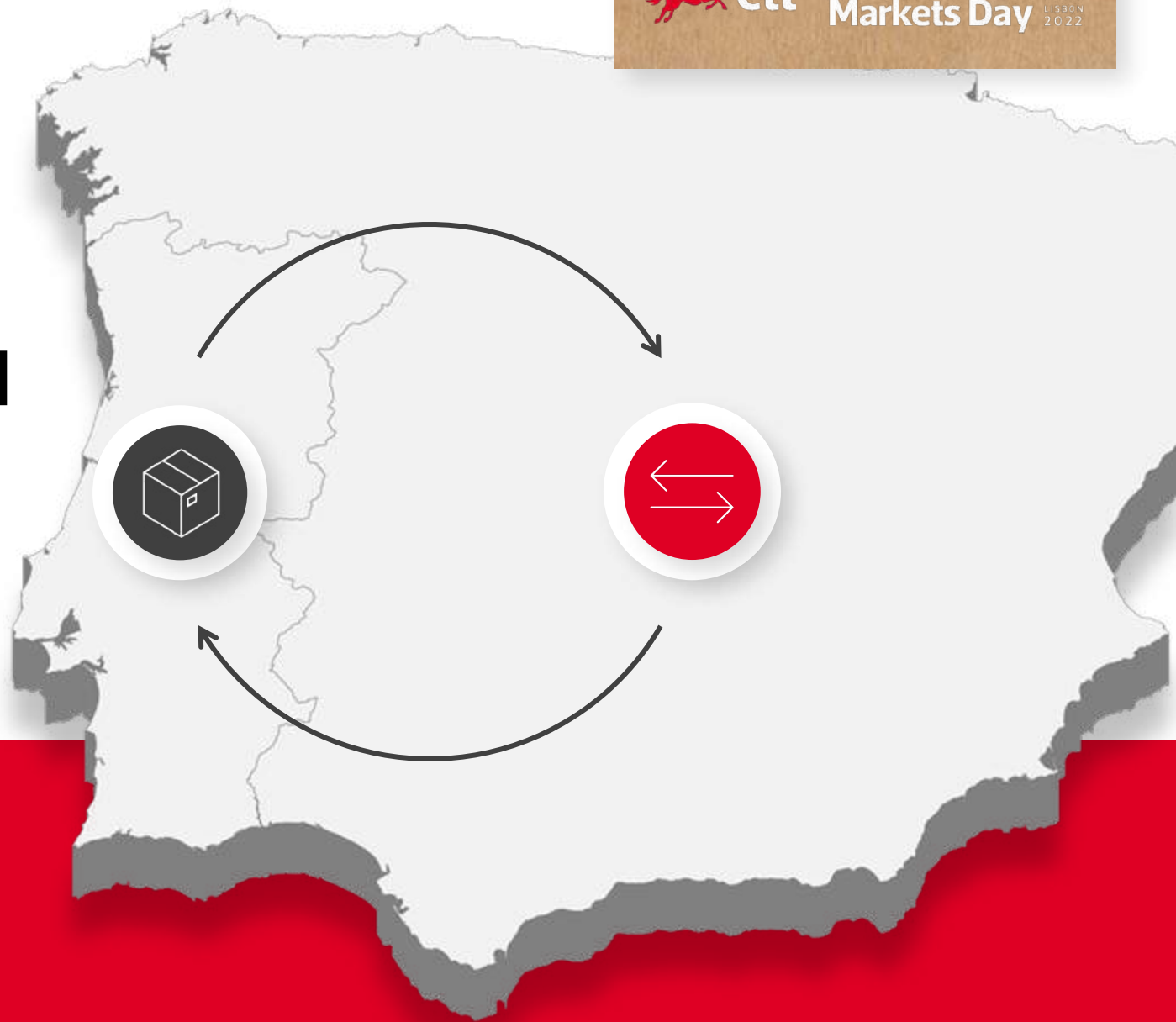


- Rigid legacy IT systems
- Mail network already distributing ~40-50% of packets, but limited management integration
- Exhausted packet sortation capacity during peak season, leading to quality disruption

1. EBIT Recurring, Individual accounts

Source: CTT

BUILDING ON ITS
UNIQUE FOOTPRINT
AND OPERATING MODEL,
CTT is the **CEP** player
with the best-integrated
network in Iberia



Integration
across Iberia

Integration of
mail and parcel
operations
in Portugal

CTT has accelerated the integration across Portugal and Spain, to build a true Iberian platform

INTEGRATED VISION FOR IBERIA

01

Promote process alignment to provide a **seamless experience for Iberian e-sellers and e-buyers**

02

Align **IT architecture and establish roadmap** to converge IT platforms

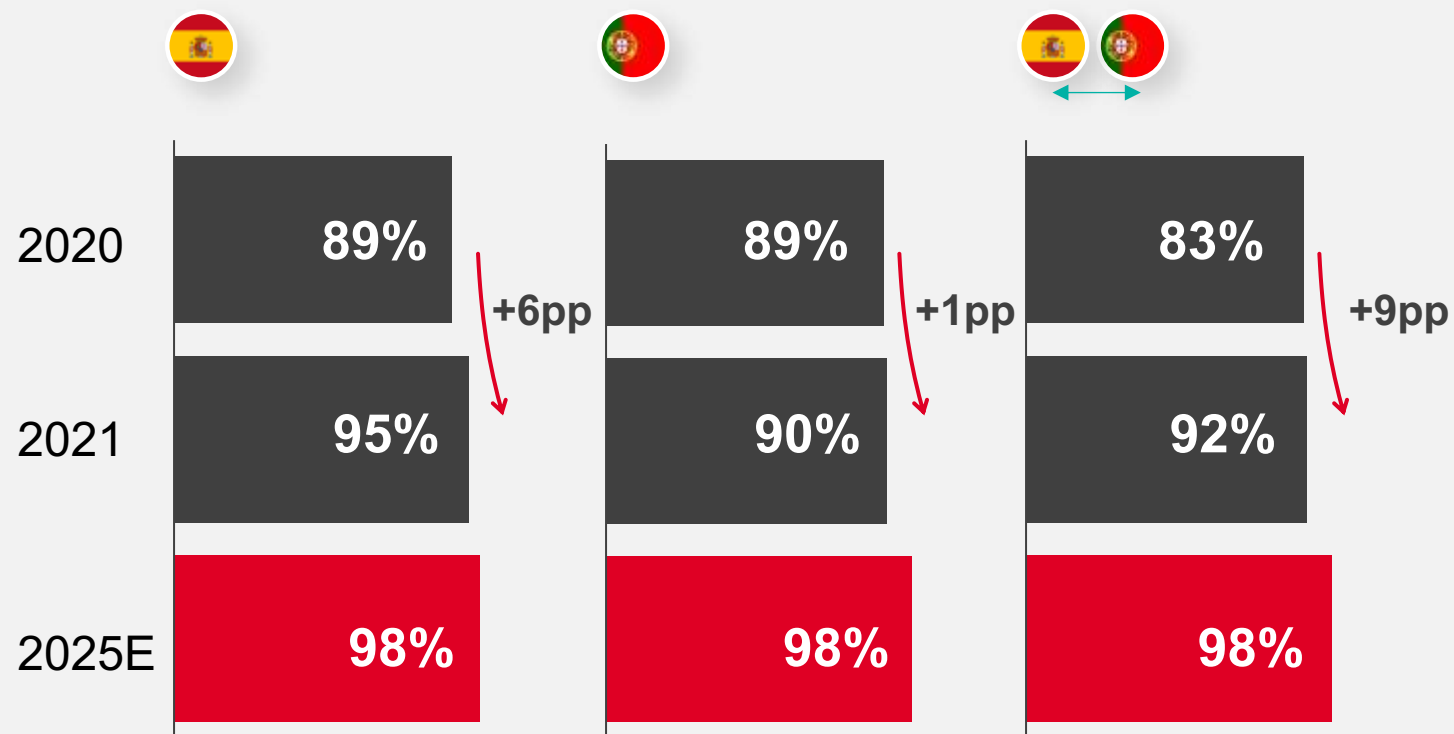
03

Managing own operations across Iberia

04

Deploy a unique E&P network to provide **D+1** across Iberia

TO KEEP PROVIDING A RELIABLE CUSTOMER EXPERIENCE QoS evolution



2. New CTT technical architecture under implementation

Vision for CTT technical architecture and transition roadmap is now established



- > Converging to a **single Iberian architecture** in the middle term
- > Gradual migration from **legacy to new IT platform**
- > **Roadmap for transition**

Foundation elements of the Iberian architecture now in place







- > **Microservice** approach
- > **Event BUS**
- > **New cloud-based API Management**

Now deploying transformational pieces addressing the top business priorities



On-going

- > **Drivers' Mobility app** 
- > **Iberian Suppliers Portal**  *On-going*
- > **100% traceability** – roll out in progress 
- > **Decision Server** *N.a.* 

New architecture enables process convergence across geographies

Allowing for

- agile deployment of new features
- smooth transition from legacy to new IT system

4. CTT deployed a unique E&P network across Iberia



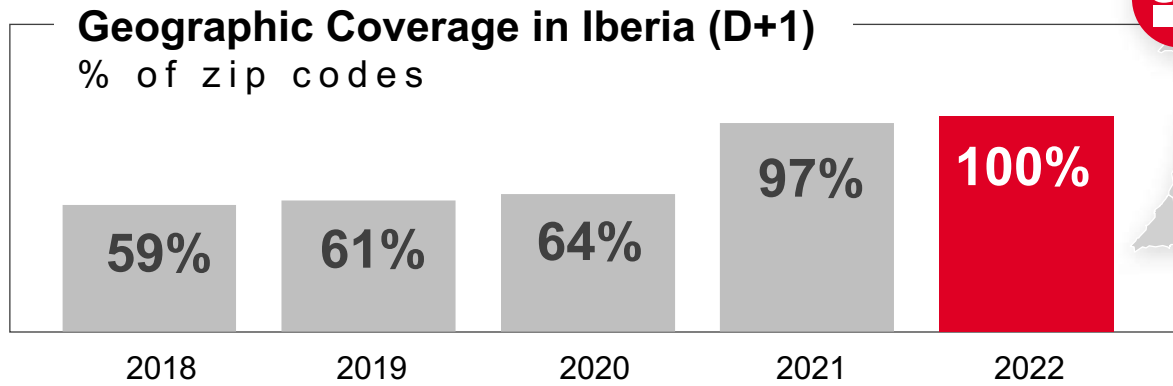
Consolidating linehaul design to establish a **unique network** and drive down unit cost



Redesigned sortation network



Accelerating Iberia coverage to deploy D+1 in the entire peninsula



REDESIGNED LINEHAUL NETWORK

Expanded capacity along the logistic chain to support e-commerce growth and leverage economies of scale

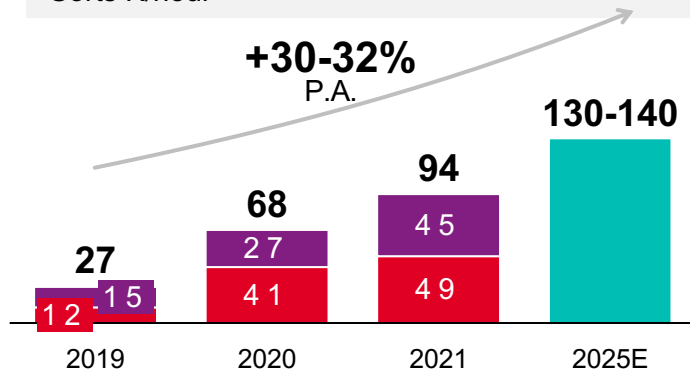
Portugal Spain

SORTING

Increased parcel sorting capacity in Portugal and Spain through the deployment of **new sortation centers**

New **e-commerce customs clearance center** in Madrid (coming live for peak22)

Automatic sorting capacity
Sorts K/hour



FULFILLMENT

Strong bet for CTT position in e-commerce: to provide e-sellers with more competitive cut-off times


Fulfillment capacity already expanded to **>30k m²**, including dedicated fulfillment space in 6 new sortation hubs

Ambition to expand **capacity to >100k m²**, leveraging on sorting centers

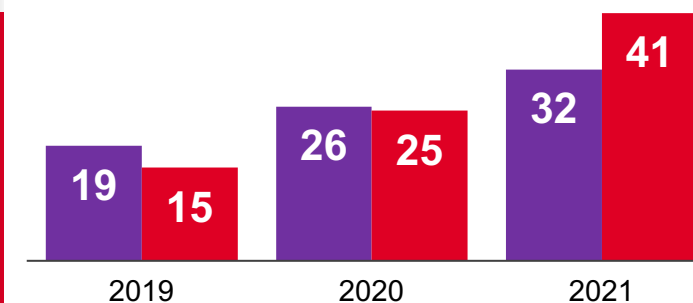


LAST-MILE

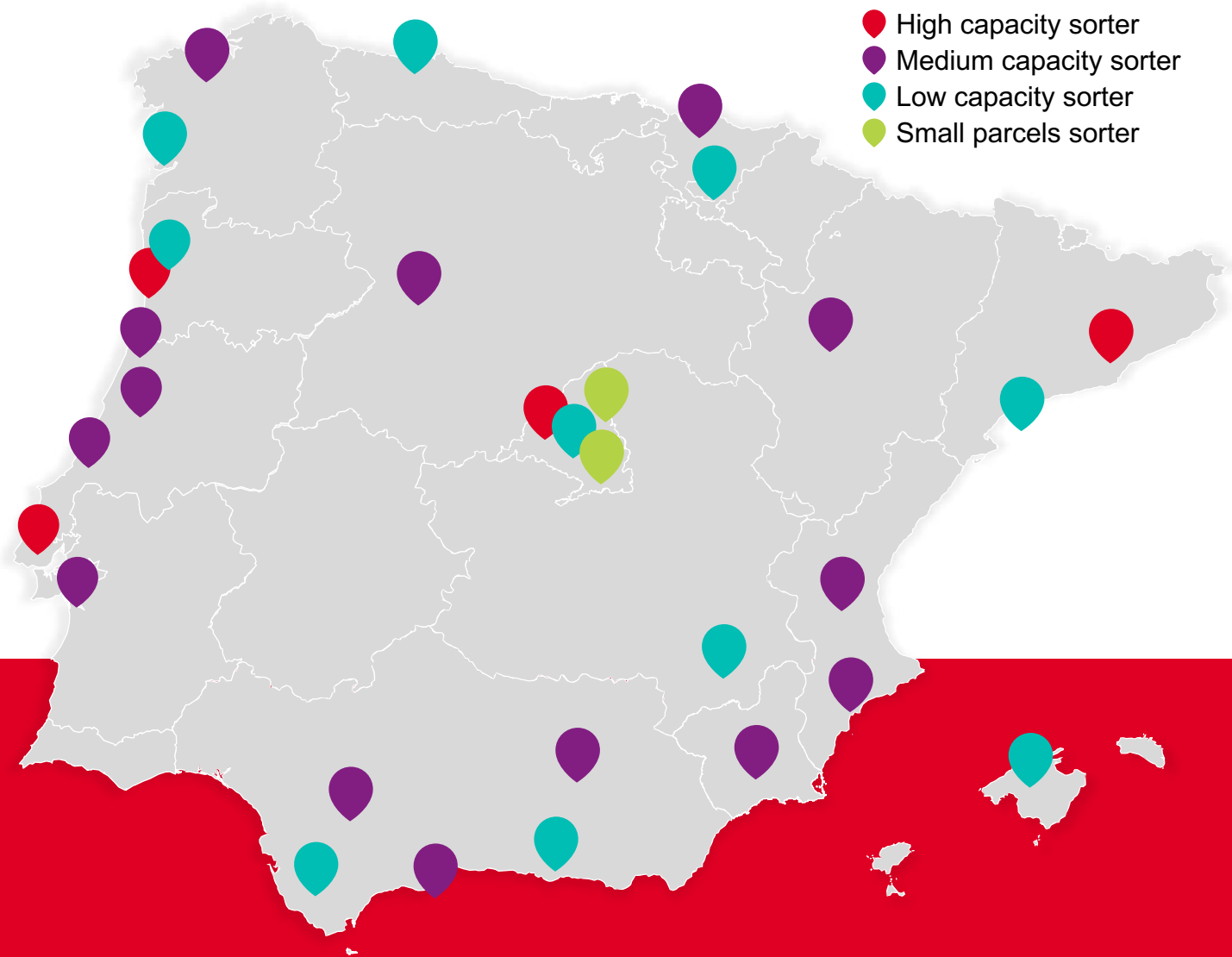
 Opened **new distribution centers** in Spain: 27 new centers since FY19

 **Upgraded facilities**
Accelerated deployment of new distribution model expanding last-mile capacity (+12%)

Total last-mile traffic
M Objects



Expanded Iberian footprint is becoming a competitive advantage



24h delivery across Iberia



Later cut-off times for clients: on site pickups or fulfilment operation
Increased flexibility to cope with demand peaks



Smoother customs clearance process allowing for faster e-commerce delivery



New opportunities for efficiency gains

- Automatic sortation by route
- Pit-stop model in distribution hubs
- 2nd distribution waves from postal hubs

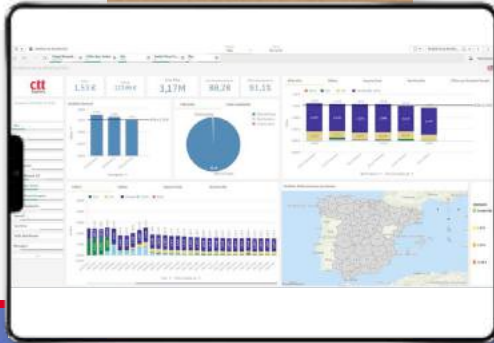


Automatic sortation centers	18	7
Distribution hubs	50	12+208
Customs clearance centers	1	1

Focus on cost control is key for the ongoing turnaround...

✓ Implemented
✓ Underway

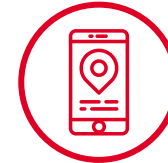




BI apps for unit cost control across the logistic chain



Revised contract structure with last mile providers



Technology deployment to drive efficiency – e.g. route optimization, Drivers' app



Digital communication with recipients for smoother delivery experience



Deployment of parcel locker network



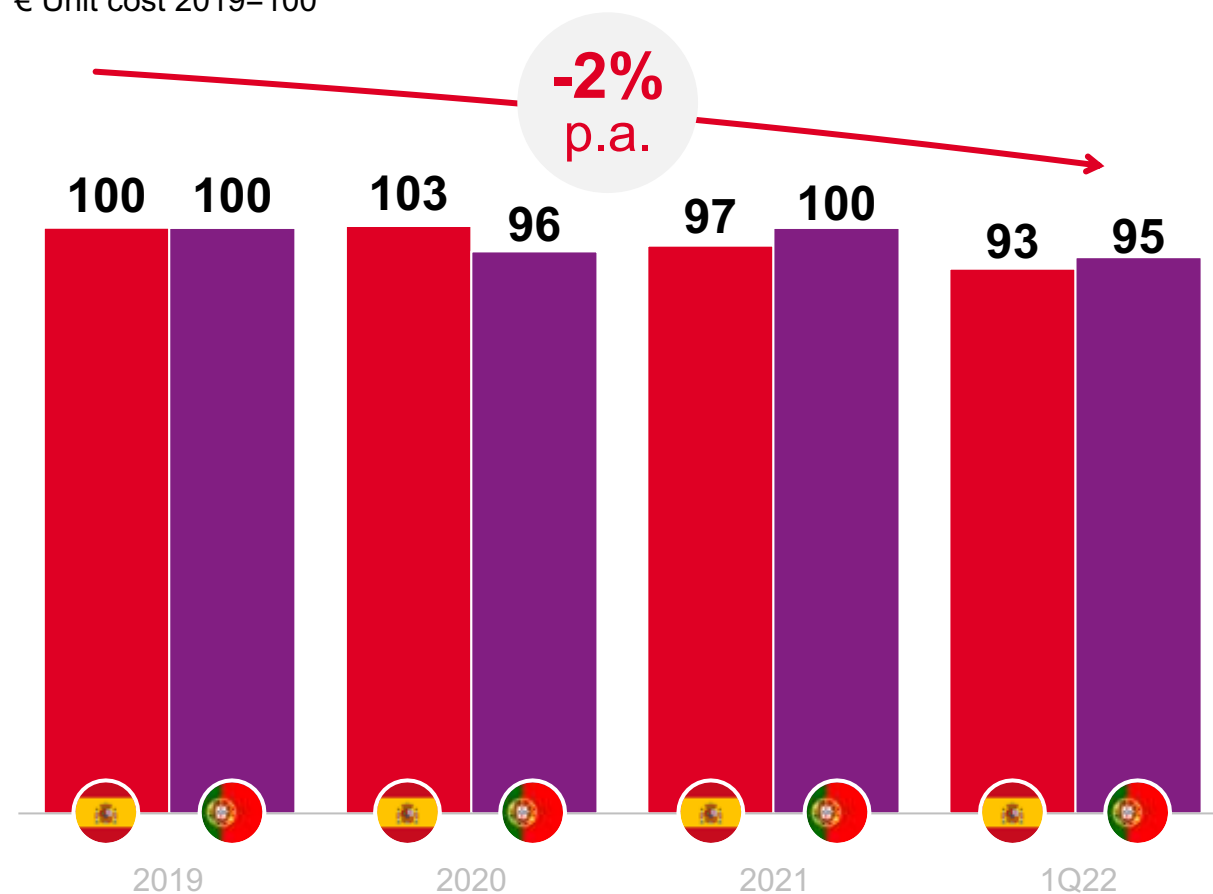
Pit stop model in parcel distribution centers



...and is yielding **results**

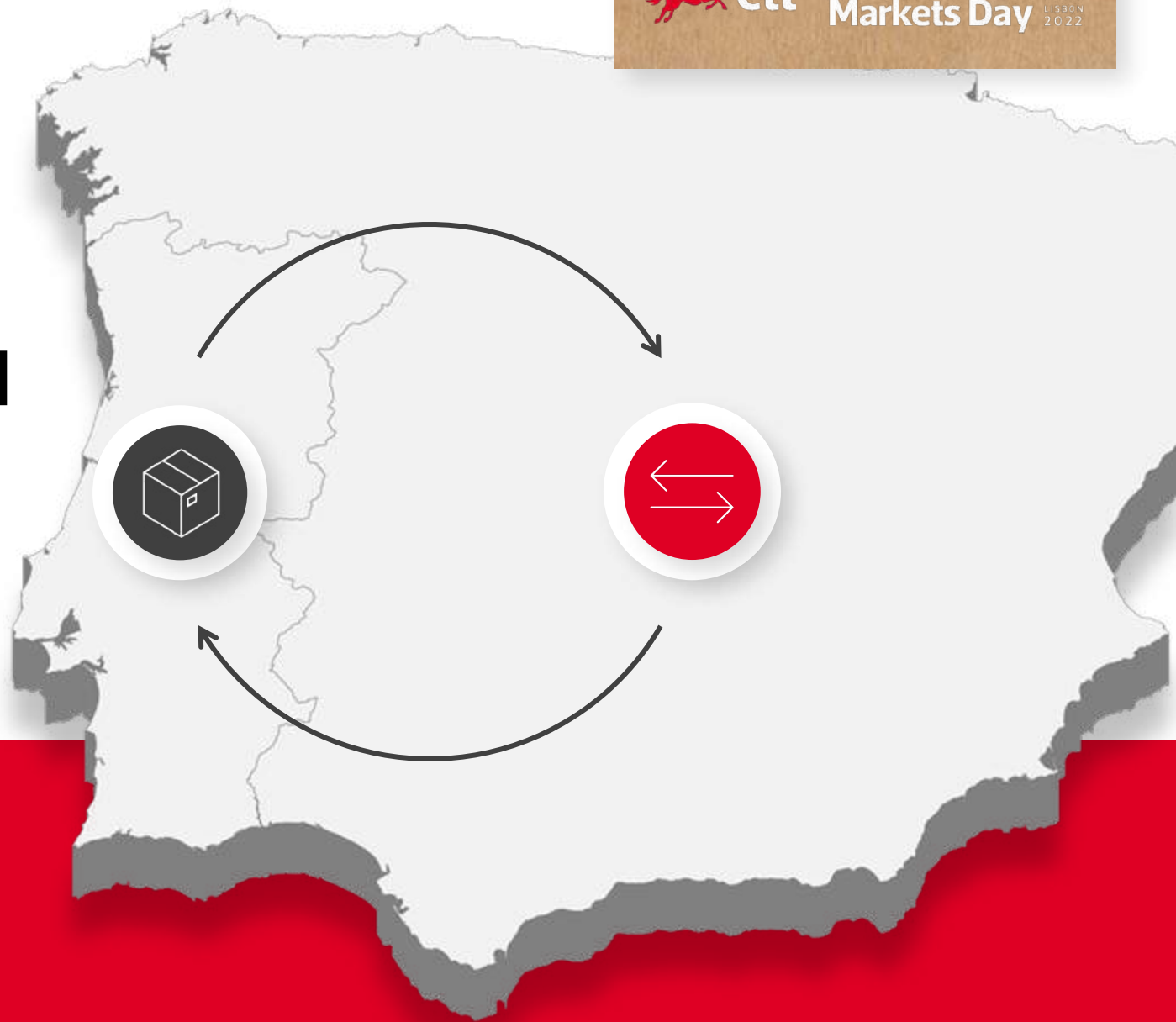
Last-mile unit cost per object¹

€ Unit cost 2019=100



1. last mile account for ~2/3 of CEP direct costs

BUILDING ON ITS
UNIQUE FOOTPRINT
AND OPERATING MODEL,
**CTT is the CEP player
with the best-integrated
network in Iberia**



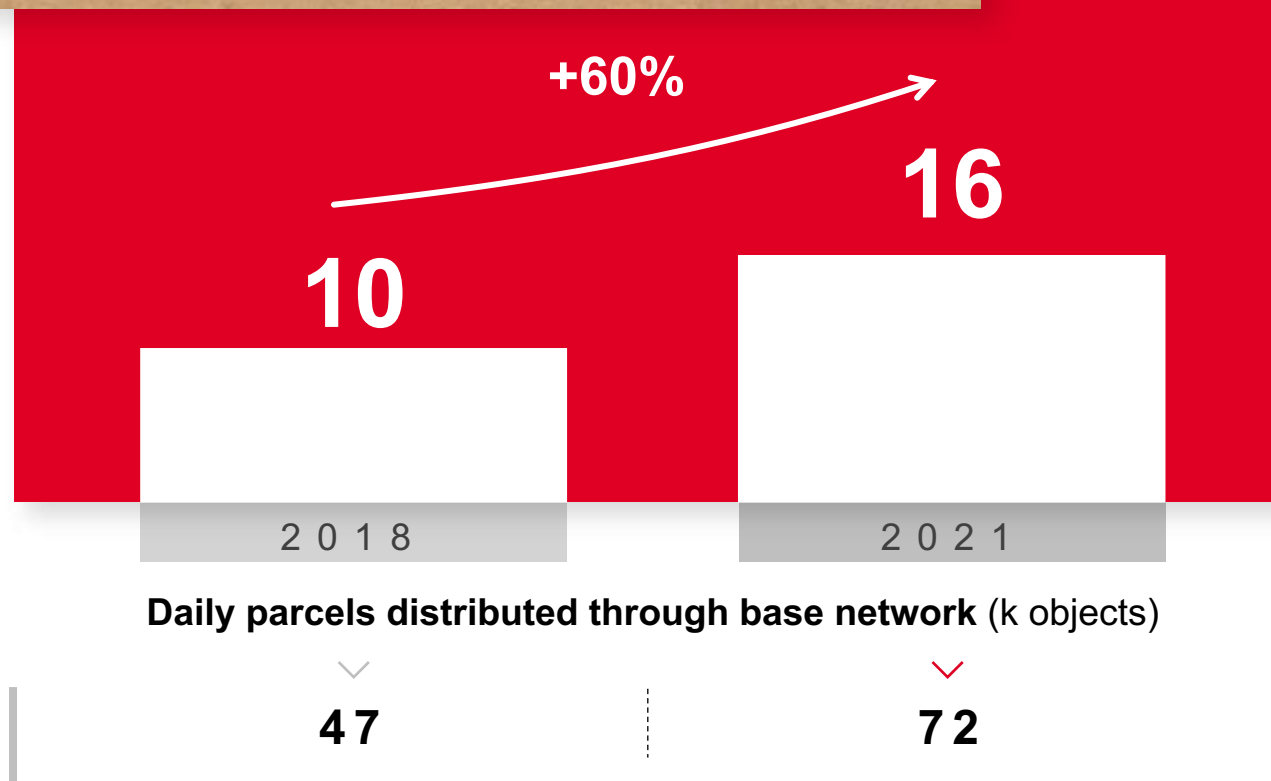
**Integration
across Iberia**



**Integration of
mail and parcel
operations
in Portugal**

CTT is accelerating the integration of parcel and mail networks in Portugal

DAILY NUMBER OF PARCELS DELIVERED PER MAILPERSON



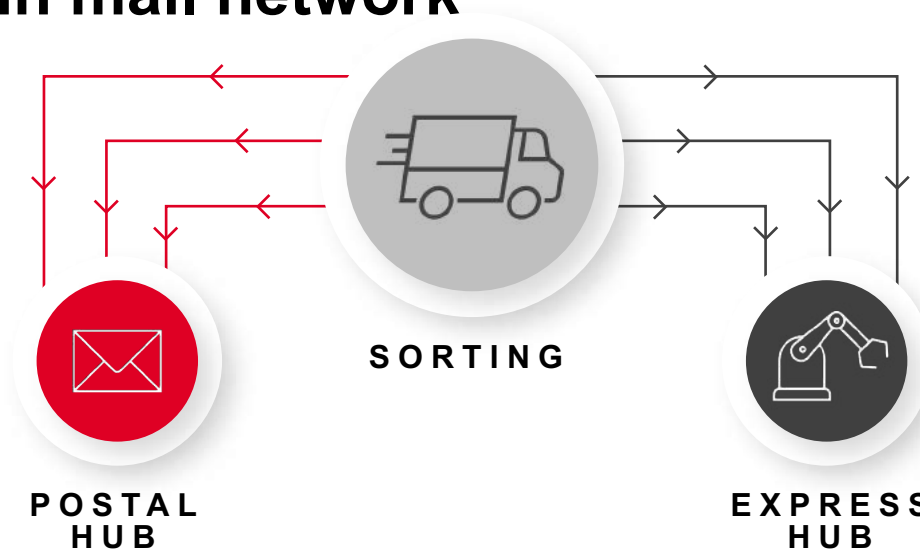
Integrated management for **linehaul networks** and **last-mile**



Best-in-class parcel integration strategy into mail network enabled by **Decision Server** architecture, pushes the “right” packages into the mail network

“Decision server” enables a state-of-the-art parcel integration strategy in mail network

Decision server: intelligent layer external to the sorter that implements a more granular decision tree to route parcels through a Postal or Express Hub



+ Packets more suited to be delivered by fixed mail routes are routed through postal hubs

- Improved quality performance
- Distribution at marginal cost
- More carbon efficient

+ Allows for daily demand management in each hub to maximize capacity utilization and protect quality

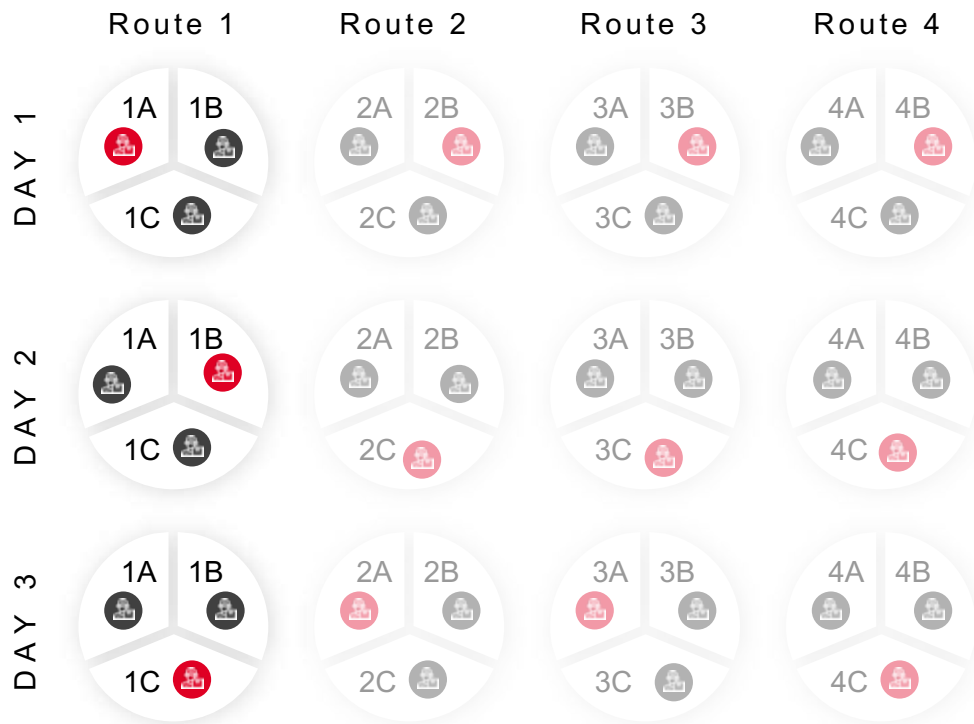
Sorting variables

Packet size	Small	Medium/Large
Packet weight	Light	All
Delivery type	B2C	B2B or B2C
Delivery time-windows	No	Yes
Hub-specific capacity limit	Adjusted daily	-

Cap in each postal hub is adjusted frequently to maximize capacity utilization and protect quality

Accelerated distribution transformation, leveraging “shamrock” model to improve productivity and increase parcel distribution capacity

SHAMROCK MODEL



Distribution model suitable for urban and suburban regions

- Slow section
- Fast section

Results delivering productivity gains and increased packet distribution capacity

STATUS AS OF APRIL 2022

FTE

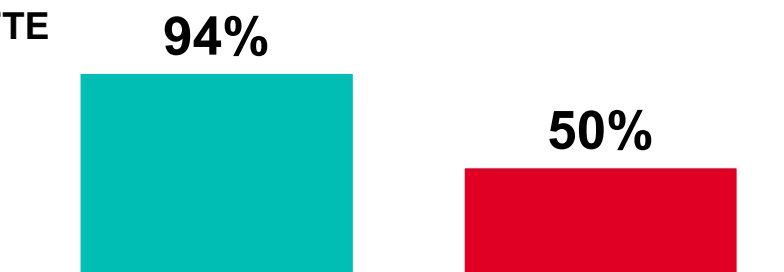
today vs. 2019

- X/Y Model
- Shamrock model



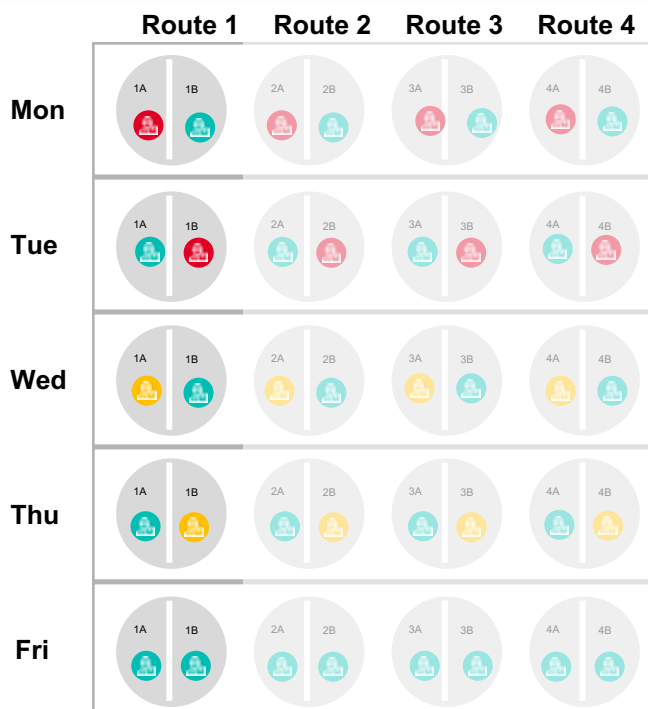
Parcel/ FTE



today vs. 2019




Several initiatives in the pipeline to keep driving efficiencies in mail network

4-DAY-WEEK



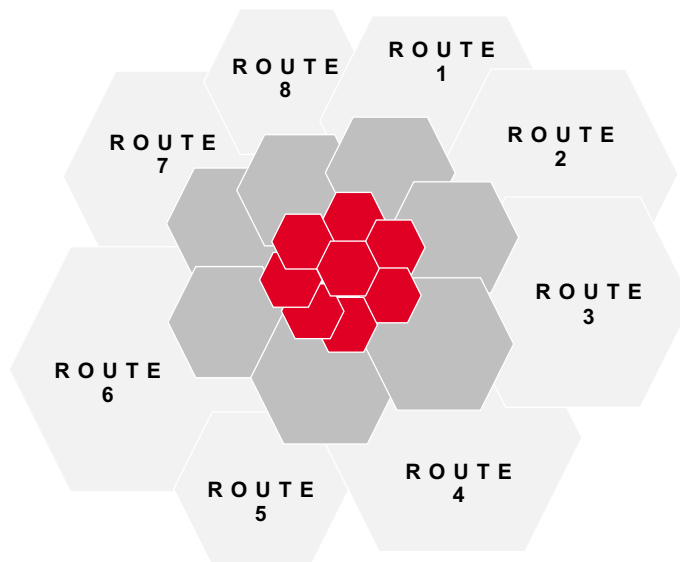
 Slow section (all mail 3 days)
  Fast section (only priority mail+express)

 Slow section (all mail 2 days)

Pilot in Q3

DYNAMIC ORGANIZATIONS

> Three organization setups to allow hub to cope with demand volatility

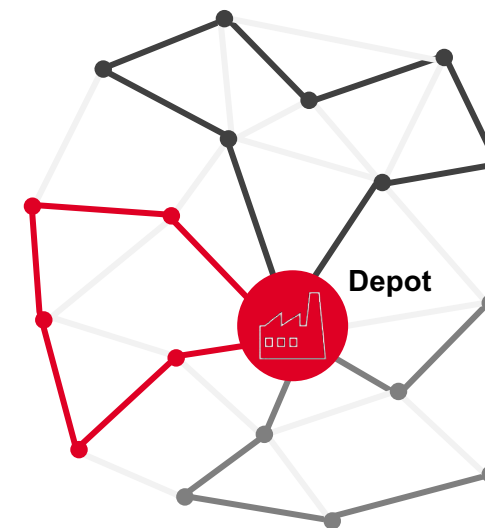


Pilot in Q3

ELEMENTARY SEGMENTS

> Route divided into 10-15 segments

Route setup – number of routes and respective segments – is optimized daily, depending on incoming volumes and available resources



Pilot in Q3

Operations transformation sustained by lean working model



1 | Shopfloor optimization and visual management

2 | Structured management routines to engage frontline

3 | Vehicle for cultural transformation with positive impact in teams' productivity and morale

4 | Establishing short-term incentives for mailmen and operational managers

CTT is upgrading its customer care layer to enhance customer experience

Broader customer care reach



Facebook



Instagram



LinkedIn
July 22



WhatsApp



Twitter
July 22

Selfcare tools and Automation



28%

Web form (AI) to automate written channel and increase contact deflection

51%

Chat bots on WhatsApp, Messenger, Website and Customs Portal

36%

Voicebot to automate Parcel Location



Natural IVR (Interactive Voice Response)

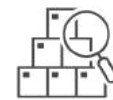


Track & Trace events across the logistic chain to better respond to enquiries

Improved delivery experience



Predict 1 hour delivery window on Expresso routes



Live delivery tracking



One time Password as Proof of delivery



Delivery NPS > 50 in both geographies



Operations highlights

Best integrated CEP network in Iberia

Expanded capacity to support growth and attain economies of scale

State-of-the art **parcel integration** strategy into the **mail network**

Priorities going forward:

- integration into a **single Iberian platform**
- efficiency**
- customer experience**



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LISBON
2022



**Q&A
and Coffee
Break**



Capital Markets Day

LISBON
2022



Agenda



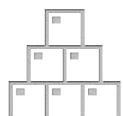
Welcome session

8h30



Mail

9h20



Parcel and e-Commerce Solutions

9h35



Operations

9h50



Q&A and Coffee-break

10h10



Financial Services and Retail

10h55



Banco CTT

11h10



ESG

11h30



Financial ambition and guidance

11h50



Wrap-up and Q&A

12h10



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2022

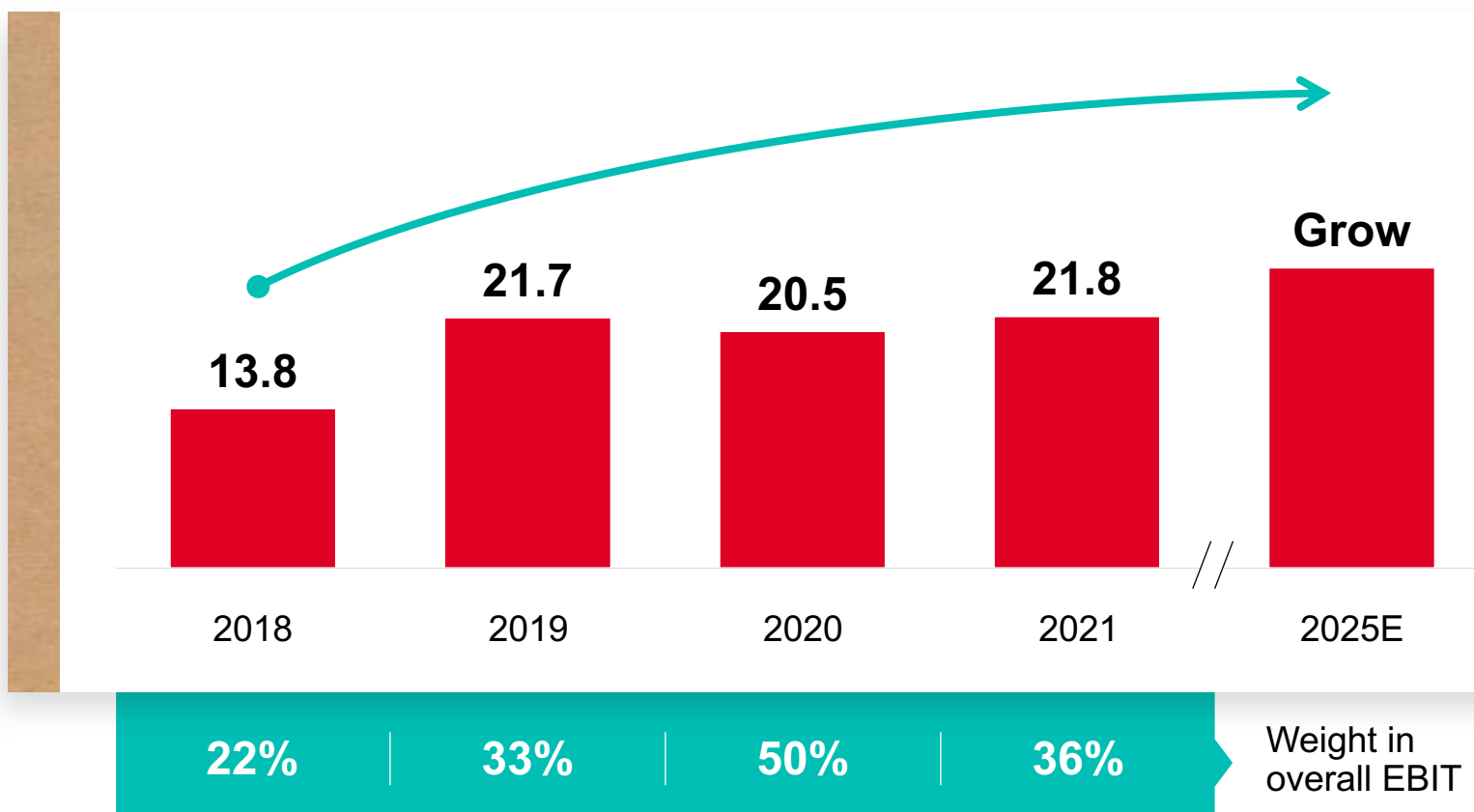


**Financial
Services
& Retail**

Financial Services & Retail is a large EBIT contributor for CTT Group

and will continue to drive growth through its two lines of business

Financial Services & Retail EBIT Recurring. €m



> Financial Services

Capitalizing on a strong track record and clear identity in financial services primarily public debt (4B€ issued last year) and non-life insurance



> Services and Retail products

Leveraging capillarity and volume of branch/ agent network to offer services and retail products

In Financial Services, the ambition is to maintain public debt sales **and become a leading distribution network of non-life insurance products**



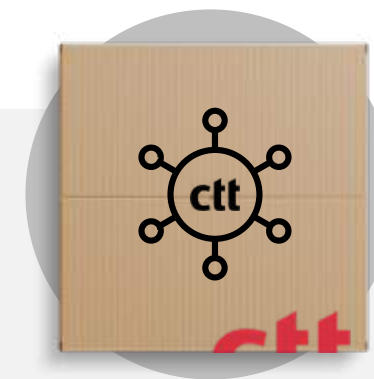
Increasing penetration in customer base



Doubling down on new/ enhanced product suite



Servicing of small/ micro-business needs



Enabled by multi-channel strategy

Conversion of financial products in customers set to **increase and reach >15% by 2025**

vs. 8% in 2021

Customers' conversion of financial products¹

2021

8%



2025

>15%



→ Customer data management

Through CRM and other tools that **leverage on buyers' behaviours, satisfaction, preferences and expectations**

Commitments

Loyalty program being developed



→ Scale-up of lead generation

Taking advantage of **cross-selling potential and tailoring customer proposal** according to buying preferences

Commitments

Tools operationally by 2023



→ In-store sales effectiveness

Thanks to **improved sales HR skills and improved store advertising and attendance adequacy**

Commitments

Training set to increase until 2025

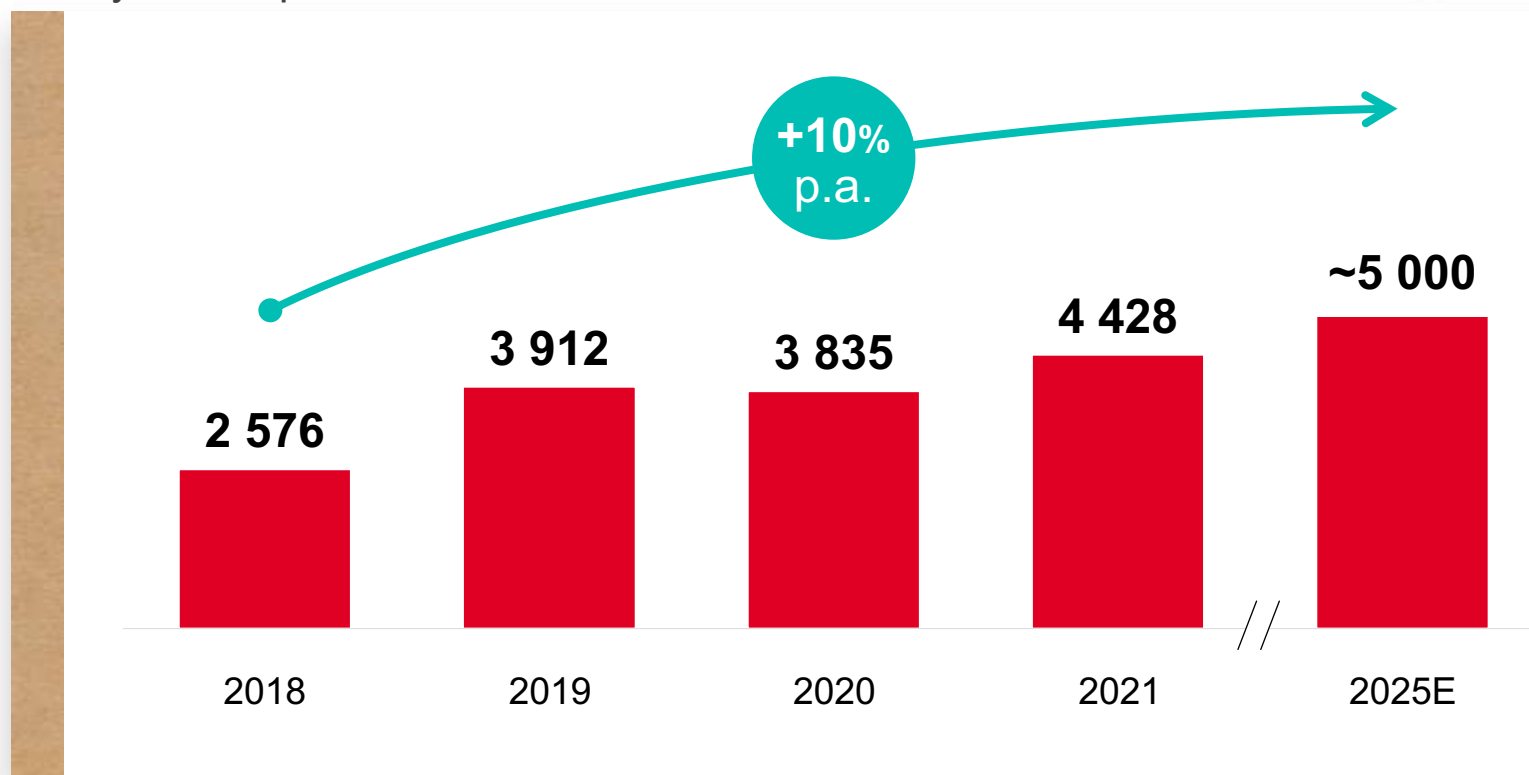
Public debt as an important revenue stream for CTT with potential to grow with self-service capabilities being developed

Public debt issued by CTT has been growing steadily



Remaining committed as the main retail provider of Public debt

Yearly issued public debt, €m



individual clients go to a CTT branch to acquire public debt¹



frequent clients recognize they are aware of public debt offer but are not using it yet

Savings' product strategy



Public debt



Life savings products

¹ Survey Dez 2021-March 2023 with 3,050 answers across 424 CTT branches

New and enhanced product suite to help CTT grow financial services business



Non-life insurance



Health & Appliance Protection

Auto & home insurance

Pets

Ticket cancelation



Motorcycle & electrical (mobility)



Travel







Current partners



New products under development



Money transfer services



New Money Order international corridors

New Western Union direct-to-bank corridors



New channels: Payshop and Postal Agents networks






Payment Services

Tax Payments

Aerial Transport Subsidy

Toll Payment (managed by Payshop)





Financial solutions for small and micro-businesses enable business diversification, moving our positioning in retail also to the corporate segment



Leveraging CTT's small and micro businesses customer base

(+20k direct managed companies)

Complementing Banco CTT strategy

(exclusively targets individuals)



In Retail, ambition to reinforce proximity and become a one-stop-shop for customer service needs



→ **Capillary network,** associated with customer proximity, present in all municipalities



→ Leveraging existing in-person traffic with 65k unique client visits/day, as well as **increasingly available digital / self-service functionalities**



→ Solving for **customers' convenience** and **daily service requirements** and **eliminating pain-points**



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LISBON 2022

Explore unique network capillarity across the country

570

branches spread across the country

>1,800

agents that commercialize CTT products and services

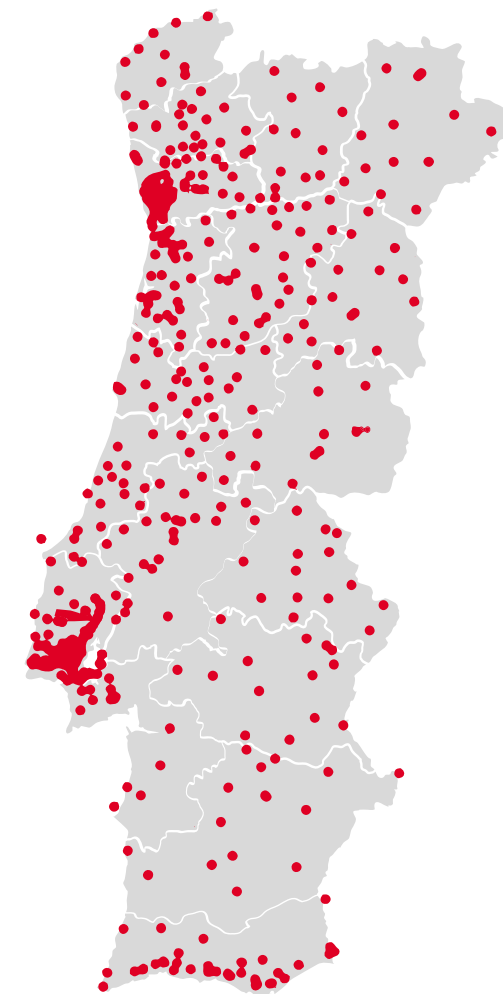
All 308 municipalities

with a CTT store

Azores



Madeira



● Number of CTT branches

Leverage high in-person traffic combined with available digital/ self-service functionalities

>65k unique client visits/day

>70% of active clients¹ visit retail network at least once per month

Reasons customers go to stores: parcels gaining relevance

64%



Send Mail

57%



Send parcels

49%



Receive parcels

11%

Pay invoices

10%

Pay tolls

9%

Pensions

9%

Banco CTT

8%

Public debt



New concept stores being developed, with digital and self-service functionalities

Detailed next



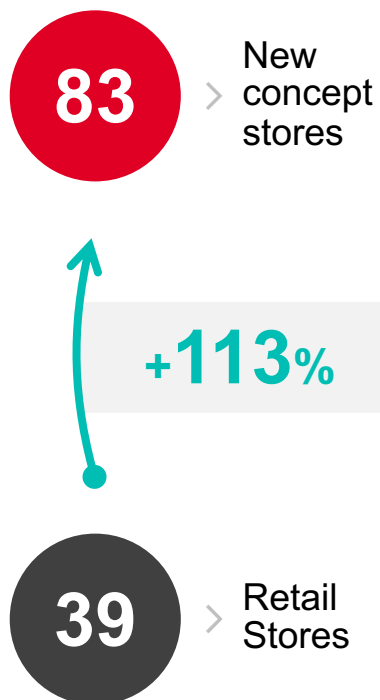
¹ Survey Dez 2021-March 2023 with 3,050 answers across 424 CTT branches

New concept store with proven results and potential to be expanded across Portugal

2021¹ vs. 2020



NPS 2021



Self-service 24/7



1. Only for periods when the 5 new concept stores were implemented

Solve for customers' convenience and daily service requirements and eliminating pain-points



Current focus

- Subsidies
- Tax payments
- Documentation renewal



Potential opportunities

- Other citizenship services
- Energy & telco contracts



Financial Services and Retail highlights

Well established financial services franchise

Operating other third-party contracts: Government, bank and insurance – with the ambition to become a leading distributor of non-life insurance

Proximity network with 65k of unique daily visits

An important **platform for individual, small and medium companies**



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2022



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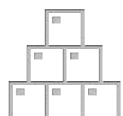
Welcome session

8h30



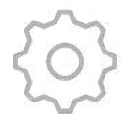
Mail

9h20



Parcel and e-Commerce Solutions

9h35



Operations

9h50



Q&A and Coffee-break

10h10



Financial Services and Retail

10h55



Banco CTT

11h10



ESG

11h30



Financial ambition and guidance

11h50



Wrap-up and Q&A

12h10



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**Banco
CTT**

Launched in 2016 with
a unique and difficult
to replicate value
proposition



bancocctt

Simple and low-cost product offer, that is
easy to understand and operate

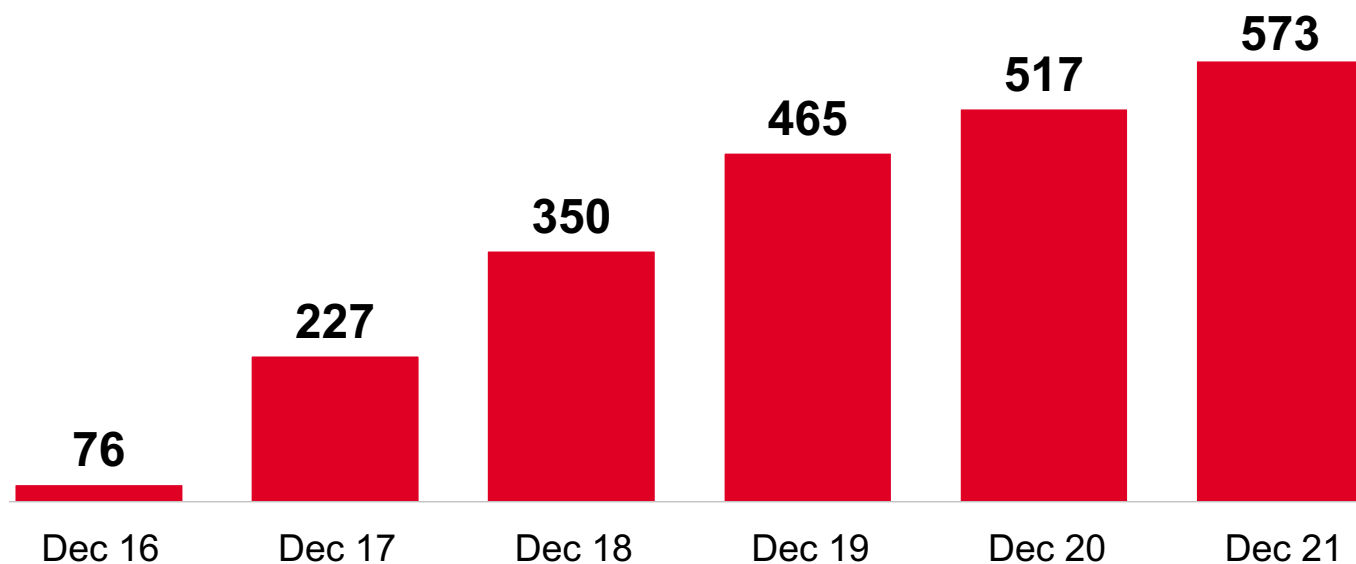
Ecosystem with **seamless integration** for
partners, providing platform to **offer best in
class third party products**

Always nearby, combining **efficient physical
channels** (nationwide coverage) with **agile
digital and mobile distribution platform**

A recognized and well trusted brand

Sizable and profitable franchise, with urban, young and digital profile

From Zero to >570,000 bank accounts



Our client base

30 - 45 years

Core age (vs. >50 years average for the sector)

>65%

Urban clients (vs. ~60% average for the sector)

>50%

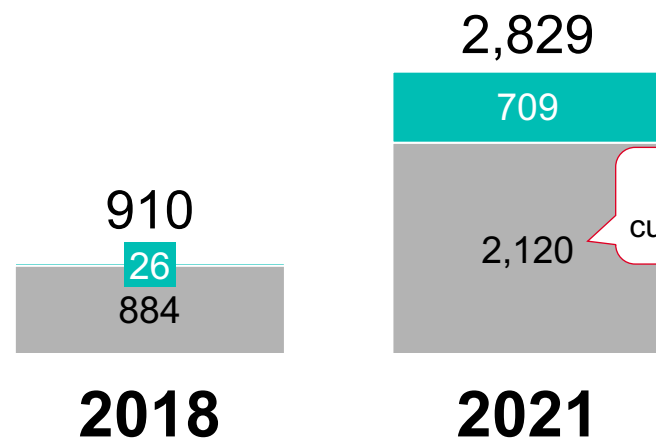
Active digital users (above sector average)

Strong growth across all business lines

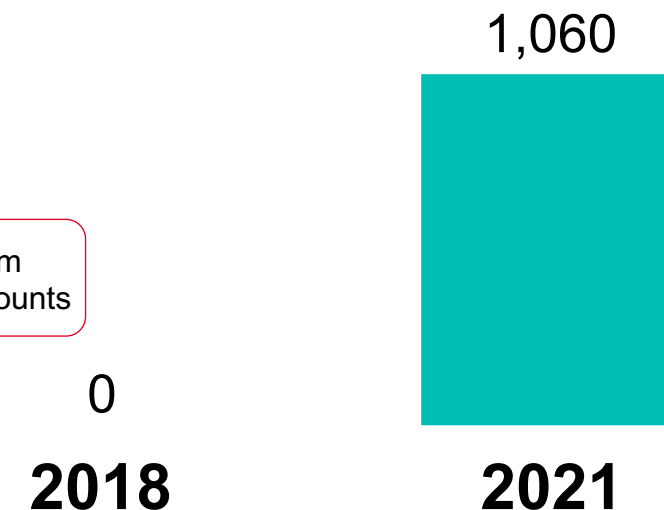
€m

Client's total resources

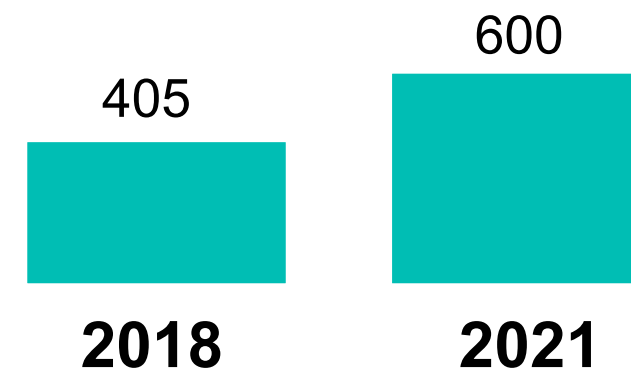
Off-balance
On-balance



Consumer credit book¹



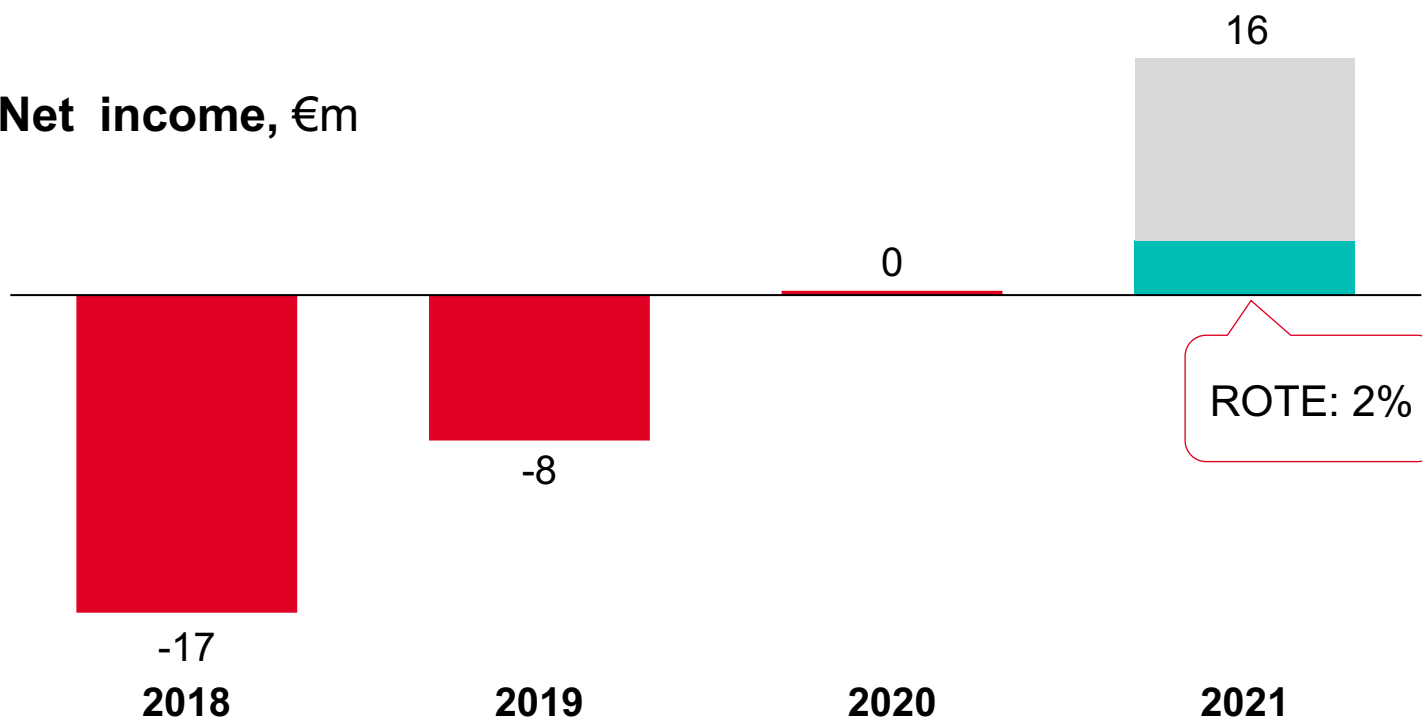
Mortgage book



1. Includes partnership book with Cetelem

In 2021 net income reached €16m, €3m excluding specific items (mostly related to sovereign bond sales)

Net income, €m



Strong profitability improvement on the back of:

- i Organic growth**, with revenues growing over 27% p.a and costs only 9% p.a. (improving CIR to 79%) and CoR of 1.0%
- ii Acquisition of 321 Crédito**, since then a **catalyst of profitable growth for Banco CTT**

Going forward, business growth based on 3 levers

01

Monetize customer base,
deepening banking relationships



02

Excel in life savings,
leveraging CTT legacy as long-term savings platform



03


Grow consumer lending,
aiming to become a reference player in Portugal



Aiming at ROTE of 11% to 13% (2025)

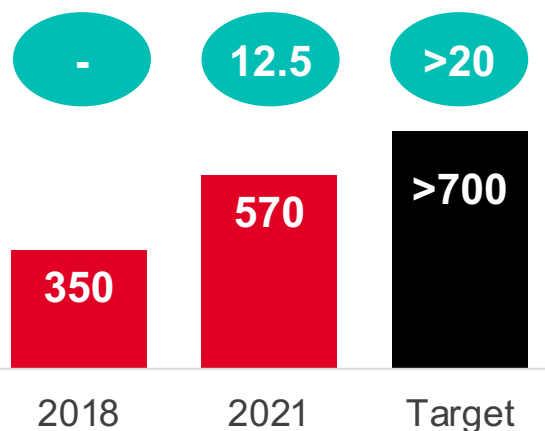


Monetization will take place through deeper client relationships and more favorable monetary context

 Average yearly commissions per account (€)

Room to preserve price-attacker stance

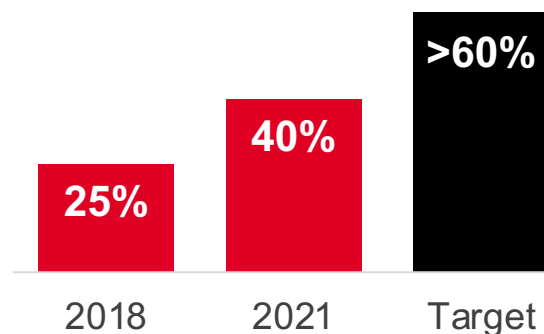
Bank accounts, k#



BCTT will keep a value-approach to its positioning, but still with room for price adjustments (current average fees at ~30% market level)

Deeper relationships, with enhanced value

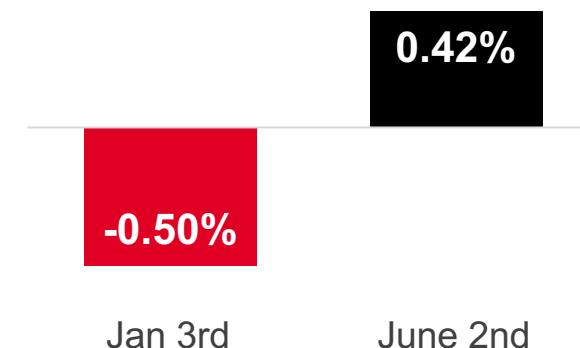
Main Banking relationships



BCTT's clients have an average tenure under 3 years, with room to improve cross-selling penetration and account usage

Favorable monetary context

12 Months Euribor



Balance sheet combines (i) low-cost stable deposit funding, (ii) variable interest rates mortgage book and (iii) significant excess liquidity to be invested



Excel in bancassurance, leveraging customer franchise, top of mind awareness and digital processes

Positive track-record under adverse monetary context, placing both guaranteed and non-guaranteed off-balance products



Current partners

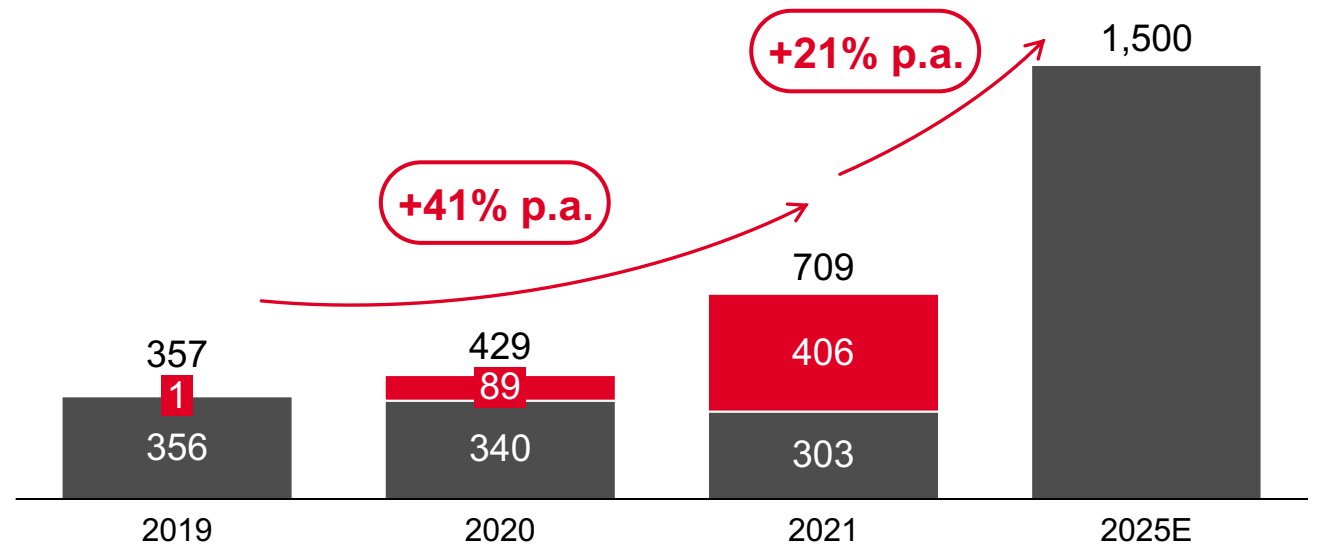
FIDELIDADE
SEGUROS DESDE 1858

ZURICH

una seguros

Recent performance and ambition

AuM, €m



Going forward...

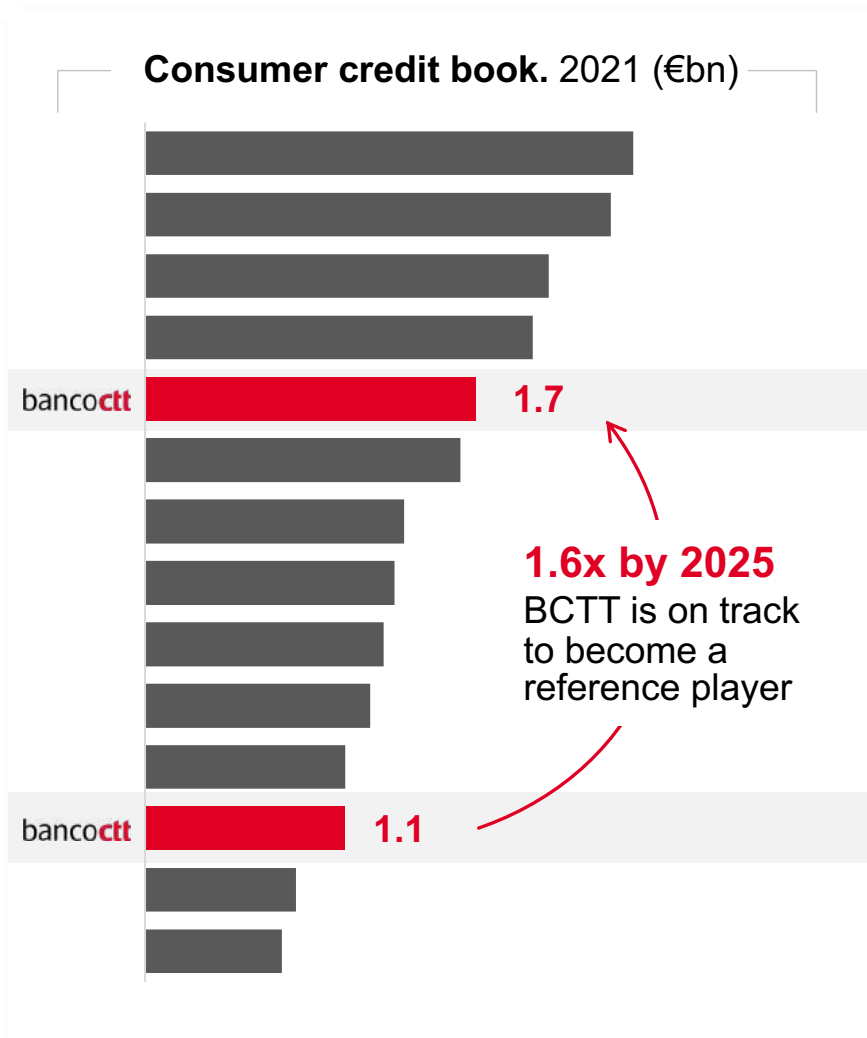
Large customer base with high potential for cross-selling

Digitalization of sales process and tailored initiatives to affluent-like clients

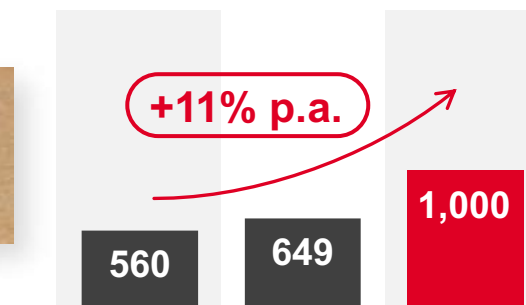
● Non-guaranteed
● Guaranteed



Grow consumer lending to turn BCTT into a reference player in the Portuguese market

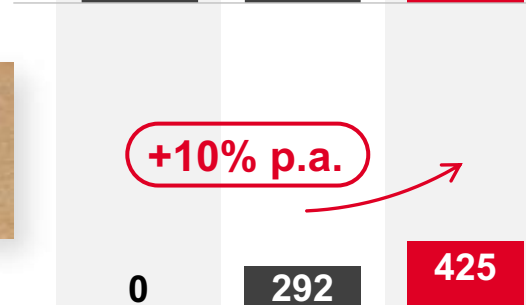


Auto
(net loans, €m)



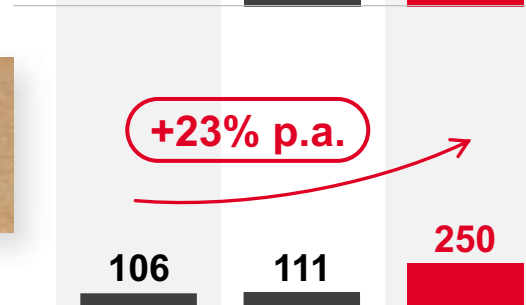
Increasing **footprint** and **share of wallet** in the distribution network of 321 Crédito to maintain momentum

Credit cards
(net loans, €m)



Deepening the **partnership with Sonae Universo**, through (i) organic growth, (ii) **co-branded** credit card sold by Banco CTT

Personal loans
(off-BS, €m)

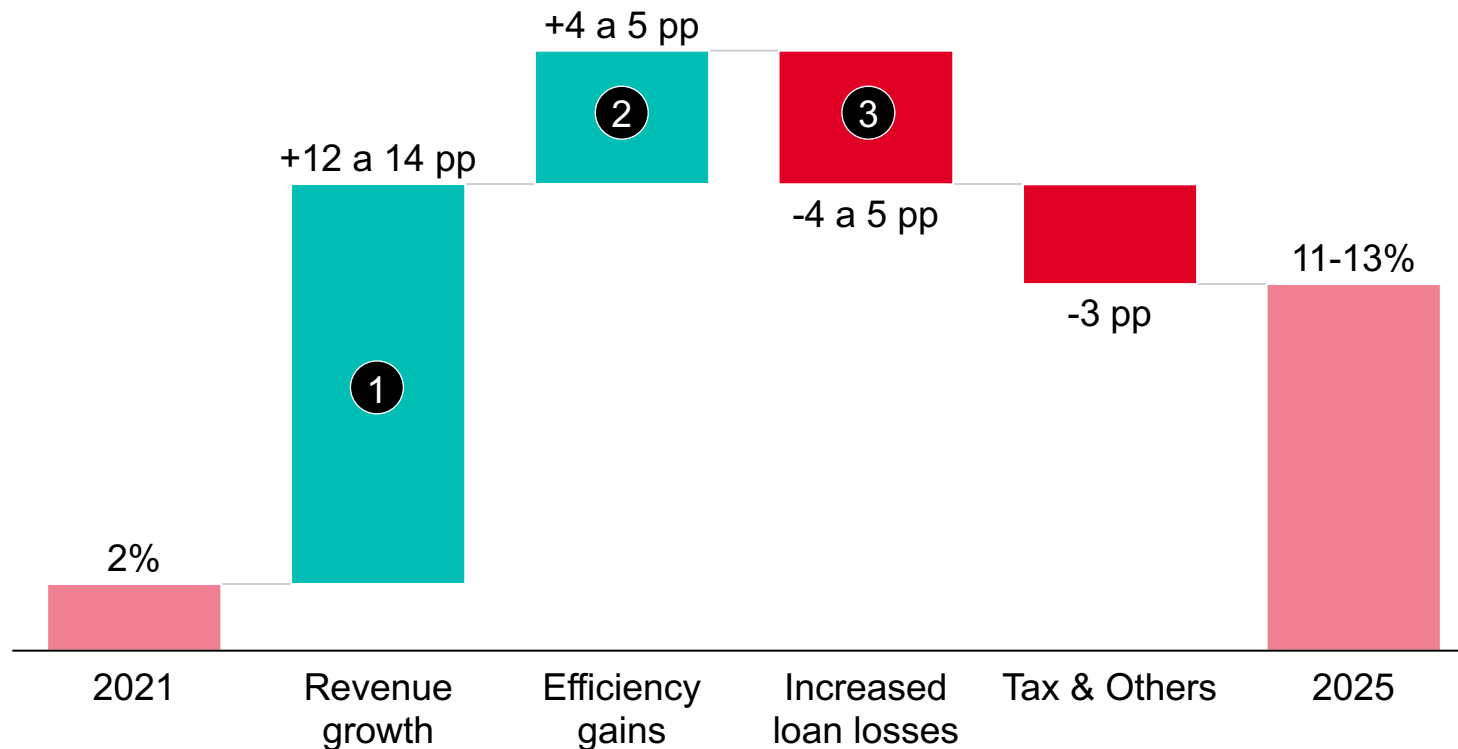


Full leveraging **Banco CTT franchise** through **digital sales** of personal loans and **cross-selling** to existing clients

Profitability aspirations for 2025 at double-digit ROTE

Return on Tangible Equity (ROTE)

excluding specific items



Projected double digit ROTE, above market average

(9-10% Bloomberg implied forecast for 2024)

- 1 Revenue growth driven by current business dynamic + monetization initiatives + higher interest rates
- 2 Continue to improve the CIR to below 60% (vs. 79% in 2021)
- 3 Increased loan losses with higher volumes and a cost-of-risk of 1.1%-1.3%

Self-funded plan, seeking to maintain capital ratios at c. 15%



Banco CTT highlights

Banco CTT has already a **proven track record**:

- A new **Bank** with a **unique and difficult to replicate value proposition**
- A **sizable and profitable retail franchise**: over **570k customers** with a **young, urban and digital profile**

... and has a **clear growth strategy**:

- Continue to **grow its customer base** while **strengthening relationships/cross-selling**
- Focusing on **high value business lines**: **off-balance savings products** and **consumer lending**, leveraging its customer base and selected partnerships

Overall, **strong and self-funded growth aspirations** aiming a projected **double-digit ROTE** for 2025



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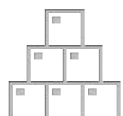
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Financial Services and Retail

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Banco CTT

11h10



ESG

11h30



Financial ambition and guidance

11h50



Wrap-up and Q&A

12h10



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ESG

CTT has a strong position across ESG dimensions

Social initiatives



People caring



Environmental commitment

Governance as a key internal pillar

CTT

A strong position across ESG dimensions

particularly in environmental performance



Environmental commitment

> **100% green electricity**

> **Leadership A- @ CDP rating on Climate Change**

#2 in Portugal

#3 across post peers globally

> **20% emissions reduction** from 2013

> **#4 in sustainability performance @ IPC**

> **Reusable Eco Packaging** Honorable mention 2022, National Sustainability Award



CTT

A strong position across ESG dimensions

—
promoting employees development and well-being



People caring

- > **A top health and safety logistic employer**
 - promoting the well-being of employees and
 - outstanding performance in road safety
- > **33.3% women in the Board of Directors and Supervisory bodies**
- > **“Vitória” program**
 - focus on **adapting** the specific **needs** of **disabled** employees by shifting their work environment
- > **Prince Michael International Road Safety Award, 2021**



CTT

A strong position across ESG dimensions

creating a positive impact on communities



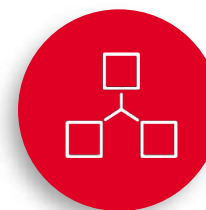
Social initiatives

- Increasing capillarity in Portugal:
+33 additional stores
100% of municipalities
- Digitalization of critical local commerce during COVID19
- 0.8% of EBIT invested on social initiatives
- “A Tree for the Forest” a citizenship project - Honorable mention 2022, National Sustainability Award

CTT

A strong position across ESG dimensions

connecting people and companies



Governance as a key internal pillar

- Regular engagements with stakeholders
- New in 2022:
 - Code of Conduct, involving the Ethics Committee
 - Human Right Code
 - Anti-bribery and Corruption Code

CTT has the vision to be on the forefront of environmental commitment, while caring on CTT's people and local community



Environmental (E)

Net-zero by 2030 with 100% of green vehicles in the last mile, and 50% of green vehicles by 2025



Caring people and diversity experience

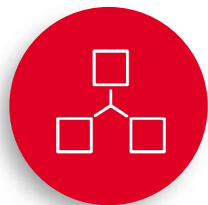
Gender parity of top and mid-management by 2025

One of the top employers in Portugal by leveraging employees' centric culture as one of the key priorities



Ambitious promotion of our local community

Allow CTT employees' active participation (3 days per year on average) and an investment of 1% of EBIT, in volunteering and social impact programs that positively impact local communities by 2025



Leading ESG operating model

Introduce specific incentives linked to ESG goals to 50% for top and mid-management by 2025 and boost employee engagement

Linked with SGDS



10 initiatives
Outlined next

CTT Environmental initiatives

three key areas



1 **Decarbonization by 2030**

100% Last-Mile vehicles by
2030 and **50%** by **2025**

45% of **outsourced** fleet
employing **green vehicles**
by **2030**, and **20%** by **2025**.

2 **Green products and services**

Reach 100% by
2030, and **30%** by **2025**

“green mail” (carbon
neutral and recycled packaging)

green deliveries for
all marketing, mail and
E&P deliveries

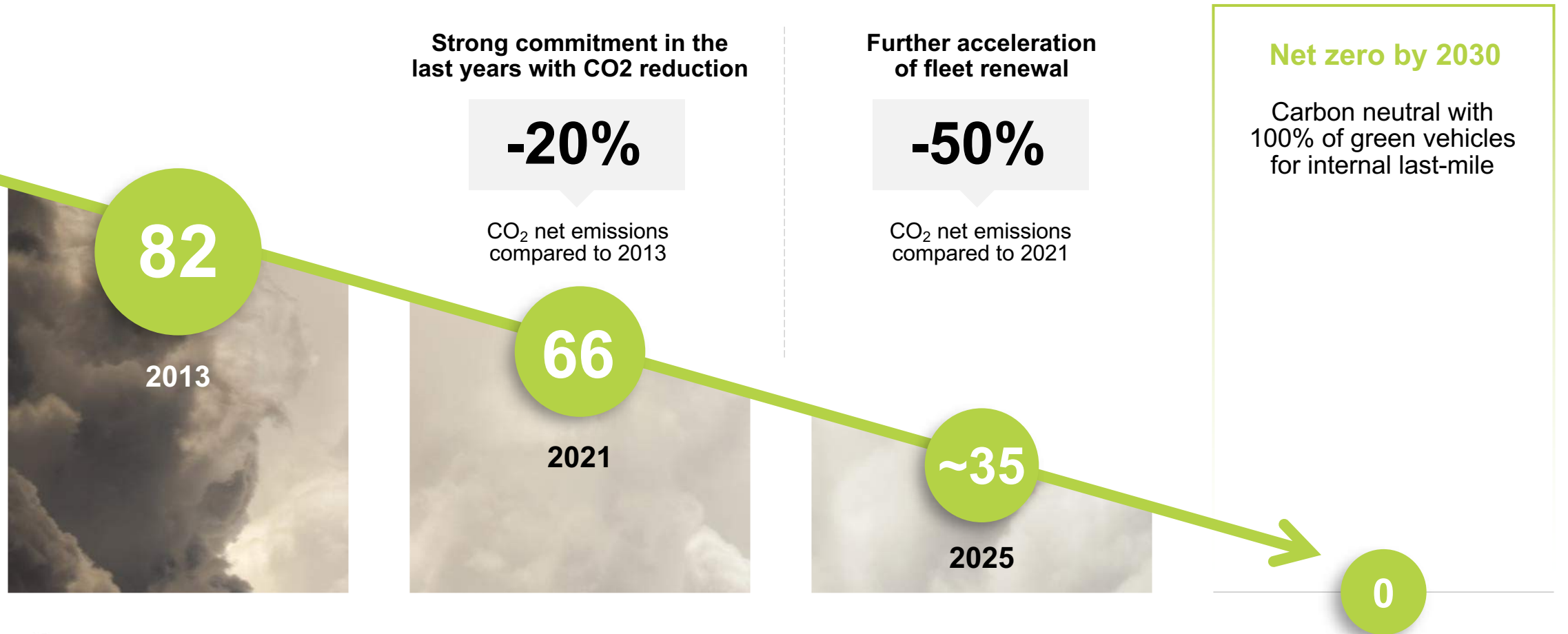
3 **Circular economy**

Reach 100% of recycled
and/or **reusable packaging**
by **2030**, and **80%** by **2025**


Increase involvement
with **green packaging
providers**

Promote **responsible
consumption**

We aim to accelerate the decarbonization path to become carbon neutral by 2030



 **Payback year by 2035**

 Specific CO₂ net emissions, k tons

2030

CTT

Top employer in Portugal

three key areas



04 Diversity and inclusion

Reinforce recruiting plan for disabled people to hire up to **50 new hires in the next 3 years**

Achieve **parity at Top and Mid-management**, including the Executive Committee

New training approach for **supporting and encourage Women Leadership** (FY23)

05 Employee experience and talent management

Improve the **employee experience to increase retention (turnover less than 2.5%)**

Redesign areas of the workplace and deliver **innovative work tools** to maximize the new way of work

Design career paths covering all roles based on an attractive EVP¹ and supported by training strategies (FY23)

Reskill all employees who can't perform permanently their role

06 Health and safety measures

Maintain high standard measures to ensure health and safety conditions for all employees, and promote **well-being initiatives**

Fully implement the new occupational health approach focused health prevention and rehabilitation

Alignment with the UN Decade of Action for Road Safety 2021-2030

¹ Employee Value Proposition

CTT Social objectives

positive impact in local communities



70

✓ Impact to local community

Total capillarity across **100% municipalities and rural areas**

Proximity service to population

Procure and buy **75% of purchases¹** from **local players** in Iberia by **2025**

80

✓ Social and cultural integration

Actively enhance participation and investment in social impact projects from **0.8% of EBIT** to **1%**

Social and volunteering programs

Allow **3 days per year on average** per employee

¹Includes all purchase of material with the potential of being procured locally (e.g., machinery or specific vehicles)

CTT ESG incentives and engagement

enhancing applicability



09

✓ Code of conduct

New **code of conduct** implementation
during **2022**

100% employee awareness

- Setup monitoring measures and training

10

✓ ESG incentives

Set monetary **ESG incentives** to
**50% of top and mid-management
positions by 2025**, including
the executive committee



ESG highlights

Solid starting position, particularly on the environmental axis
Ambition to be on the **forefront on environmental, social and governance practices**

- **Accelerate the decarbonization path** to become carbon neutral by 2030
- Become a **top employer** in Portugal and promote a positive social impact in our **‘proximity’ communities**
- Launch **widespread ESG incentives** and enhance the applicability of the **code of conduct**

ESG as **one of the key pillars** for our internal transformation



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2022



Agenda



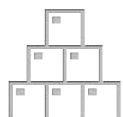
Welcome session

8h30



Mail

9h20



Parcel and e-Commerce Solutions

9h35



Operations

9h50



Q&A and Coffee-break

10h10



Financial Services and Retail

10h50



Banco CTT

11h10



ESG

11h30



Financial ambition and guidance

11h50



Wrap-up and Q&A

12h10



Capital Markets Day

LISBON
2022

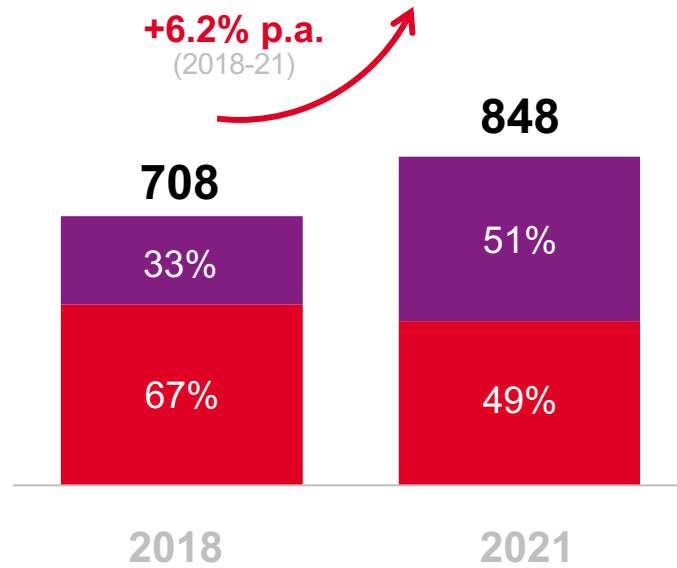


**Financial
Ambition
and Guidance**

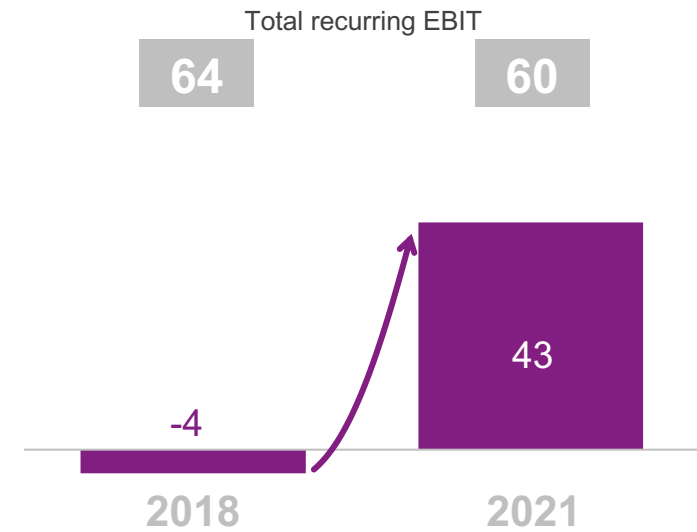
CTT has been in a transformation journey consubstantiated in a deep reshape of its business profile

Group revenues

- Growth business¹ (non-mail)
- Legacy Mail²



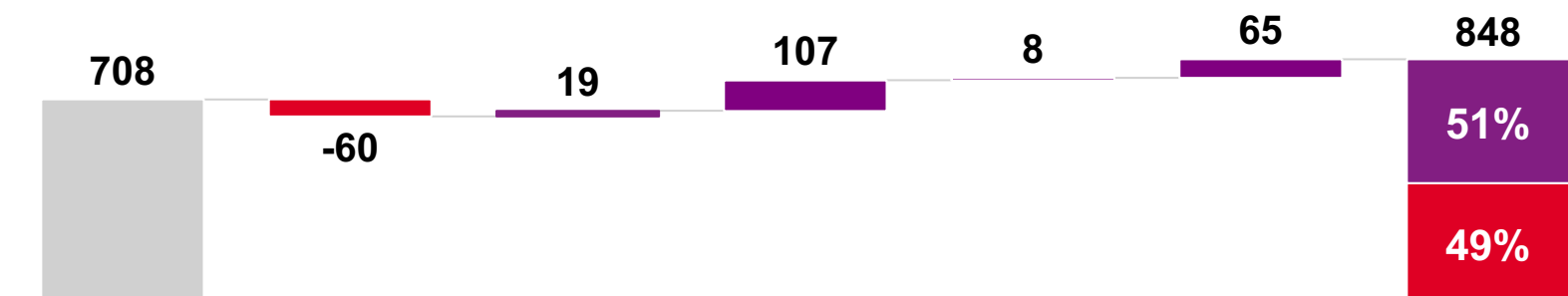
Group recurring EBIT



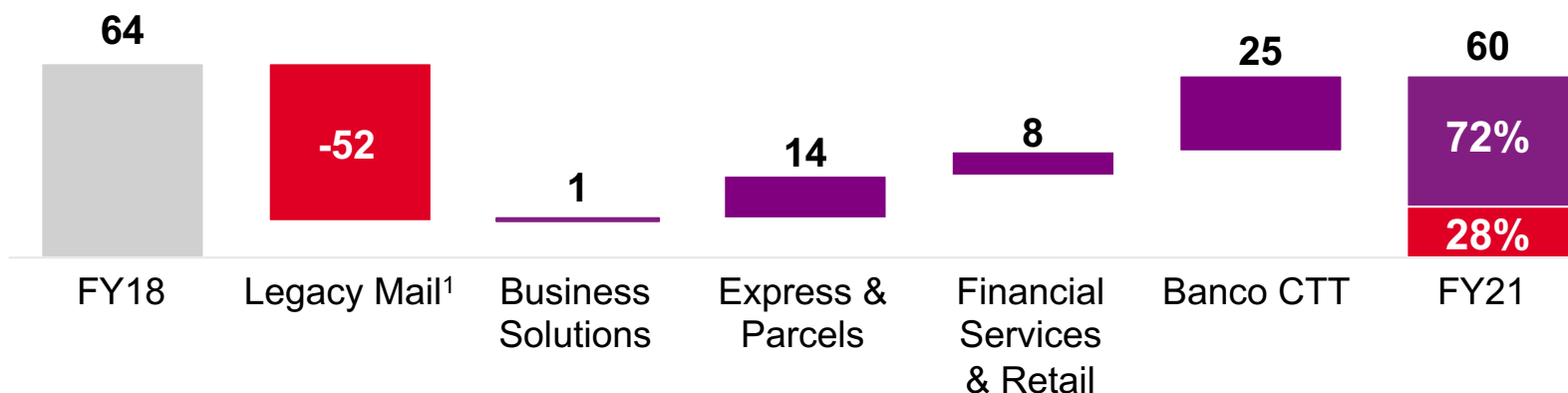
1. Express & Parcels, Financial Services & Retail, Banco CTT and business solutions
 2. Mail & other excluding business solutions

We have been able to achieve **sustained and profitable growth while diversifying operations**

Revenue evolution 2018-21 €m



EBIT² evolution 2018-21 €m



Key drivers

Reduced mail operations offset by gains across other areas contributing to revenues and EBIT uplift between 2018-21

Increased E&P activity in Portugal and Spain as the main driver of growth


Banco CTT growth achieving >500k client base as an important driver of revenue evolution

Financial services & retail solid performance strongly driven by public debt sale

1. Mail & other excluding business solutions
2. Recurring

With this transformation we are now exposed to **sustained growth**



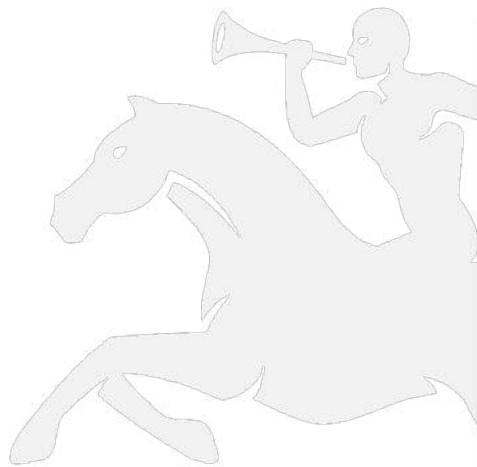
- 
Leveraging on Iberian e-commerce
 Through a broad offering and a joint Iberian approach
- 
Accelerating consumer credit, savings & insurances
 Monetize customer base, excel in life savings and grow consumer lending
- 
Striving for a sustainable mail business
 Through the new concession contract and operational efficiencies



Elevating our ESG commitments
 Through a new ambition and alignment of incentives

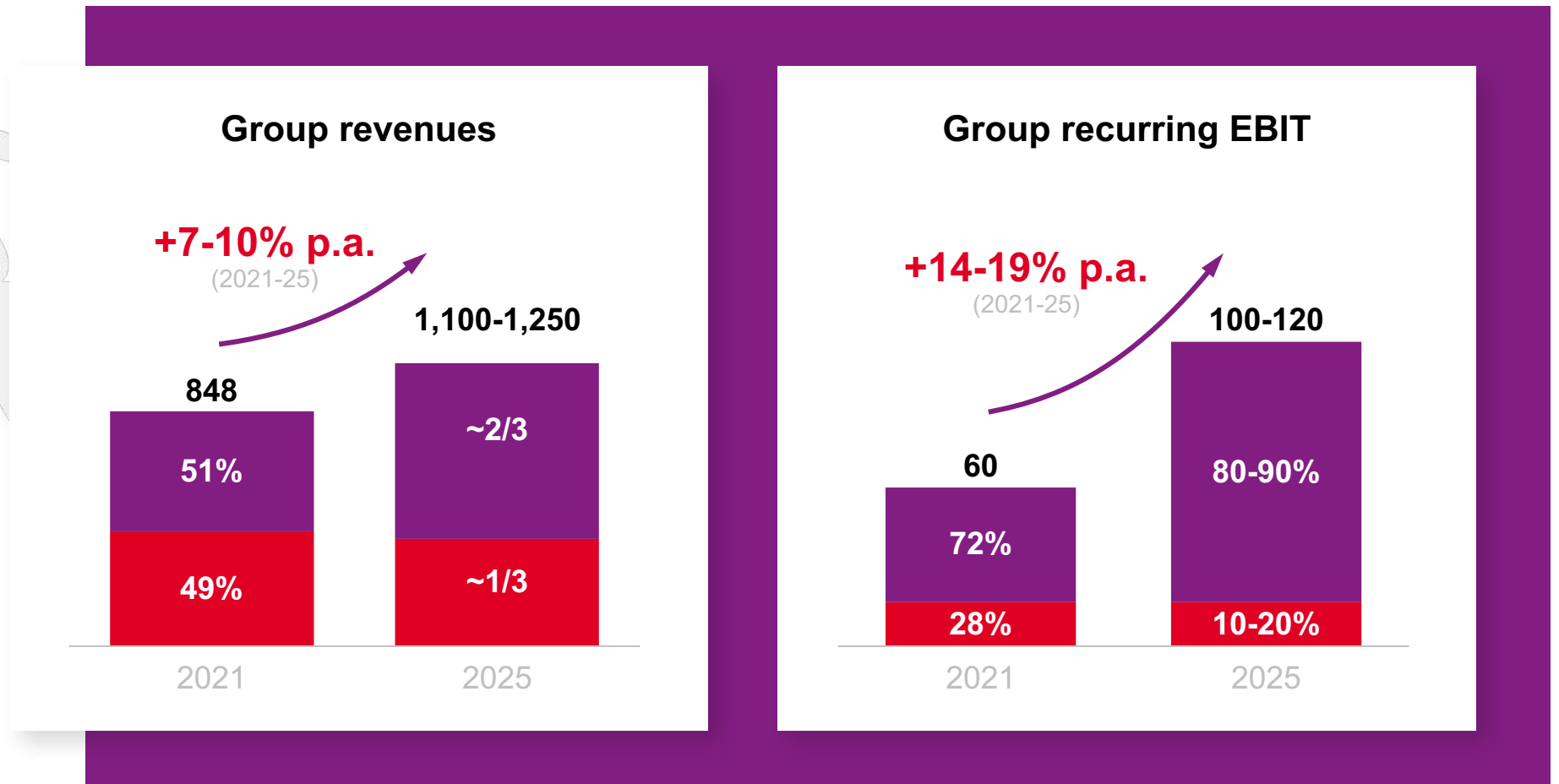
1.Express & Parcels, Financial Services & Retail, Banco CTT and business solutions
 2.(Non-mail business) Mail & other excluding business solutions

And we aim to achieve sustained and meaningful growth until 2025
















- Growth business (non-mail)¹
- Legacy mail²

¹Express & Parcels, Financial Services & Retail, Banco CTT and business solutions
²Mail & other excluding business solutions



Main KPIs per business segment

		2021	2025
	Mail & Other		
	% of Business Solutions revenues of Mail & Others	7%	22%
	Express & Parcels		
	 Market Share	25% ³	Maintain leadership
	EBIT margin ¹	9.3%	>11%
	 Market Share	4% ³	High single digit
	EBIT margin ¹	-1%	Mid to high single digit
	Financial Services & Retail		
	Debt placement	€4b	€5b
	Customer conversion ⁴	8%	15%
	Banco CTT		
	ROTE	2%	11-13%

		2021	2025
	Operations		
	QoS² (parcels)		
		90%	98%
		95%	98%
	 	92%	98%
	Sorting capacity (k/hour)	94	130-140
	NPS (distribution)		
			>50
			>50

1. Individual accounts
 2. Operational effectiveness delivery rate
 3. Estimated; IMR market share in 2020 stood at 3% in Spain and 22% in Portugal
 4. % of walk-ins that acquire financial services

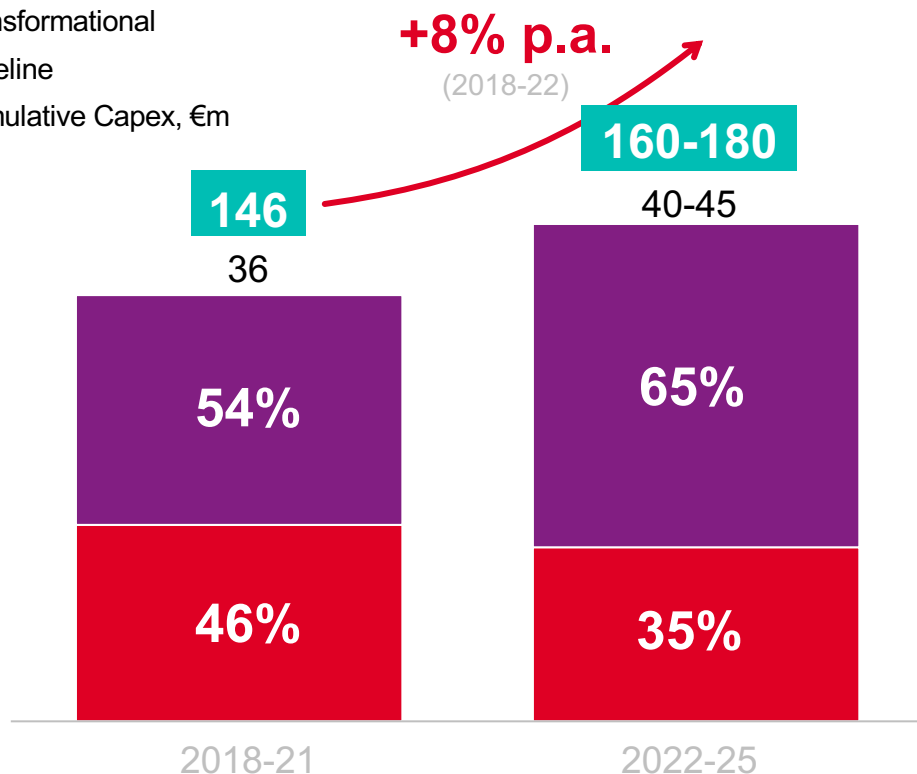
To support our growth, we are committed to continue investing strongly in our business

Annual average Capex €m

 Transformational

 Baseline

 Cumulative Capex, €m



Key areas of investment



Increasing sorting capacity across Iberia



Develop lockers network in Portugal









IT developments to drive customer experience and efficiency














Reinforcing quality of service

Although a recession scenario likelihood has been increasing, we still believe that **the base case is a growth trajectory**

Base macroeconomic scenario

		2022	2023	2024	2025
GDP evolution YoY, %		4.3	2.9	2.8	2.0
		5.4	2.3	2.2	2.2
Private consumption evolution YoY, %		0.8	4.0	2.8	-
		4.5	1.3	1.5	-
Inflation evolution YoY, %		6.7	2.6	1.6	1.6
		5.2	2.5	1.6	1.3

Timeline of revisions for 2023

	 March	 April	 May	 June	 June
	2.9	3.3	3.4	2.2	2.8
	2.9	2.1	2.7	1.7	2.6
	3.9	-	3.8	3.2	4.9
	1.9	-	2.3	0.5	1.2
	2.0	1.3	1.8	4.8	2.6
	1.6	1.5	1.9	4.0	2.7

If a scenario of recession materializes, we have several tools to ensure the **necessary flexibility to surpass it**



Growth Capex adjustments

Postponing non-committed Capex which can represent up to ~50% of total investment over the next 4 years



Outsourcing costs reduction Potential to absorb additional E&P traffic in base network in a scenario of lower-than-expected volumes, reducing outsourcing costs currently at ~€25m/year



Robust Balance Sheet

Conservative leverage
Increased real estate liquidity and optionality at Banco CTT



Nevertheless, we are already working on **additional efficiency benefits** across the entire cost base

Recurring annual opex benefits
€m



ctt

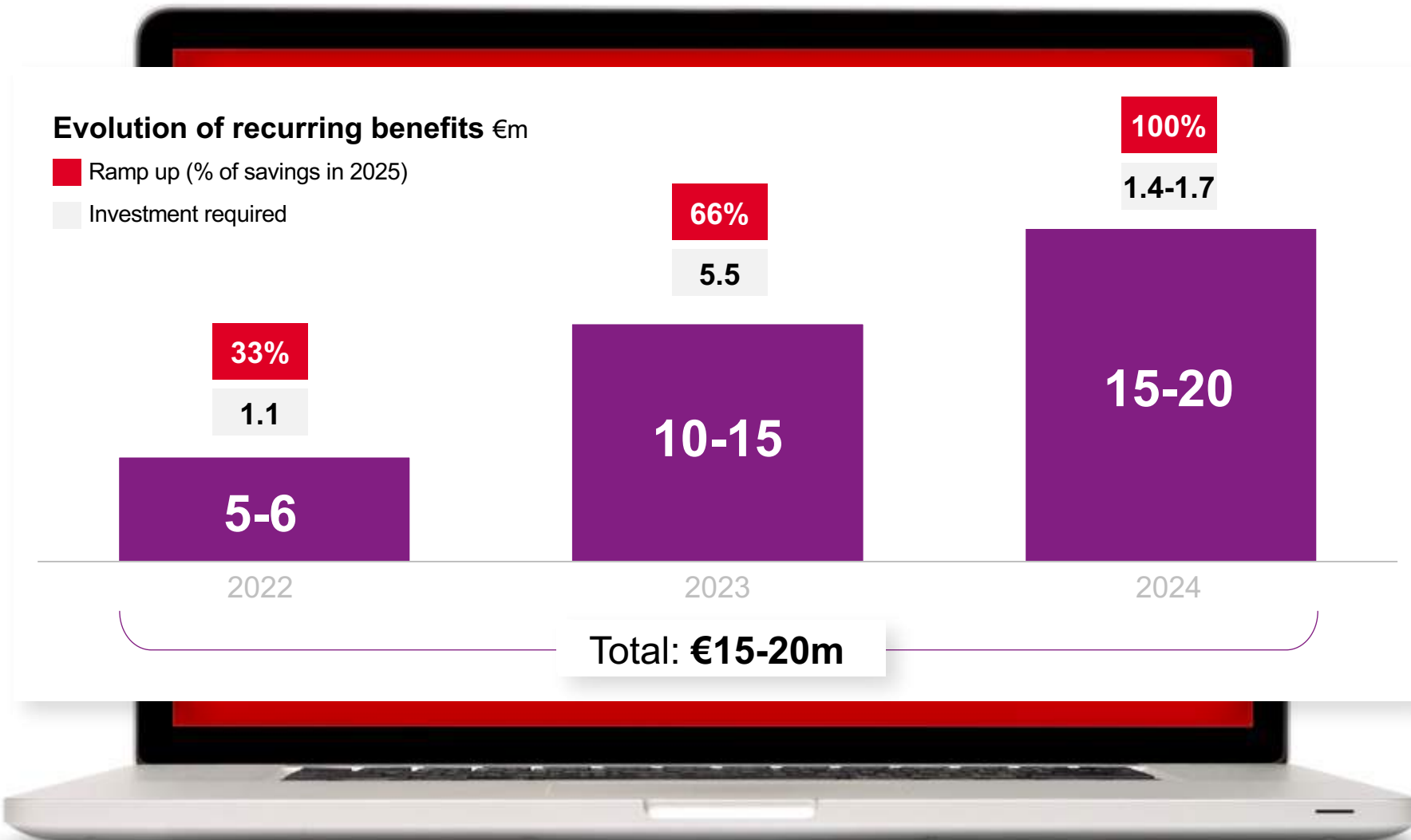
15-20

ITC	Facilities	Fleet	Other Costs
4-6	6-7	2-3	3-4



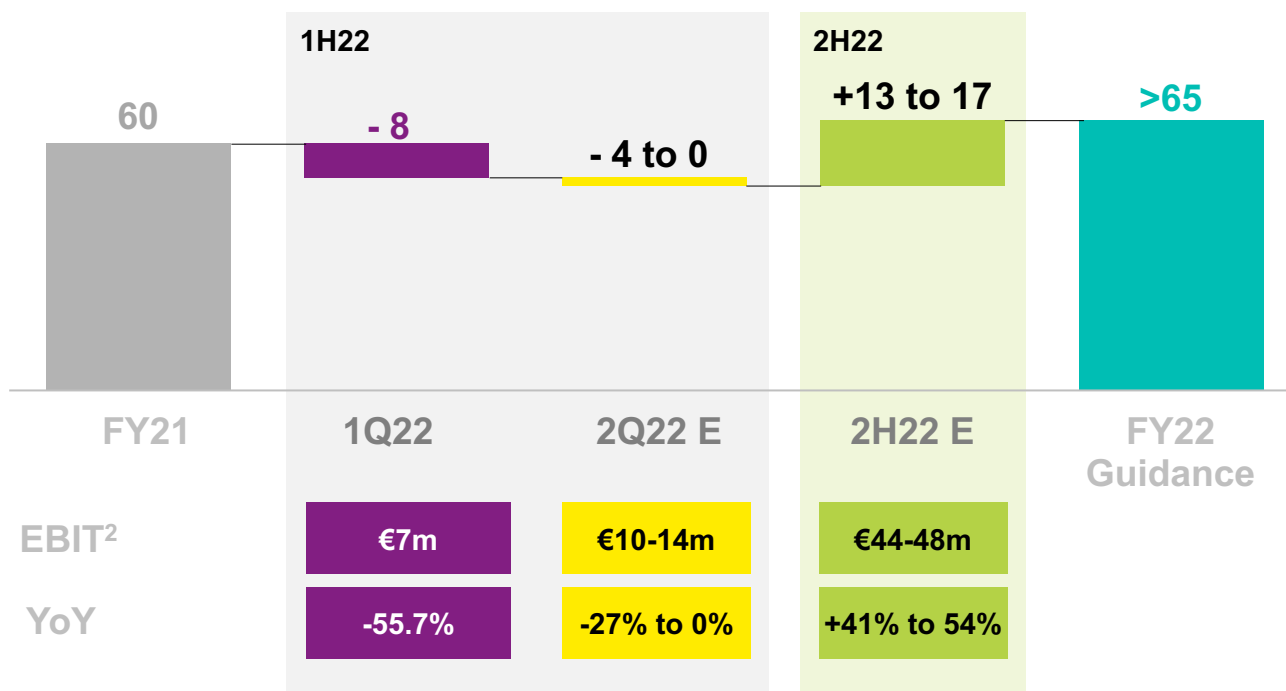
1. Based on average impact of savings per initiative (between minimum and maximum scenario)

Two thirds of these benefits will be realized as early as 2023, including quick-wins of €5-6m still in 2022



Recent trajectory and cost initiatives should enable us to achieve recurring EBIT above €65m in 2022

EBIT Recurring delta YoY, €m



1. Including Business Solution and Central Structure

2. Recurring

Note: EBIT guidance for GY22 of 65-75M€; for simplicity of this slide we present the 65M€ scenario

2Q22 Dynamics

- Mail: Positive impact of the price increase
- E&P: April 21 still positively affected by lockdowns
- FS&R: Longer maturities still not repriced
- BCTT: Short term volatility in cost of risk

2H22 Operational levers

- Pricing increase in mail and annualization of the de minimis impact
- Improving growth in E&P across Portugal and Spain
- Continued growth in Banco CTT
- Higher efficiency of operations against increasing volumes and corporate center optimization

Financial Framework

<2.5x¹

Net Debt / EBITDA with Banco CTT under Equity Method

35-50%

Dividend payout ratio commitment until 2025

We remain committed to **grow and consolidate our business model** while improving shareholder remuneration

Key principles



Enable CTT to continue to pursue its objectives of **investing in business growth** and to be a reference Iberian player in logistics and e-commerce



Ambition to implement an **attractive shareholder remuneration policy**, constituting an adequate source of income for its shareholders

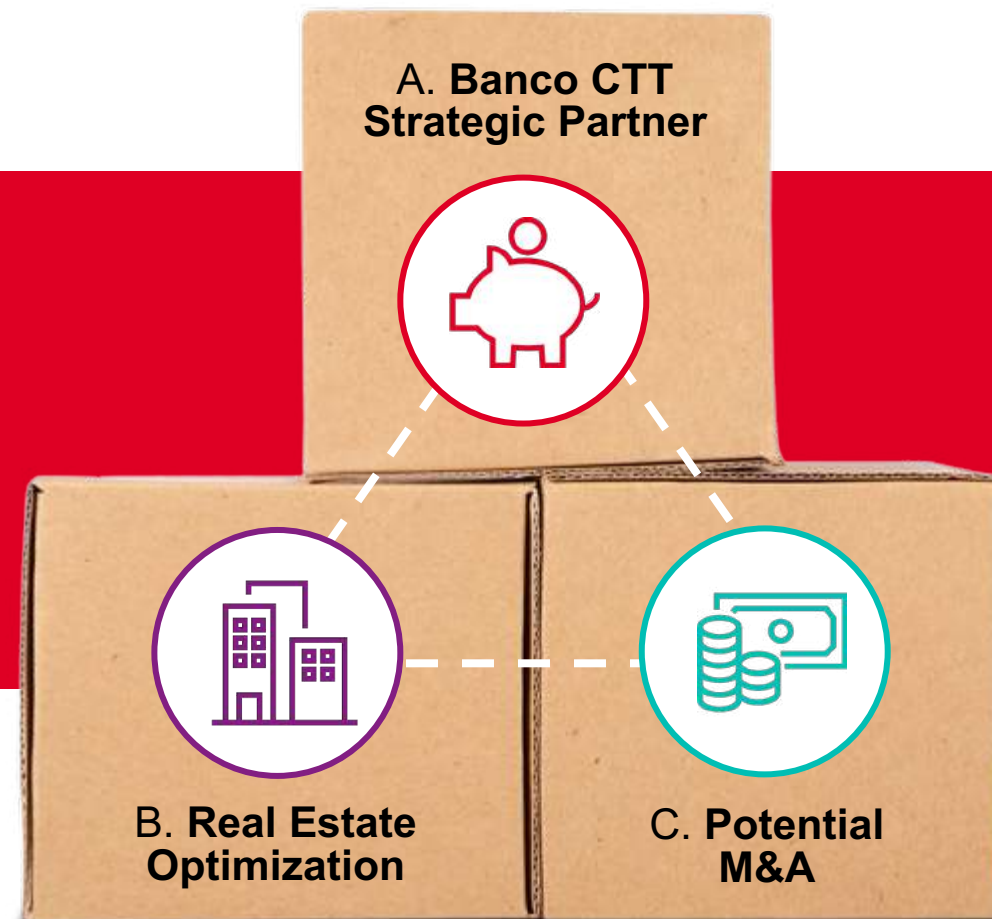


Combine recurrent, dividend-based, and opportunistic shareholder remuneration, based on SBB and subsequent cancellation of shares, that is within the content of specific market conditions

1. Consolidated net debt including lease liabilities, assuming Banco CTT under equity method, compared with consolidated EBITDA assuming Banco CTT under equity method

Balancing uses of cash in investing in organic growth and commitment to shareholder return

- Cash flow to benefit from revenue growth and operating leverage – namely in E&P
 - No additional commitments to Banco CTT envisaged
- Capex leans towards transformation and growth and offers management flexibility
- Recurrent shareholder remuneration to be covered by free cash-flow
- Excess free cash-flow to be enhanced by monetization of asset pool
- Excess free cash-flow to be allocated in inorganic growth or used for opportunistic shareholder remuneration



Additional sources and uses of cash

A. CTT has received several offers **for a strategic partnership** to accelerate the growth potential of Banco CTT

1 Strategic Partnership in Banco CTT

- Reserved capital increase to the potential partner in Banco CTT in exchange of a minority stake
- Proceeds to be devoted to already identified new RoE accretive business initiatives



2 Insurance Distribution Agreement

- Long-term exclusive nature
- Life and non-life
- Would cover CTT and Banco CTT networks

Disclaimer

CTT has received several offers of interest to establish the strategic partnership and continues to make progress with potential interested parties

It is noted that no decision has been made in relation to the potential partnership and that there is no certainty as to whether ongoing conversations with interested parties will translate in the signing of the relevant transaction documentation

CTT will provide information in due time of any decisions that, as the case may be, might be made, when and in the manner required by law

B. Pursuing a dual strategy for the optimization of the real estate portfolio

Yield generating assets



Portfolio optimization

- c. 400 assets, representing **€110m of book value**
- Stable rental income
- Large, scattered and diversified portfolio of points of presence of CTT with long term leases

Development Assets



Asset by Asset optimization

- Up to 10 assets, representing **€24m of book value**
- Development of large and sizeable mixed use/urban projects in existing land plots of CTT
- Specific core assets in city centers

B. Started **exclusive negotiations** to create a vehicle to be invested by institutional partners



Incorporating c. 400 assets, both retail and operations, crystalizing its value



Optimizing return of unused and vacant assets



Growth potential for future build-to-suit opportunities for CTT's operations



Majority shareholding
~75%

Minority shareholding
~25%



CTT asset portfolio to be incorporated in a new entity (PropCo), on which CTT will keep majority

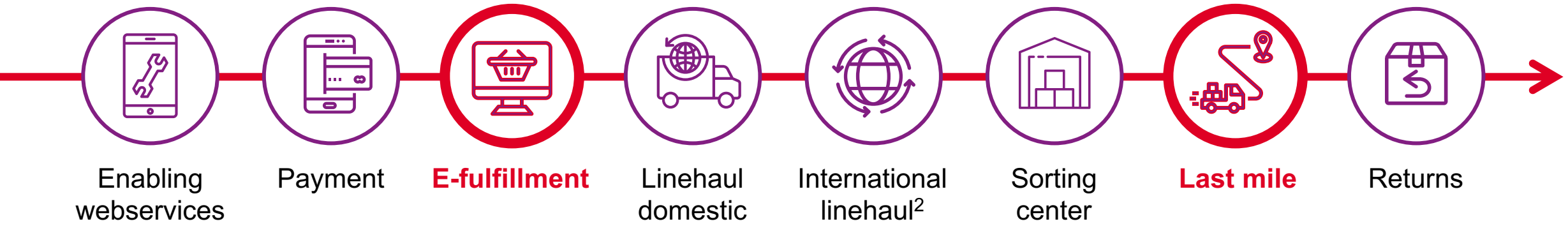
PropCo to be managed by an external Asset Manager

Entry of new investor(s), targeting institutional investors and family offices, to take a minority position in the PropCo

C. Value accretive targeted M&A to improve our Iberian competitive footprint in e-fulfilment and last-mile activities

Share of European eCommerce logistics revenue pool 2023, %

M&A potential for CTT



~33%

~6%

~4%

~42%

~15%

- Parcel delivery
- E-grocery
- 2-men delivery

Source: McKinsey leveraging European benchmark



Financial highlights

CTT is poised for growth: we ambition to **reach in 2025 a recurring EBIT of €100-120m** up from €60m in 2021 (+67% to +100% vs 2021)

CTT will be able to **monetize and crystallize its asset pool**, namely BCTT and its Real Estate assets, enabling **significant financial flexibility**

Financial flexibility will be used to build a more **significant and competitive footprint in the Iberian peninsula** and to provide **attractive returns to shareholders**



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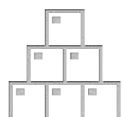
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Financial Services and Retail

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Financial ambition and guidance

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Wrap-up and Q&A

12h



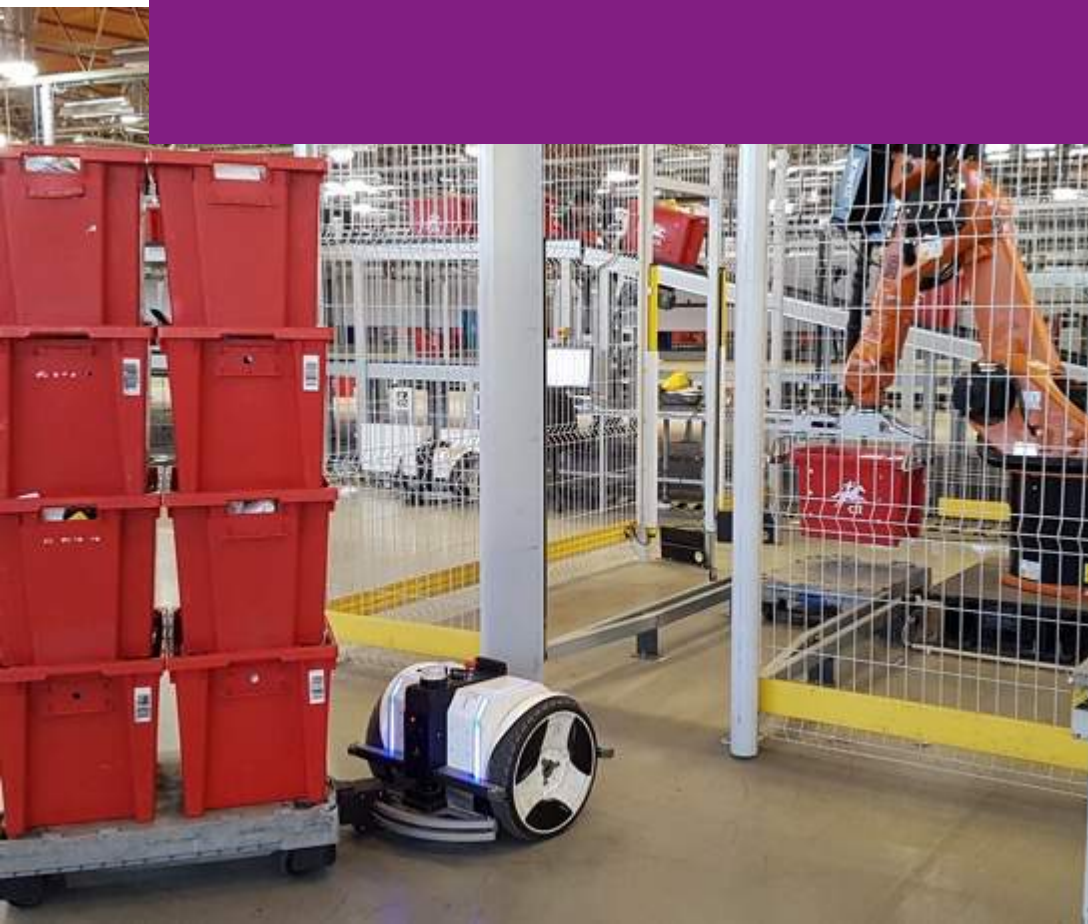
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2022



**Wrap-up
And Q&A**

CTT ready and geared for growth



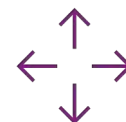
The sector changed and remains moving through **digitalization** and changing **consumer habits** and **expectations**...



... CTT seized that as an **opportunity** and **deeply transformed** itself ...



... **3 key achievements**: Spain turnaround, bank breakthrough and new concession contract...



... going forward, we've set up a **diversified company** ...

CTT ready and geared for growth



... capturing the **Iberian e-commerce** opportunity with an integrated **one-stop-shop** offering...



... leveraging **proximity** and **trust** to cater to B2C customers' financial and retail needs through **multiple channels**...



... with increased focus on **productivity, efficiency** and customer **service excellence**...



... and at the forefront of **environmental, social** and **governance** practices

CTT ready and geared for growth



... leveraging our
strategic assets...

01



Unique Iberian sales force, underpinned by ubiquitous access to B2B clients and an exceptional retail network

02



Strong and trusted brand for individuals and businesses alike

03



Unmatched last mile distribution network, increasingly integrated at an Iberian level

CTT ready and geared for growth



... and beyond those **strategic assets**...



... equipped with a wide and rich **product and service offer**




... and capitalizing on a **very experienced** leadership team



Our Commitments


**€1,100-1,250m
2025 revenues**
 7-10% annual growth
for 2021-25



**€100-120m
2025 EBIT**
 14-19% annual growth
for 2021-25


Fastest growing


 e-commerce logistics
player in Iberia


Maximize

 Share of wallet of
business and
commerce services of
mail clients

11%-13%

 return on tangible
equity for Banco CTT

Retail arm

 emerging as the
proximity services
distribution platform of
excellence

A top employer

 employee experience,
diversity, inclusion,
health and safety
at the workplace

**Net-zero
by 2030**

 100% of EV vehicles
for last mile

**Optimally
combine**

 shareholder
remuneration with
capacity to grow the
business


Better


Faster


Greener



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**Wrap-up
And Q&A**