

# Deutsche Eigenkapitalforum 2024

João Bento, CEO



**ctt**



# Disclaimer

## DISCLAIMER

This document has been prepared by CTT – Correios de Portugal, S.A. (the “Company” or “CTT”) exclusively for use during fall roadshow investor meetings. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason or purpose without the express and prior written consent of CTT. This document (i) may contain summarised information and be subject to amendments and supplements, and (ii) the information contained herein has not been verified, reviewed nor audited by any of the Company’s advisors or auditors.

Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any of the information contained in this document. Consequently, the Company does not assume liability for this document if it is used for a purpose other than the above. No express or implied representation, warranty or undertaking is made as to, and no reliance shall be placed on, the accuracy, completeness or correctness of the information or the opinions or statements expressed herein. Neither the Company nor its subsidiaries, affiliates, directors, employees or advisors assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents. Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement.<sup>1</sup>

This document has an informative nature and does not constitute, nor must it be interpreted as, an offer to sell, issue, exchange or buy any financial instruments (namely any securities issued by CTT or by any of its subsidiaries or affiliates), nor a solicitation of any kind by CTT, its subsidiaries or affiliates. Distribution of this document in certain jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. Moreover, the recipients of this document are invited and advised to consult the public information disclosed by CTT on its website ([www.ctt.pt](http://www.ctt.pt)) as well as on the Portuguese Securities Market Commission’s website ([www.cmvm.pt](http://www.cmvm.pt)). In particular, the contents of this presentation shall be read and understood in light of the financial information disclosed by CTT, through such means, which prevail in regard to any data presented in this document. By attending the meeting where this presentation is made and reading this document, you agree to be bound by the foregoing restrictions.

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. All the statements herein which are not historical facts, including, but not limited to, statements expressing our current opinion or, as applicable, those of our directors regarding the financial performance, the business strategy, the management plans and objectives concerning future operations and investments are forward-looking statements. Statements that include the words “expects”, “estimates”, “foresees”, “predicts”, “intends”, “plans”, “believes”, “anticipates”, “will”, “targets”, “may”, “would”, “could”, “continues” and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements included herein involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results, performance or achievements to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect our current views concerning future events and are subject to these and other risks, uncertainties and assumptions relating to the results of our operations, growth strategy and liquidity, and the wider environment (specifically, market developments, investment opportunities and regulatory conditions).

Although CTT believes that the assumptions beyond such forward-looking statements are reasonable when made, any third parties are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of CTT, what could cause the models, objectives, plans, estimates and / or projections to be materially reviewed and / or actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements (in particular, the objectives, estimates and projections as well as the corresponding assumptions) do neither represent a commitment regarding the models and plans to be implemented, nor are they guarantees of future performance, nor have they been reviewed by the auditors of CTT. You are cautioned not to place undue reliance on the forward-looking statements herein.

All forward-looking statements included herein speak only as at the date of this presentation. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# A leading Iberian e-commerce logistics player, delivering parcels to all households



CTT IN A NUTSHELL

Originally a postal operator, CTT successfully evolved to become a comprehensive **Iberian e-commerce logistics player**

- *Founded in 1520*
- *Publicly listed in 2013*
- *€615m market cap<sup>1</sup>*
- *Consolidated revenues of €1.1b*

Leveraging strategic assets...

- *Strong and trusted **brand** for people and businesses*
- *Unique **sales force**, underpinned by **universal access to B2B** customers*
- *Unique **last-mile distribution network**, increasingly integrated at Iberian level*
- *Unparalleled **retail network** in Portugal*

... as a highly synergic platform

- *Retail network shared by **bank, FS, mail** and **parcels***
- ***Mail workforce delivering E&P***
- ***Integration** between logistic networks of **mail** and **E&P***

**8%** 5-year CAGR

Revenue growth

**42%** +10pp y.o.y

Contribution<sup>2</sup> of E&P

**26%** +10pp y.o.y





Contribution<sup>2</sup> of Spain

**7%** EBIT<sup>3</sup> margin

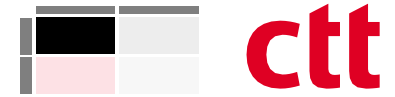
Data as at 30 September 2024, LTM

# A balanced and highly synergic portfolio

CTT IN A NUTSHELL

	B2B / logistics	B2C / retail
Growth focus	<p>Detailed ahead</p>  <p><b>Express &amp; Parcels</b></p> <p><b>Iberian e-commerce growth engine</b></p> <p>Growing towards another record year</p>	<p>Detailed ahead</p>  <p><b>Banco CTT</b></p> <p><b>Fastest growing retail bank franchise in Portugal</b></p> <p>Continue to grow driven by higher engagement with clients</p>
Profitability focus	 <p><b>Mail</b></p> <p><b>Leveraging new USO contract</b></p> <p>Stabilising revenues through price increase and mix</p>	 <p><b>Financial Services</b></p> <p><b>Profitability enhancer</b></p> <p>Retail distribution of savings (public debt tickets) and insurance products</p>

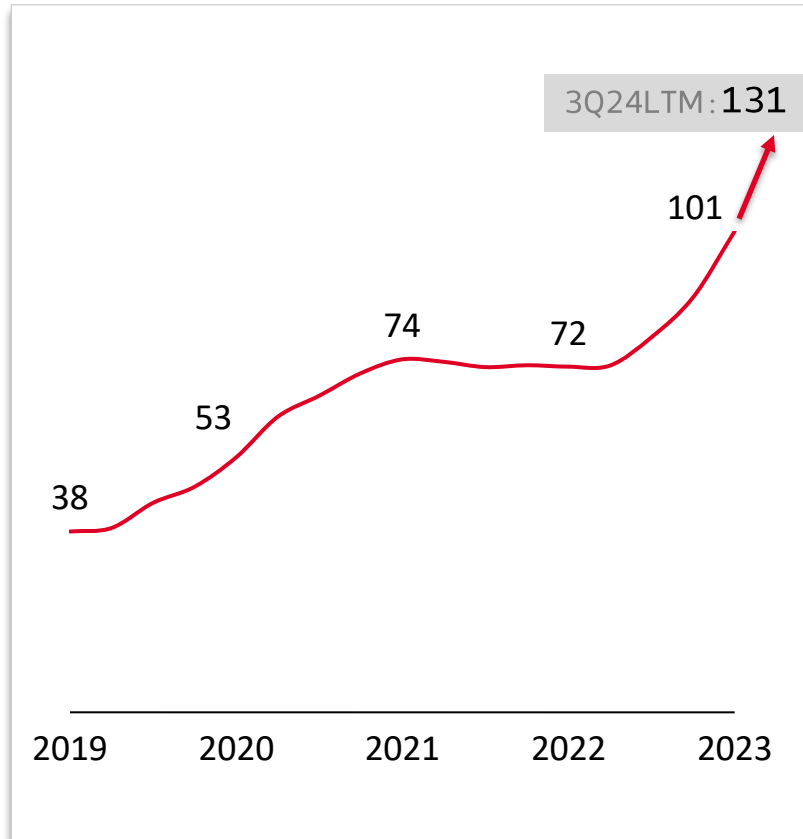
# E&P is the key driver of topline growth and margin expansion



EXPRESS & PARCELS

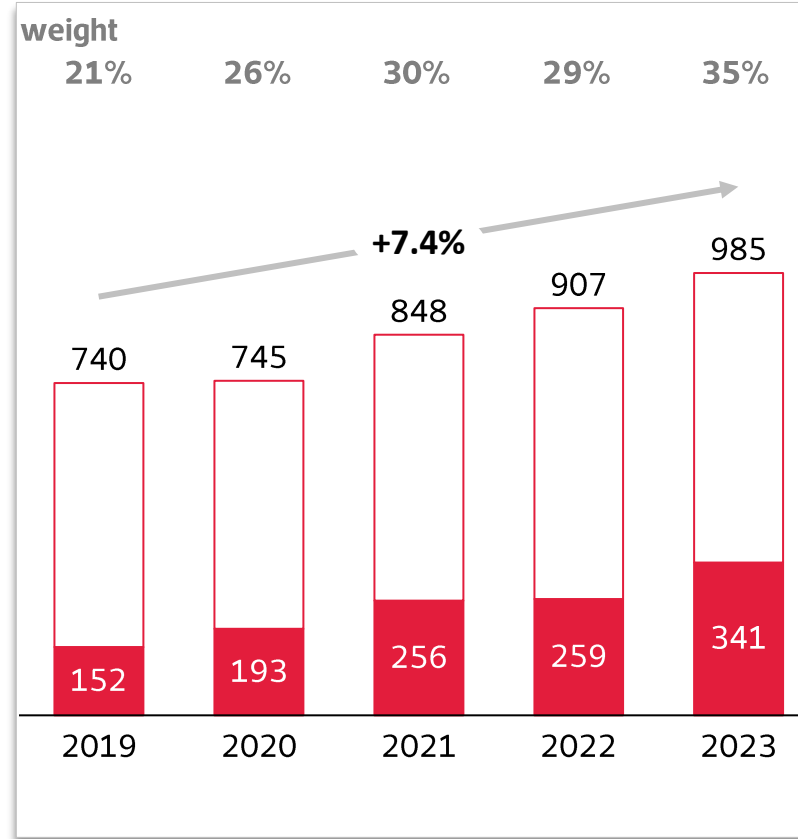
## E&P volumes

million objects; LTM



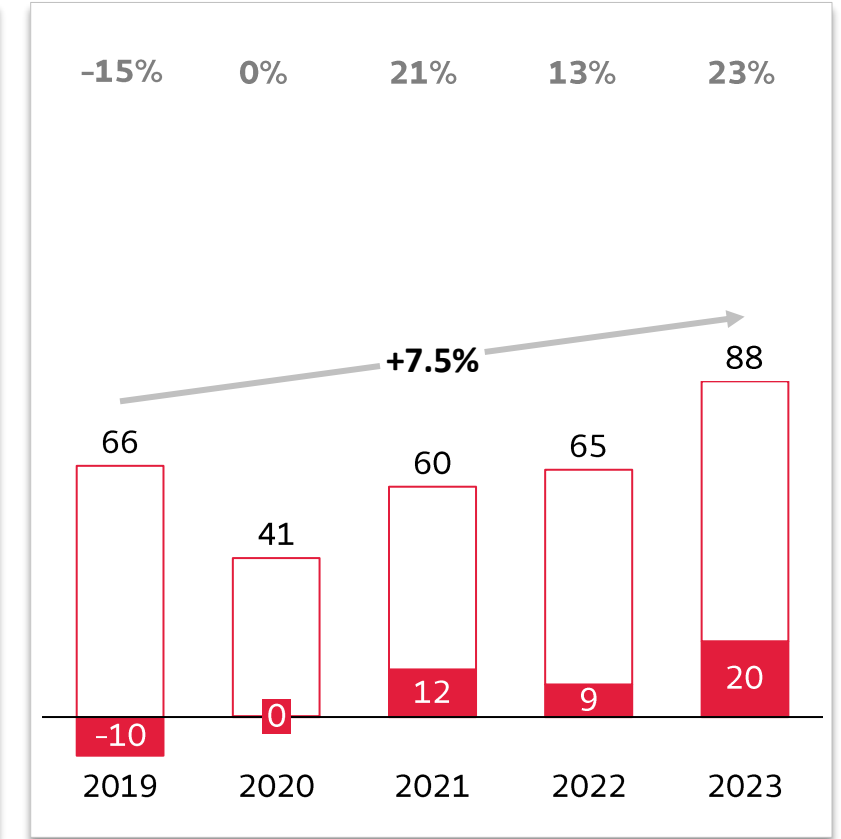
## Revenues

€ million



## Recurring EBIT

€ million



**Successful transformation with growth**

# Comprehensive Iberian coverage in Express & Parcels



EXPRESS & PARCELS

**100%**

D+1 full geographical coverage in Iberia

**>130M**

items per year (3Q24, LTM)

**>550k**

items daily (3Q24)

**50%**

Spanish customers choose a single operator in Iberia



**121.3k**

Automatic sorting capacity (k sorts/hour; 3Q24)

**73**

Distribution centres, of which 30 are automated (3Q24)

**17**

centres serving both countries

<sup>1</sup>Source: Euromonitor International, 2023 data

# Iberian e-commerce is a sizeable market with significant growth potential

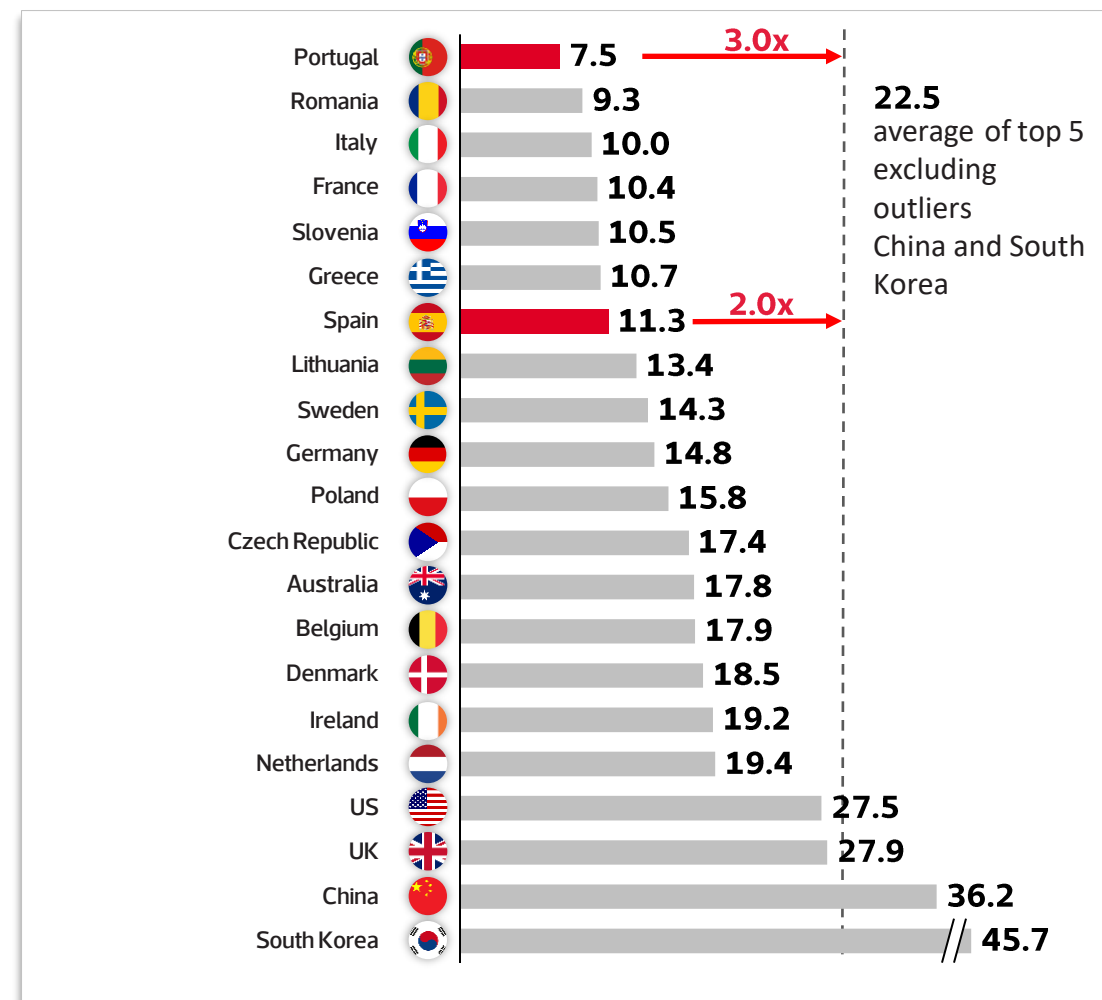
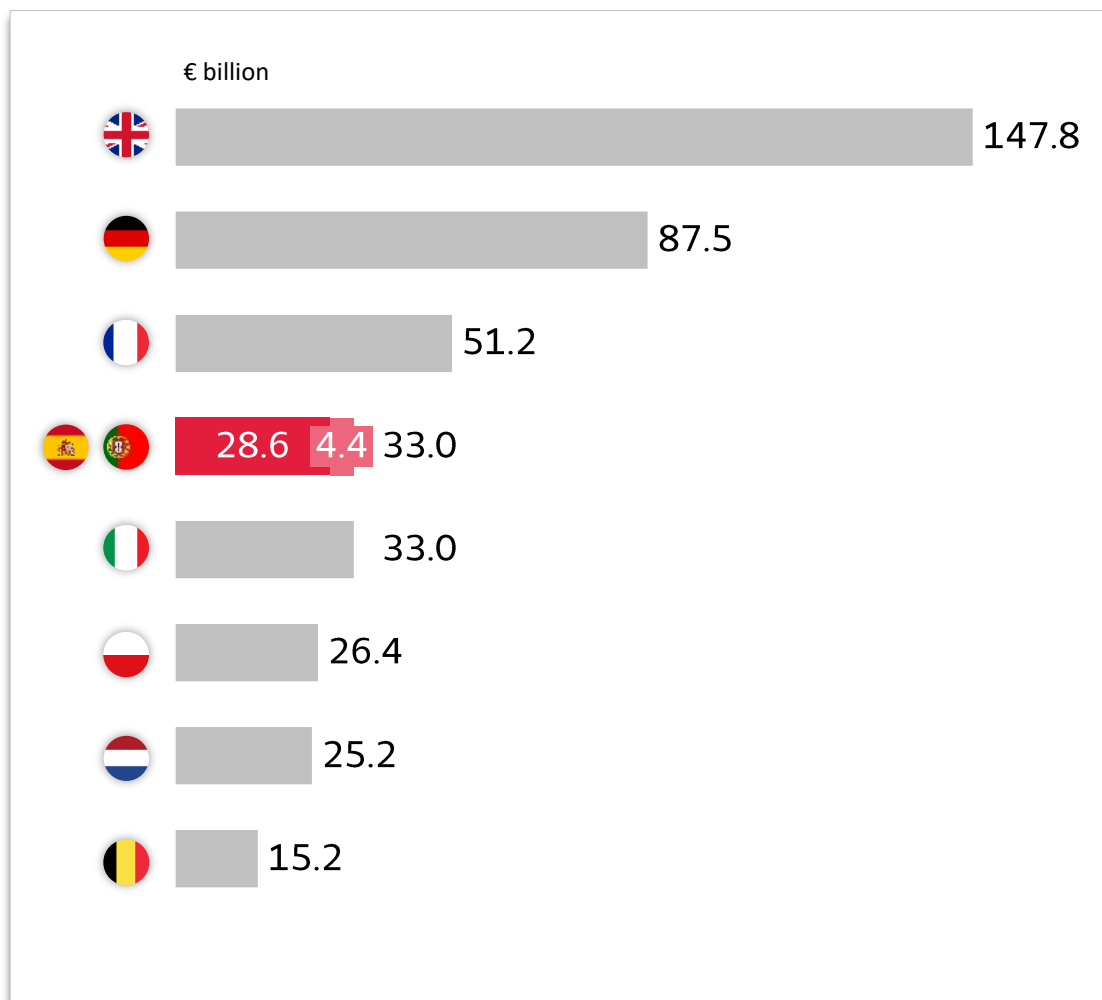


EXPRESS & PARCELS

Iberia is the 4th largest e-commerce market in Europe<sup>1</sup>

... but e-commerce<sup>2</sup> penetration is still low, 2023

e-commerce share of total retail, %



<sup>1</sup>Source: Euromonitor International, 2023 data

<sup>2</sup>IPC market study, source: Euromonitor International, IMF, IPC analysis;

# Continued volume growth in E&P Iberia



EXPRESS & PARCELS

## High quality and efficiency

- Maintain a quality service with high delivery efficiency rates despite an increase in daily volumes

## Continuous service portfolio expansion

- New customs clearance unit in Madrid significantly reducing cost and delivery times for out-of-EU volumes
- Handling returns
- >21,000 convenience points in Iberia
  - >1,000 lockers in Portugal

## Commercial agility

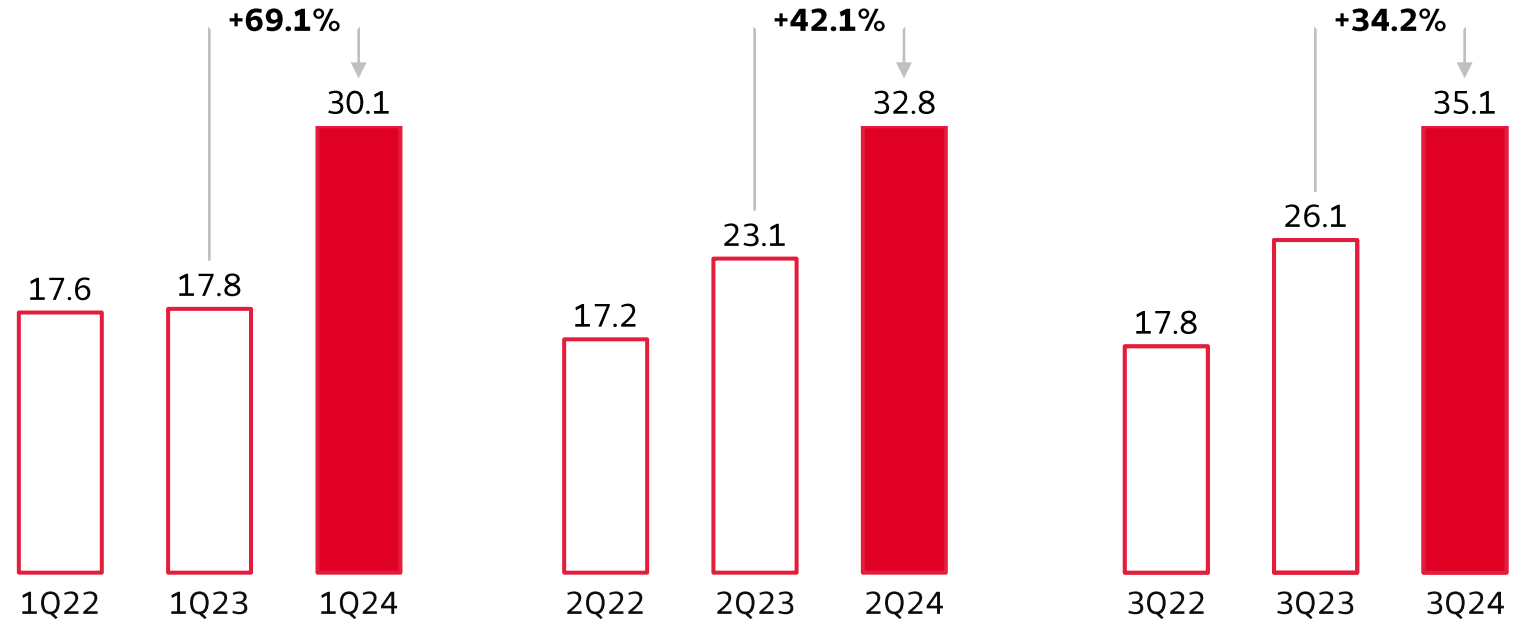
- Onboarding relevant new customers and increasing volumes from existing ones
- New large international e-sellers
- Focus on diversifying towards smaller clients<sup>1</sup> continued during 2023

## E&P Iberia | CEP Volumes

million items; % change vs. prior year

**+39.4%**  
y.o.y in  
FY23

**+46.2%** y.o.y  
in 9M24



**CTT is capturing market share**

<sup>1</sup>Clients with daily volumes below 20,000 items



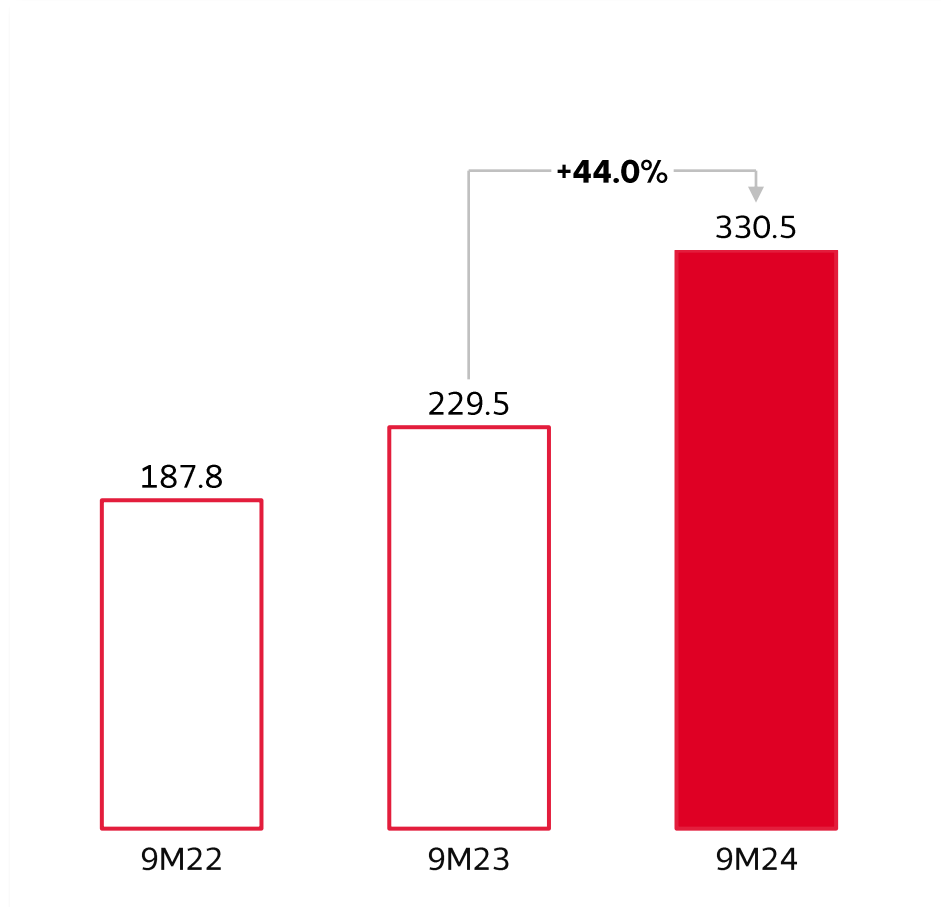
# Growth is driving scale and margin expansion



EXPRESS & PARCELS

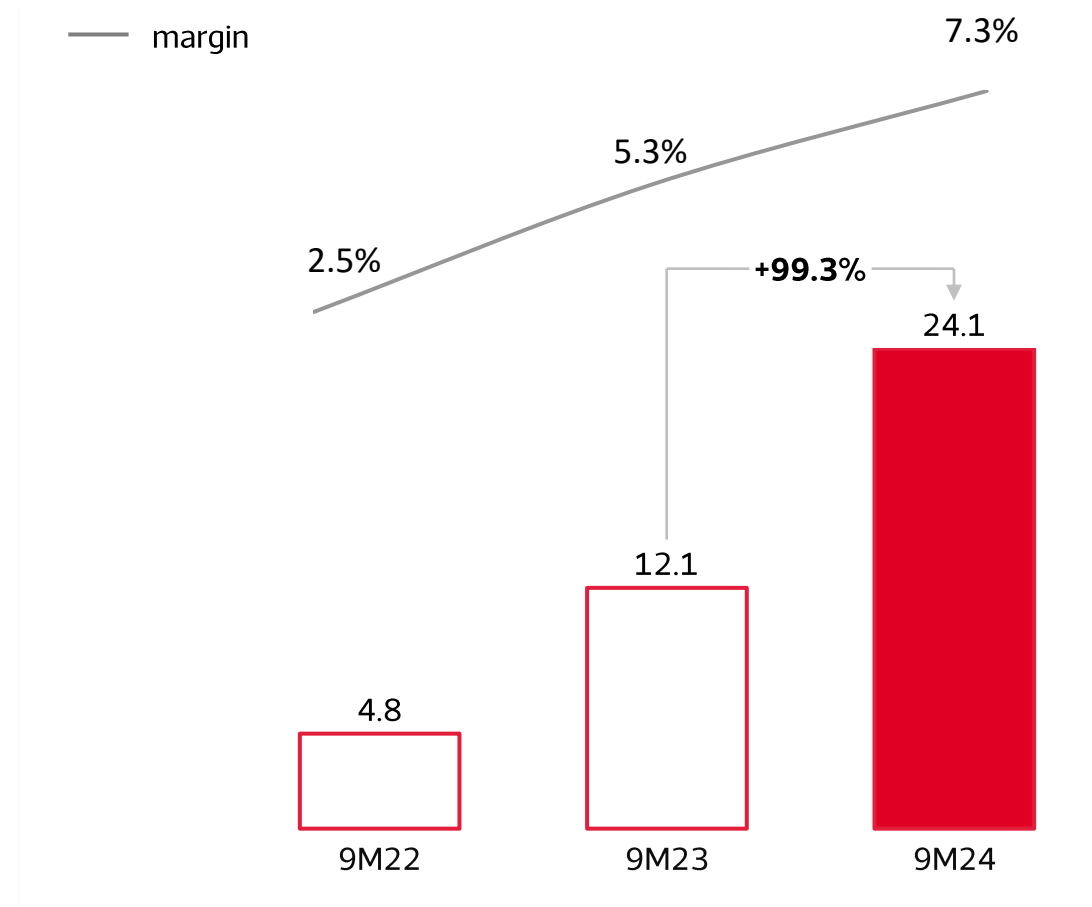
## E&P | Revenues

€ million; % change y.o.y.



## E&P | Recurring EBIT

€ million; % change y.o.y.



**Volume growth underpinning operational leverage**

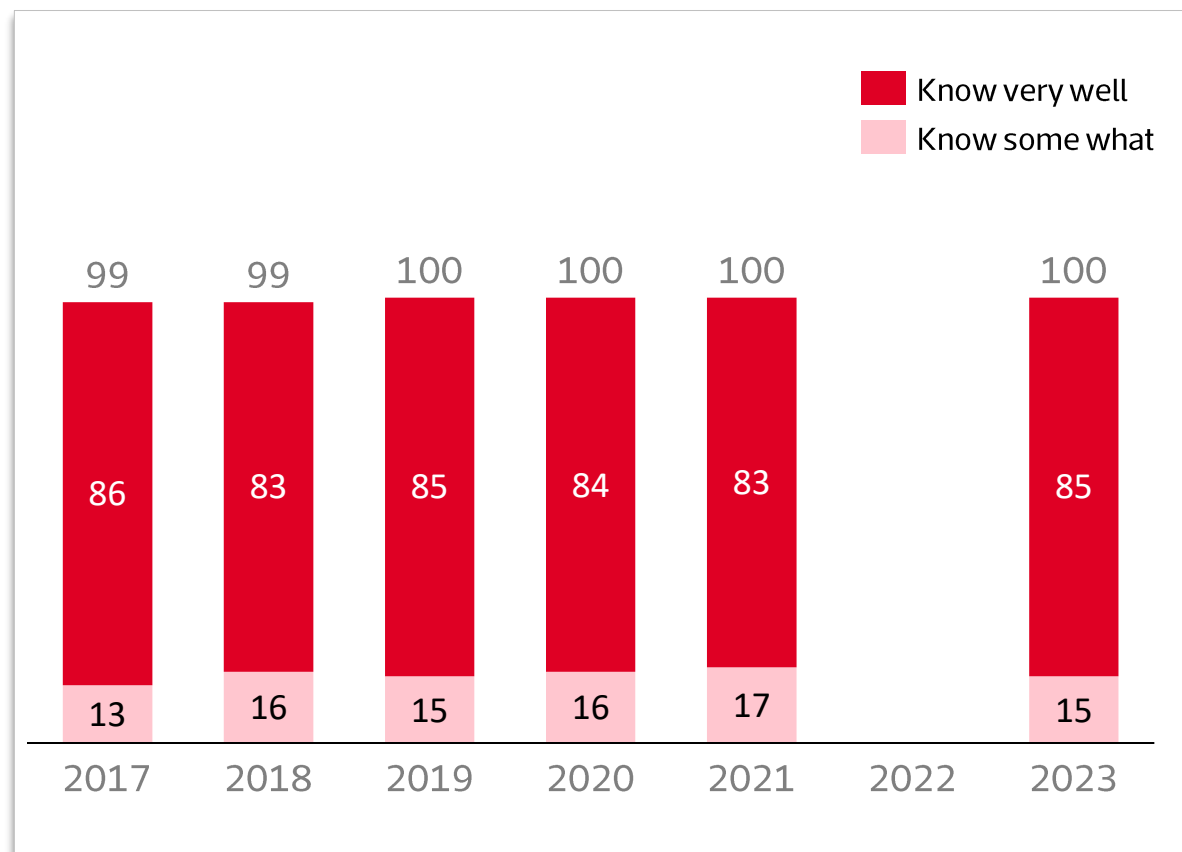
# Banco CTT: our second growth area



BANCO CTT

## CTT's Brand Awareness

% of population



## CTT's Retail Network

**569** branches spread across the country  
**212** of which with Banco CTT branches

**All 308** municipalities with a CTT store

**65k** unique client visits per day

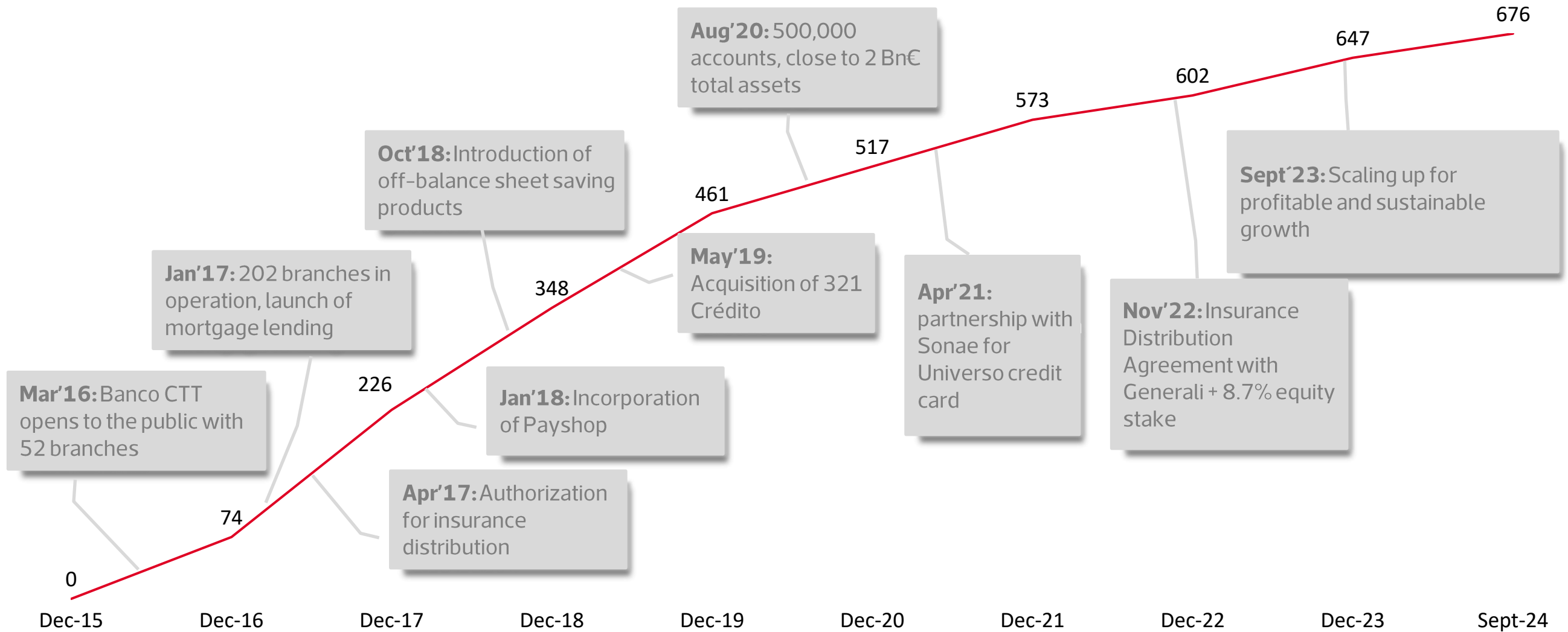
**>80%** share in the placement of public debt

**CTT's brand awareness, reputation and coverage of the retail network, are unique**

# Banco CTT is the fastest growing banking franchise in Portugal



BANCO CTT

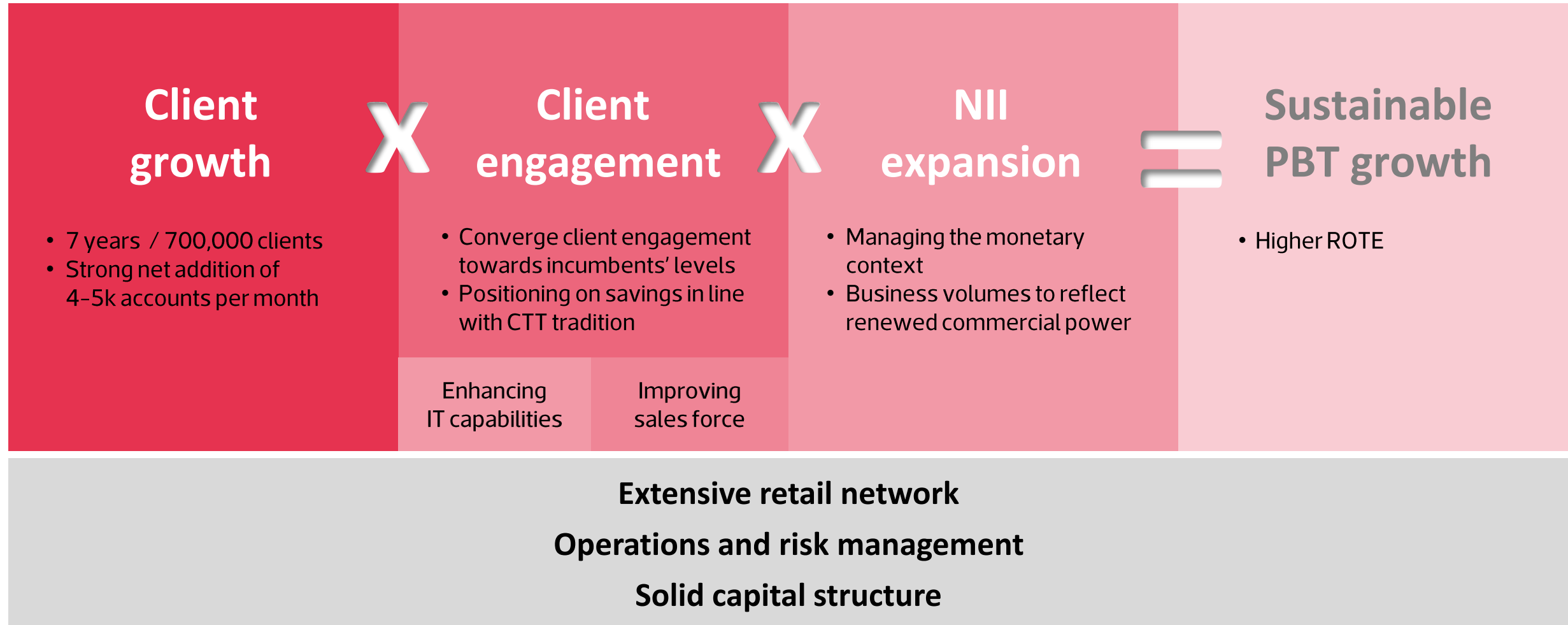


**From zero to more than 700 thousand clients in 8 years**

# Focused on client growth and doubling-down efforts on engagement



BANCO CTT



**Business volumes and increased engagement enable growth with an improved risk profile**



# A clear strategy... that rendered a proven business model and...



BANCO CTT

## Operating data

9M24

Develop a sizable and high potential retail client base

**676k** current accounts

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

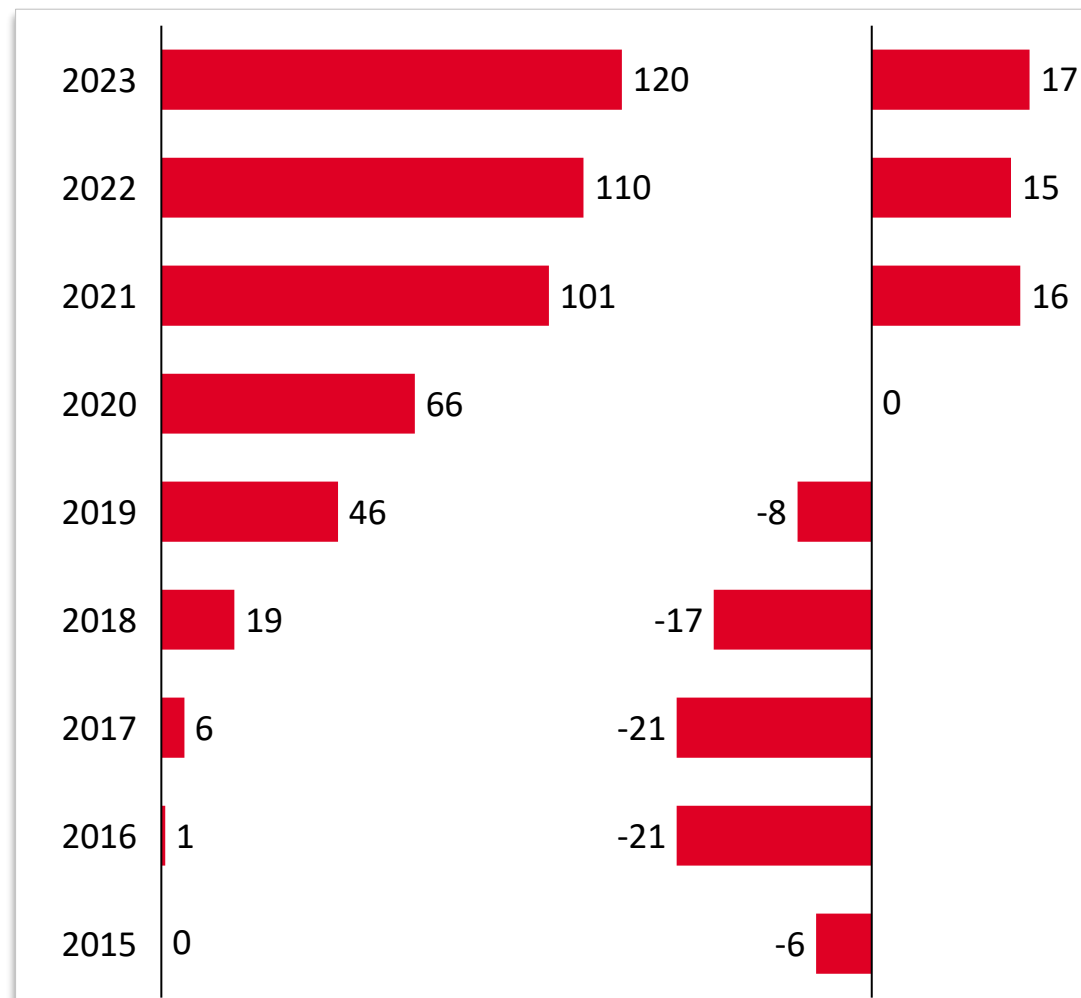
**7,567 €m** deposits & off-balance AUM's

Enlarge the credit book (including acquisition of 321C)

**1,811 €m** retail credit book<sup>3</sup>

## Operating Income<sup>1,2</sup> and Net Income<sup>1</sup> of Banco CTT

€ million



**... enabled fast growth and achieving profitability**

<sup>1</sup>Banco CTT consolidated accounts. <sup>2</sup>Includes Payshop from 2018 to 2021. <sup>3</sup>Primarily auto and mortgage.

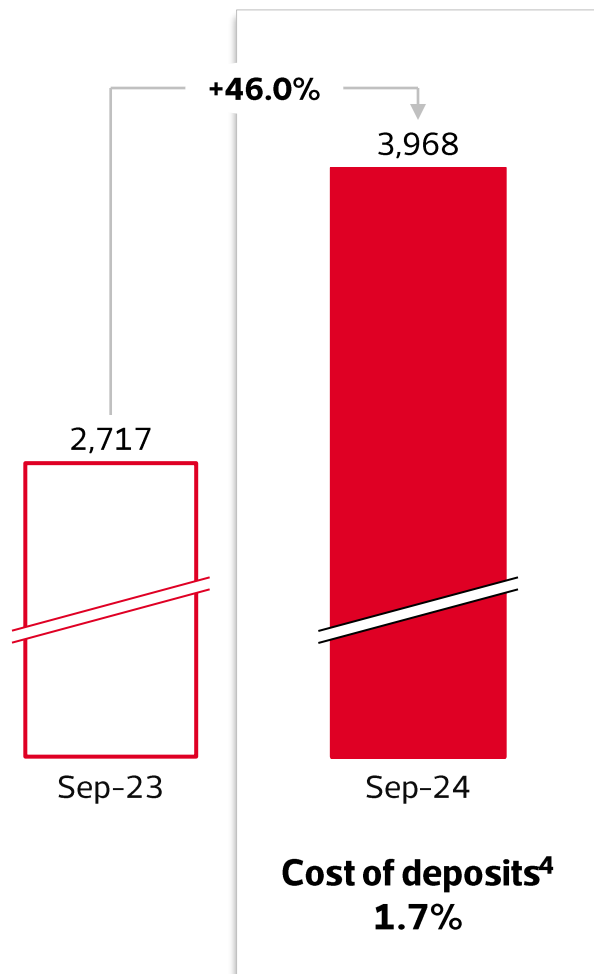
# Improved client engagement driving resources, growth and profitability



BANCO CTT

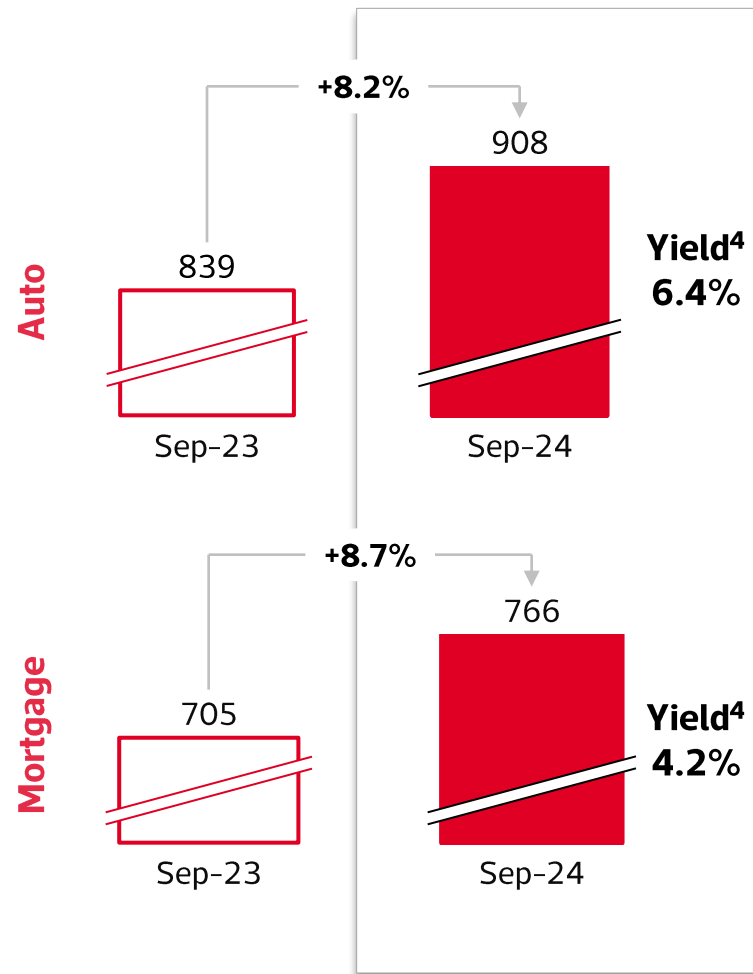
## Customer deposits<sup>1</sup>

€ million, EoP



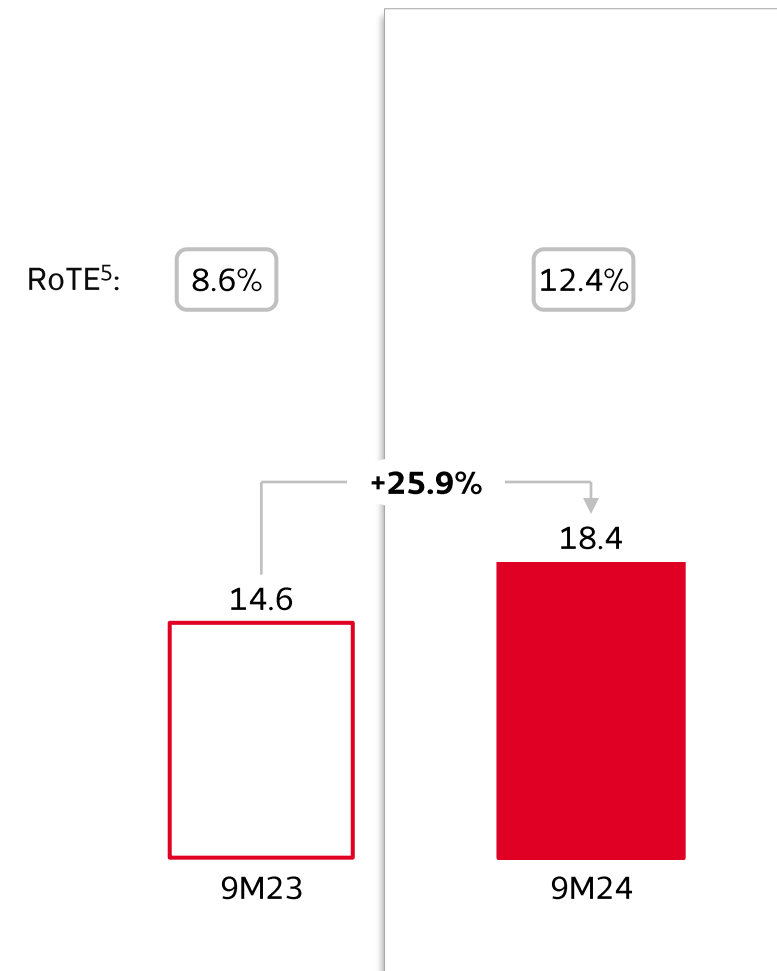
## Loans volumes<sup>2</sup>

€ million, EoP



## Profit before Taxes<sup>3</sup>

€ million; % change vs. prior year



<sup>1</sup>Retail Deposits, consolidated accounts; <sup>2</sup>Net of impairments;

<sup>3</sup>Banco CTT consolidation perimeter, excluding specific items; <sup>4</sup>Cumulative; <sup>5</sup>Recurring RoTE, cumulative, excluding specific items and normalized assuming a tangible equity of 15% of average RWAs, compatible with the CMD 2022 targets; Under the current capital structure the RoTE is 9.6% for 9M24.

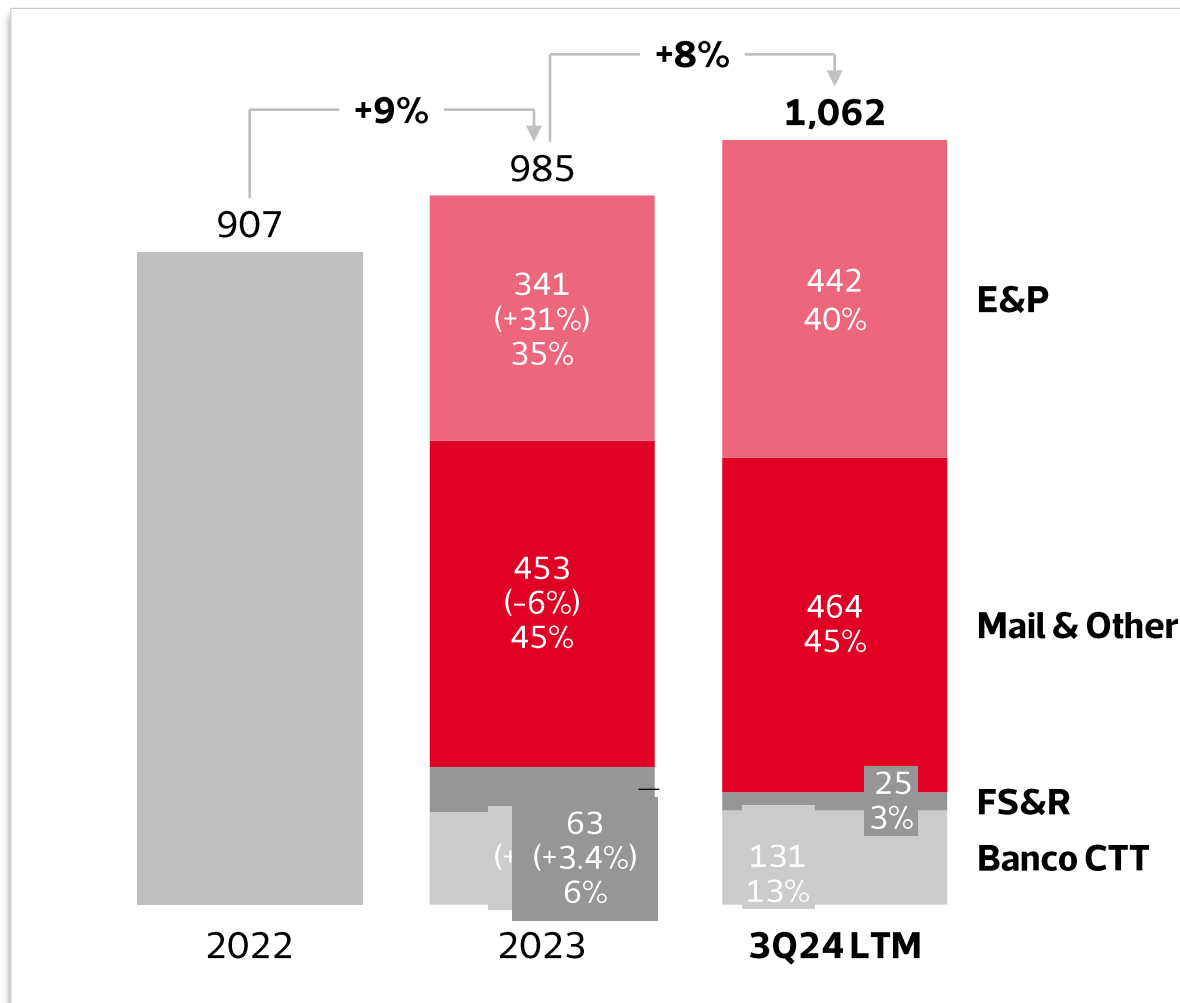
# A balanced and highly synergic portfolio



CONSOLIDATED VIEW

## Revenues

€ million; % change vs prior year; % weight



### Iberian e-commerce growth engine

Growing towards another record year



### Leveraging new USO contract

Stabilising revenues through price increase and mix



### Profitability enhancer

Retail distribution of savings (public debt tickets) and insurance products



### Fastest growing retail bank franchise in Portugal

Growth driven by stronger client engagement

**CTT is now heavily geared towards e-commerce growth**

# Capital allocation priorities

## OUTLOOK AND CAPITAL ALLOCATION

### 1. Investment in business growth



**Organic growth:** transformation, technology, capacity and maintenance capex



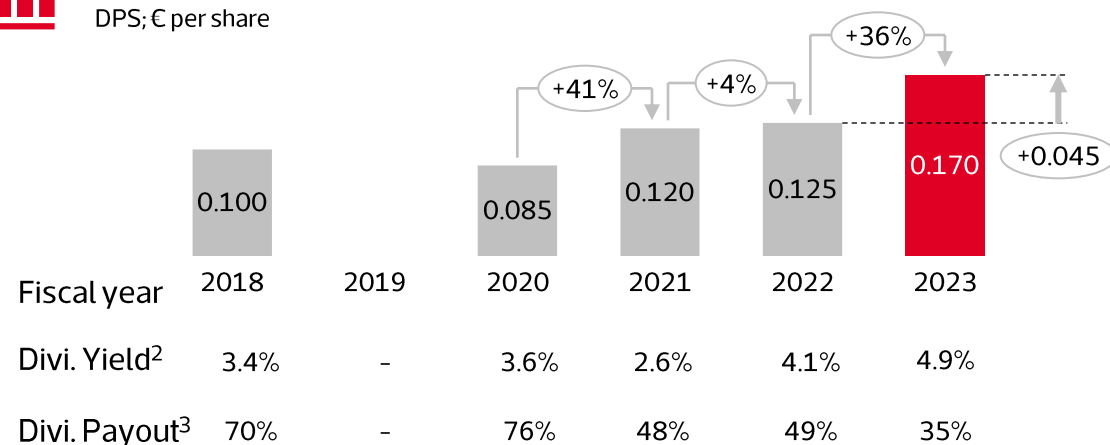
**Inorganic growth:** M&A opportunities in e-commerce logistics related assets

### 2. Attractive shareholder remuneration



#### Recurrent dividends<sup>1</sup>

DPS; € per share

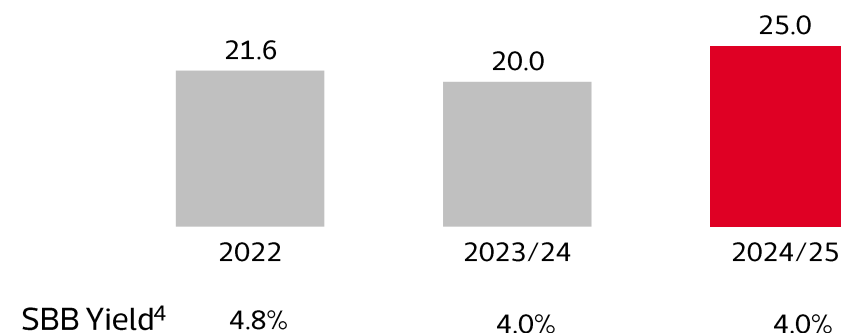


- ✓ Dividend of €0.17 per share proposed for the AGM of April 2024
- ✓ Fulfilling pay-out target: between 35% and 50% of net profit



#### Opportunistic share buyback

€ million



- ✓ SBB of €25m in execution (~30% already completed)
- ✓ SBB of €20m executed in 2023/24; 5.475 m shares acquired and cancelled
- ✓ SBB of €21.6m carried out in 2022; 6.085m shares acquired and cancelled

<sup>1</sup>For detailed information on CTT's Financial Policy, including its shareholder's remuneration principles, please refer to CTT's investor relations website and to the announcement disclosed on 23 June 2022;

<sup>2</sup>Yield calculated taking as a reference the year end share price of each year;

<sup>3</sup>Based on individual accounts;

<sup>4</sup>Yield calculated taking as a reference the year end market cap of 2022 and 2023 respectively, and for 2024/25 the market cap at end of 1H24

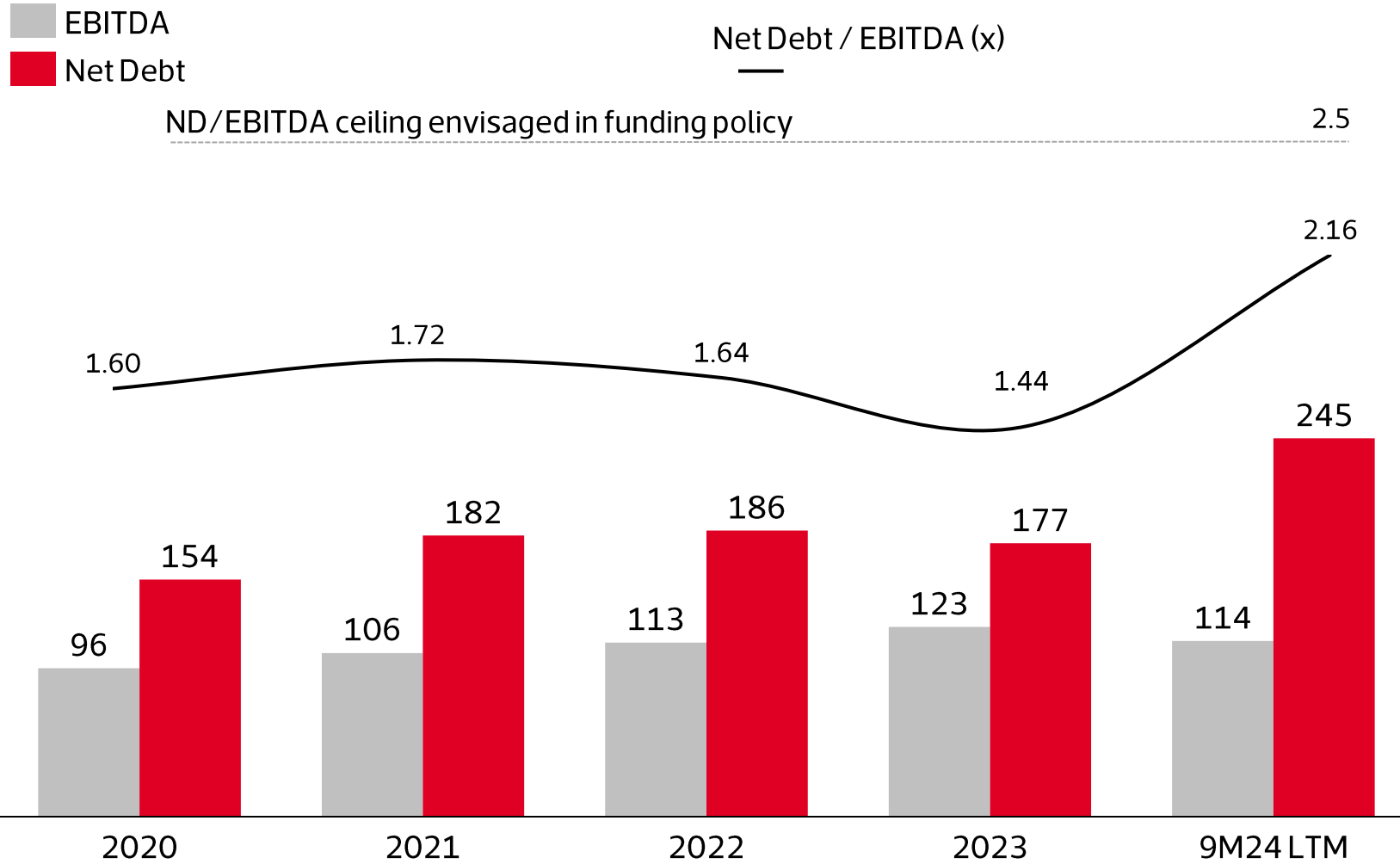


# Balance sheet flexibility

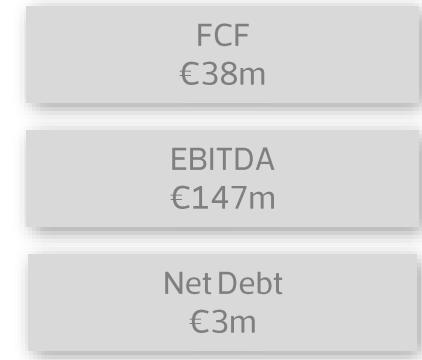
FINANCIAL LEVERAGE

## EBITDA and leverage with Banco CTT under equity method<sup>1</sup>

€ million



## Consolidated indicators



3Q24 LTM

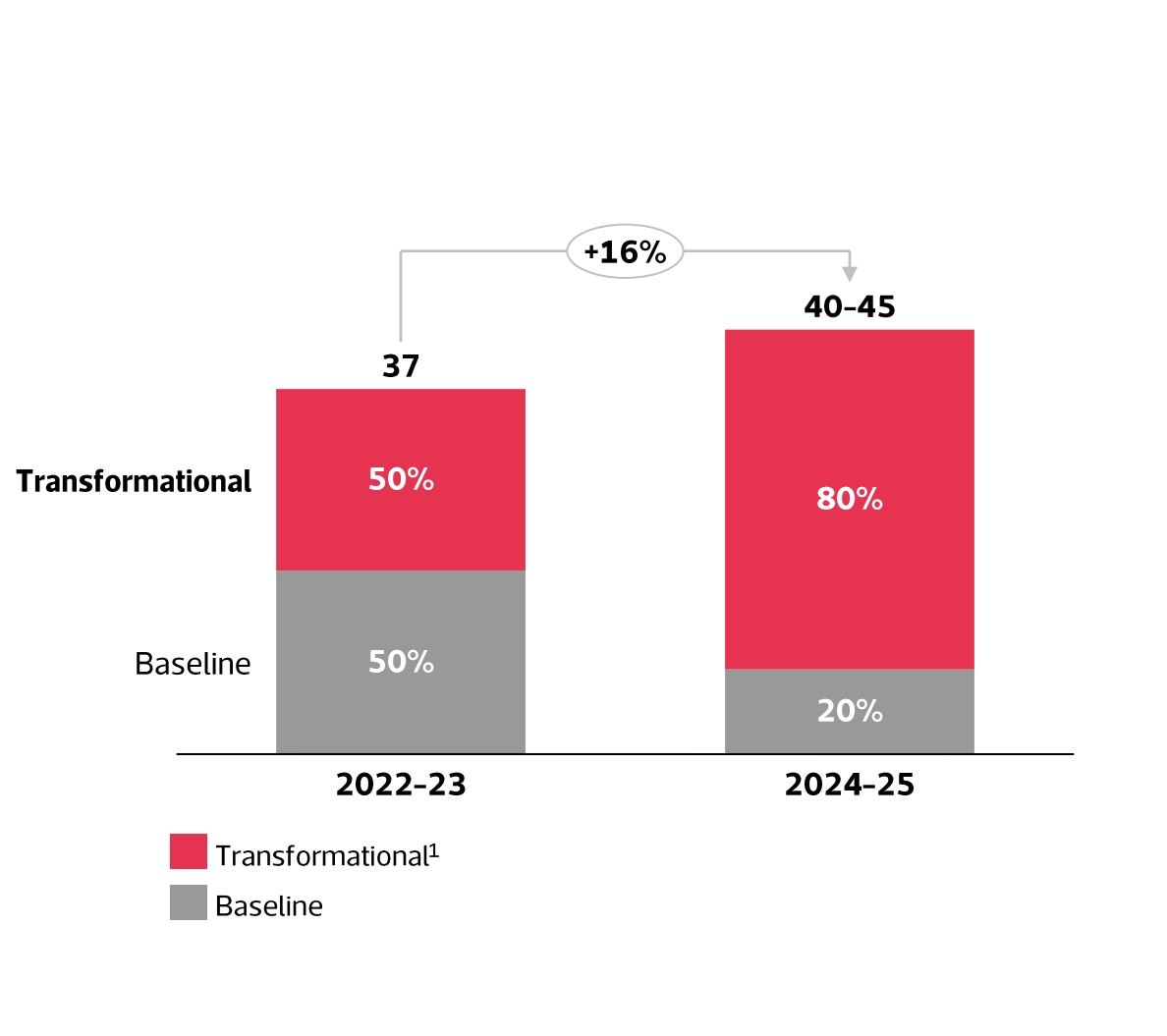
<sup>1</sup>Includes Payshop, which was previously part of Banco CTT

# To support our growth, we will continue to invest in our business

OUTLOOK

## Annual average Capex

€ million



## Key areas of investment



Increasing **sorting capacity** across Iberia



Developing **lockers network** in Portugal and initiating expansion to Spain



**Investing in IT** to drive customer experience and operations efficiency



Reinforcing **quality of service**



**Revamp Banco CTT hubs** and **upgrade core platform** and **digital channels**

<sup>1</sup>Transformational includes Express & Parcels, Financial Services & Retail, Banco CTT and Business Solutions.

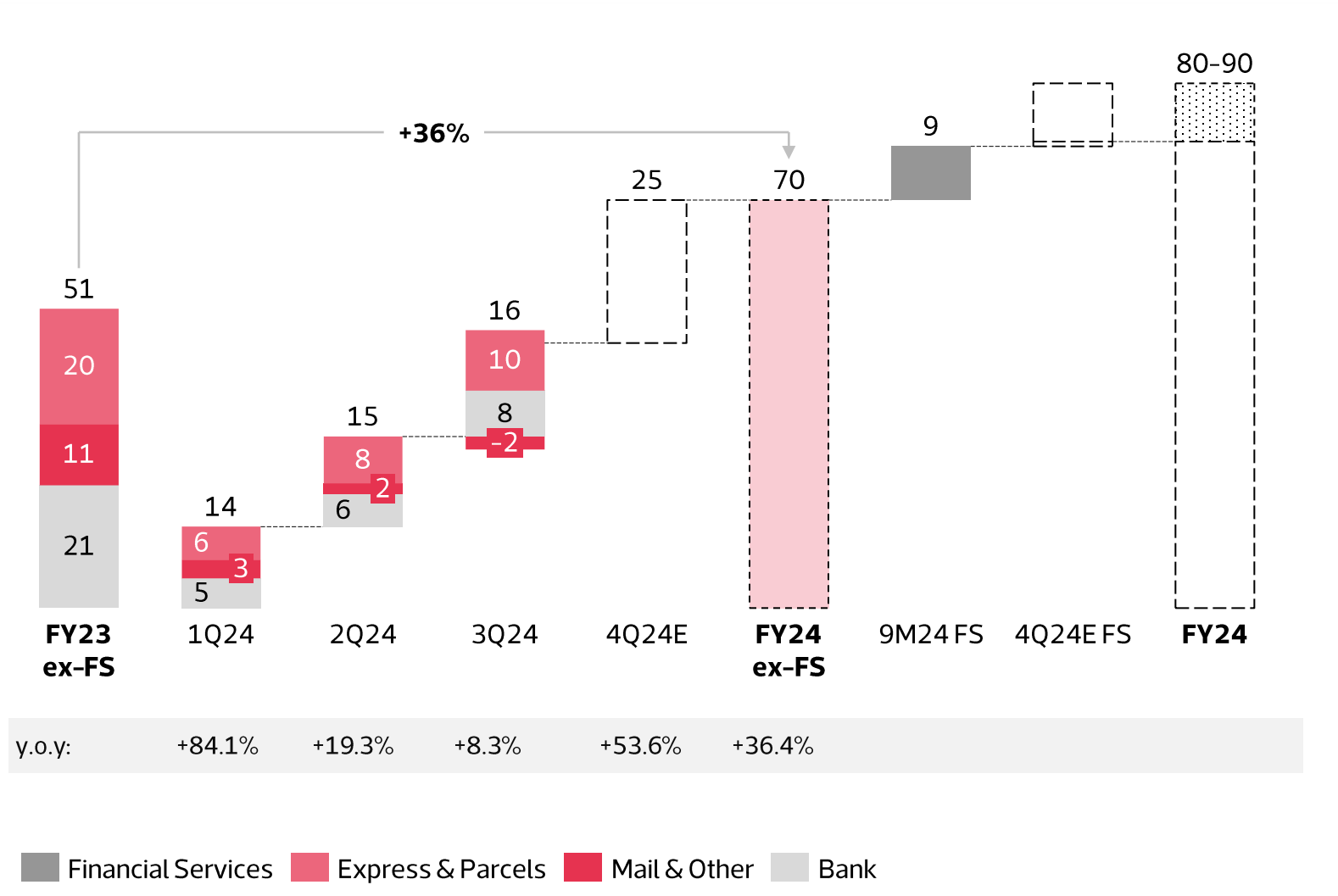
# Reiterating guidance based on strong outlook for 4Q24



OUTLOOK

Rec. EBIT

€ million



Peak season should be another record quarter for E&P

Mail revenues showing clear signs of improvement in October

Public debt placements significantly higher signalling a strong 4Q24 for FS



## Express & Parcels

### ***Fastest growing e-commerce logistics player in Iberia***

- 4<sup>th</sup> largest market in Europe with strong growth opportunity leveraging on market convergence
- Market share expansion due quality and efficiency, commercial proactivity and new and differentiated service
- Margin expansion via operational leverage of investments already executed.



## Banco CTT

### ***Fastest growing retail Bank in Portugal***

- Already sizeable client base that keeps on growing
- Main growth opportunity to grow business volumes by increasing engagement with clients



## Mail

### ***Stable business with regulated mail price mechanism and efficiency measures***

- Aiming at revenues stabilisation via price increases and better product mix.
- Working on offsetting normal labour cost inflation through additional cost saving measures



## Financial Services

### ***High margin business leveraging on the retail network***

- Continue to broaden the services offering in CTT retail network
- Following the revision of the debt placement ceilings, on October 7, 2024, the run-rate has normalised



## Balance Sheet & Future Prospects

### ***Solid balance sheet and growth prospects***

- Inorganic growth optionality (e-commerce / Spain), while maintaining an attractive shareholder remuneration
- Guidance points towards mid-single digit revenue growth which should enable an expansion of recurring EBIT



**ctt**

We make our path fully  
committed to deliver

[ctt.pt](http://ctt.pt)

**Investor Relations**

**Phone: +351 210 471 087**

**E-mail: [investors@ctt.pt](mailto:investors@ctt.pt)**

**[ctt.pt](http://ctt.pt)**