

2025 Santander Iberian Conference

Wednesday, 29 January 2025

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ctt

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A leading e-commerce logistics player, delivering parcels to the whole of Iberia **ctt**

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
- €748m market cap¹
- 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

Contribution² of E&P

26%

+10pp y.o.y

Contribution² of Spain

7%

EBIT³
margin

Data as at 30 September 2024, LTM

A balanced and highly synergic portfolio

CTT IN A NUTSHELL

B2B / logistics

B2C / retail

Growth focus



Express &
Parcels

Iberian e-commerce growth engine

Growing towards another record year

Detailed ahead



Banco
CTT

Fastest growing retail bank franchise in Portugal

Continue to grow driven by higher engagement with clients

Detailed ahead

Profitability focus



Mail

Leveraging new USO contract

Stabilising revenues through price increase and mix



Financial
Services

Profitability enhancer

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

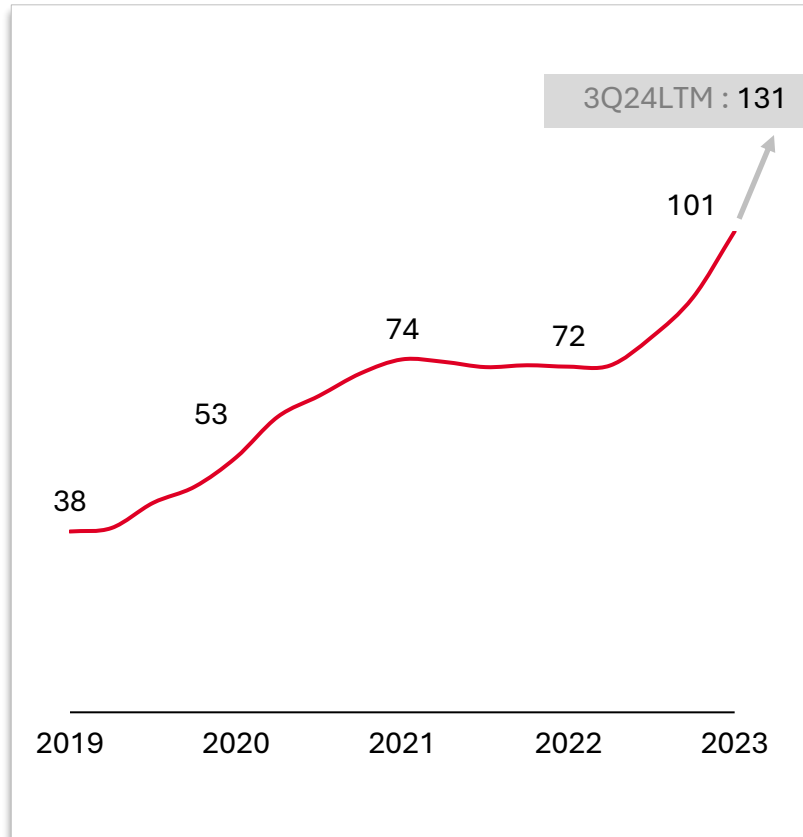
E&P is the key driver of topline growth and margin expansion



EXPRESS & PARCELS

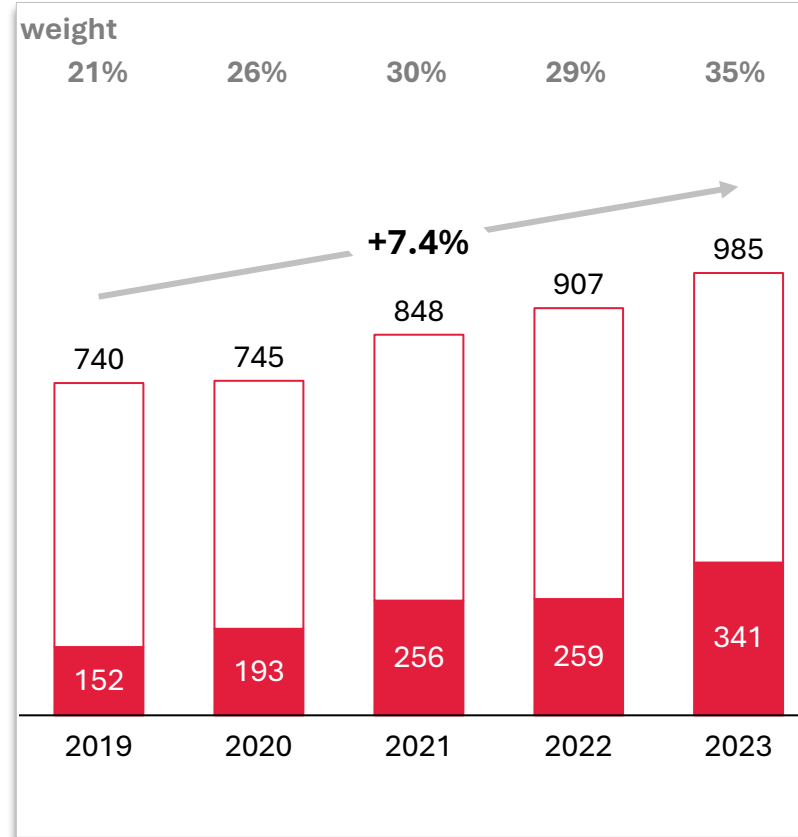
E&P volumes

million objects; LTM



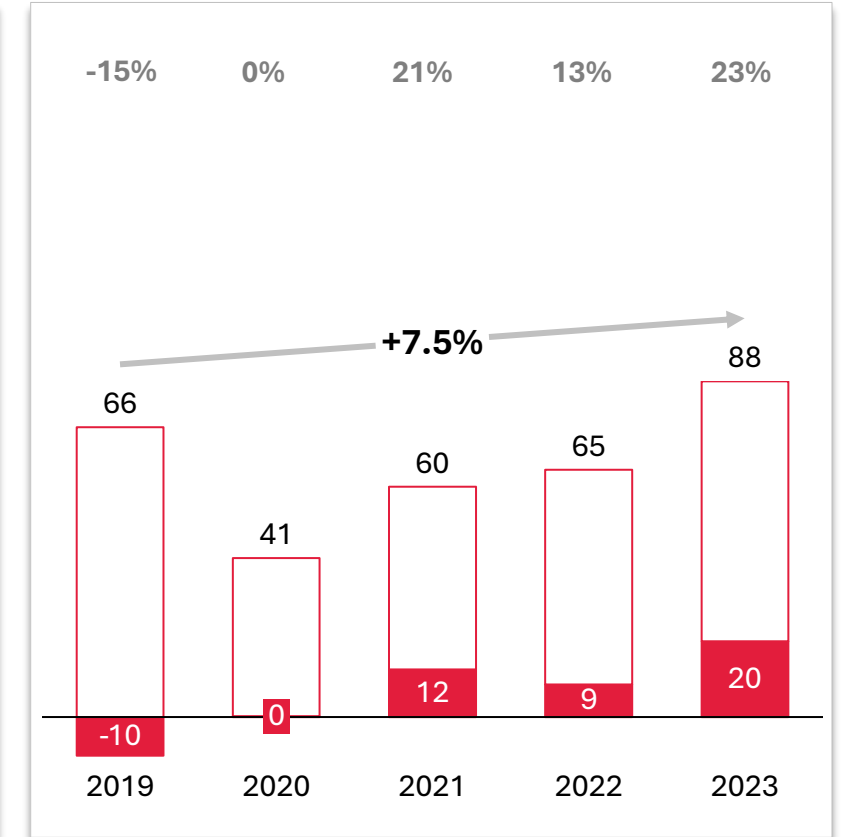
Revenues

€ million



Recurring EBIT

€ million



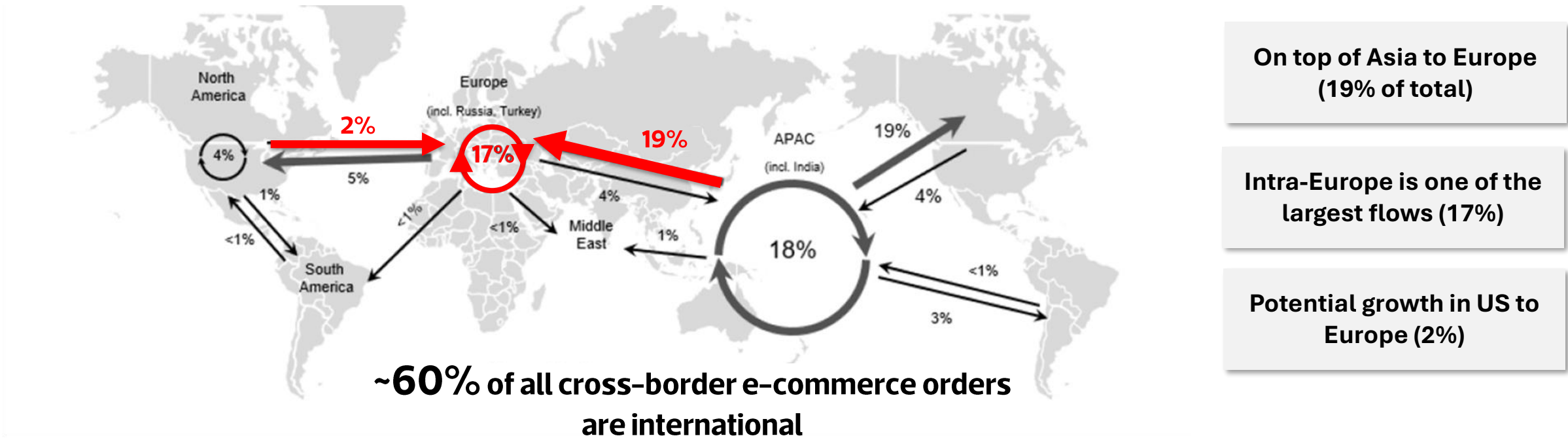
Successful transformation with growth

E-commerce flows are primarily international and cross-border



EXPRESS & PARCELS | MARKET OPPORTUNITY

~8.2bn orders annually



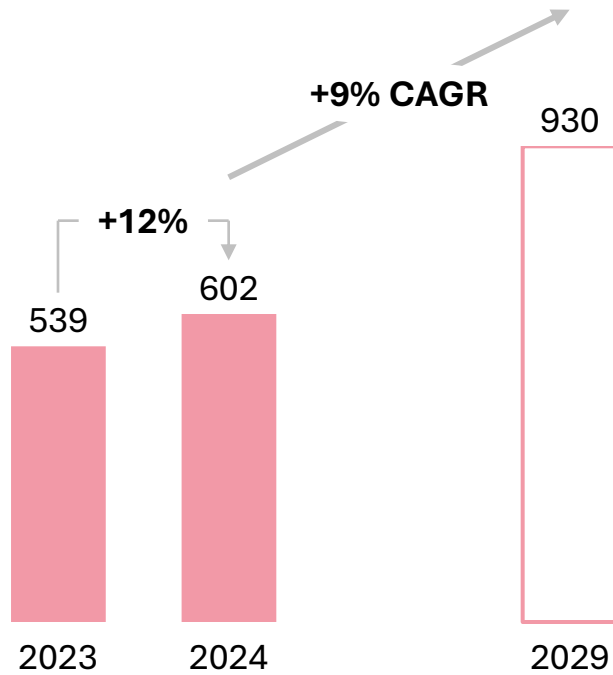
→ Percent of total trade
→ Flows delivered in Europe

New cross border opportunity to be a key growth driver

EXPRESS & PARCELS | MARKET OPPORTUNITY

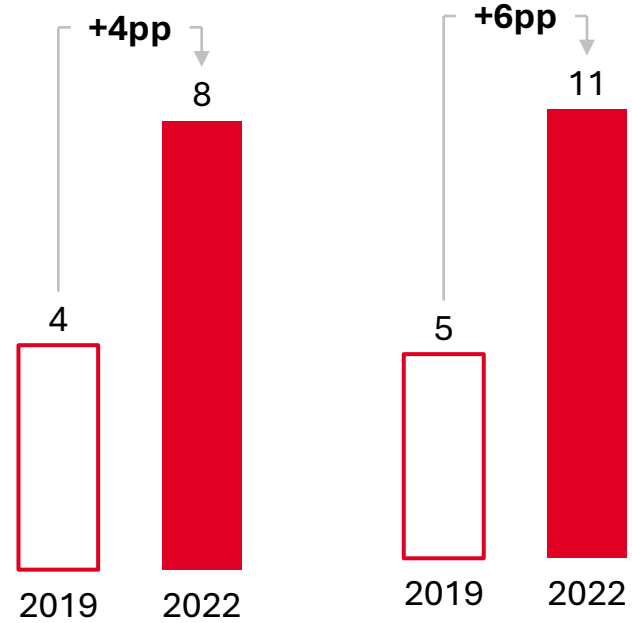
E-commerce volumes in Europe

Revenues; € billions



Europe

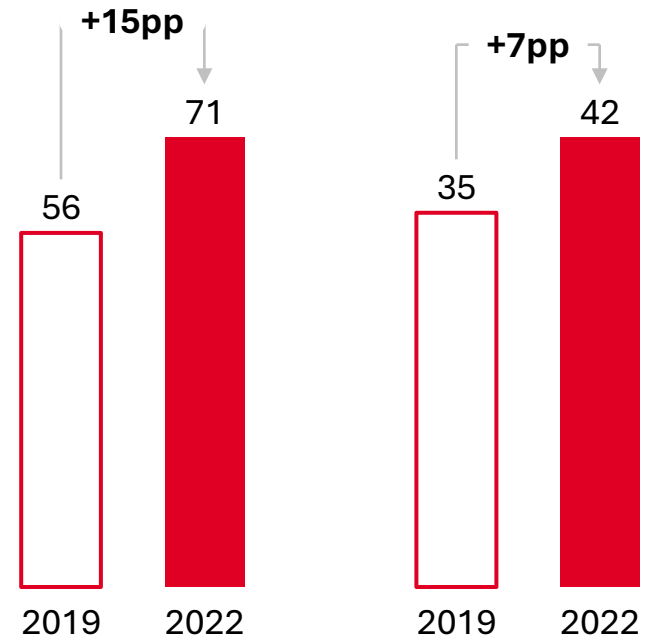
E-commerce as % of total retail sales



Portugal

Spain

Cross border as % of total e-commerce



Portugal

Spain

Iberian e-commerce is a sizeable market with high growth potential

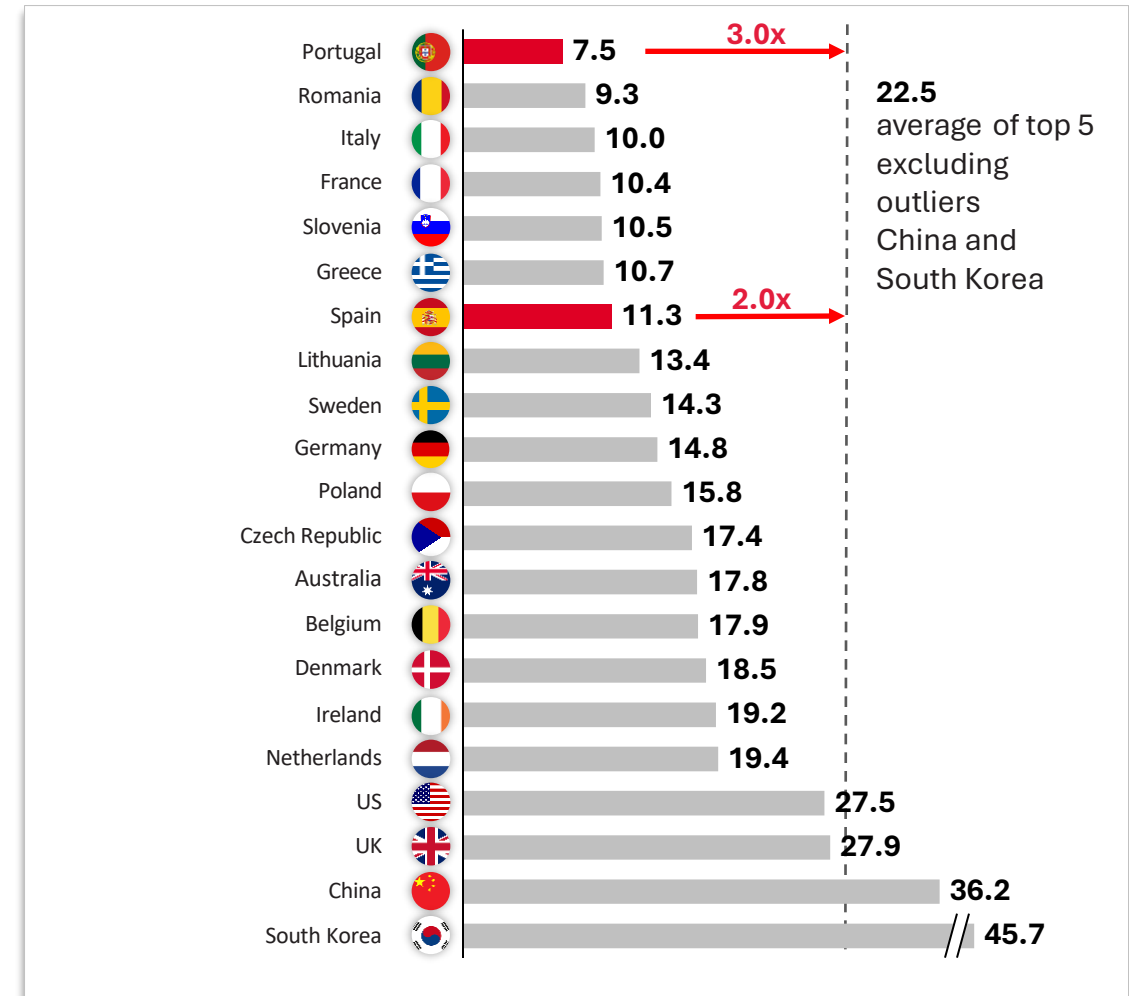
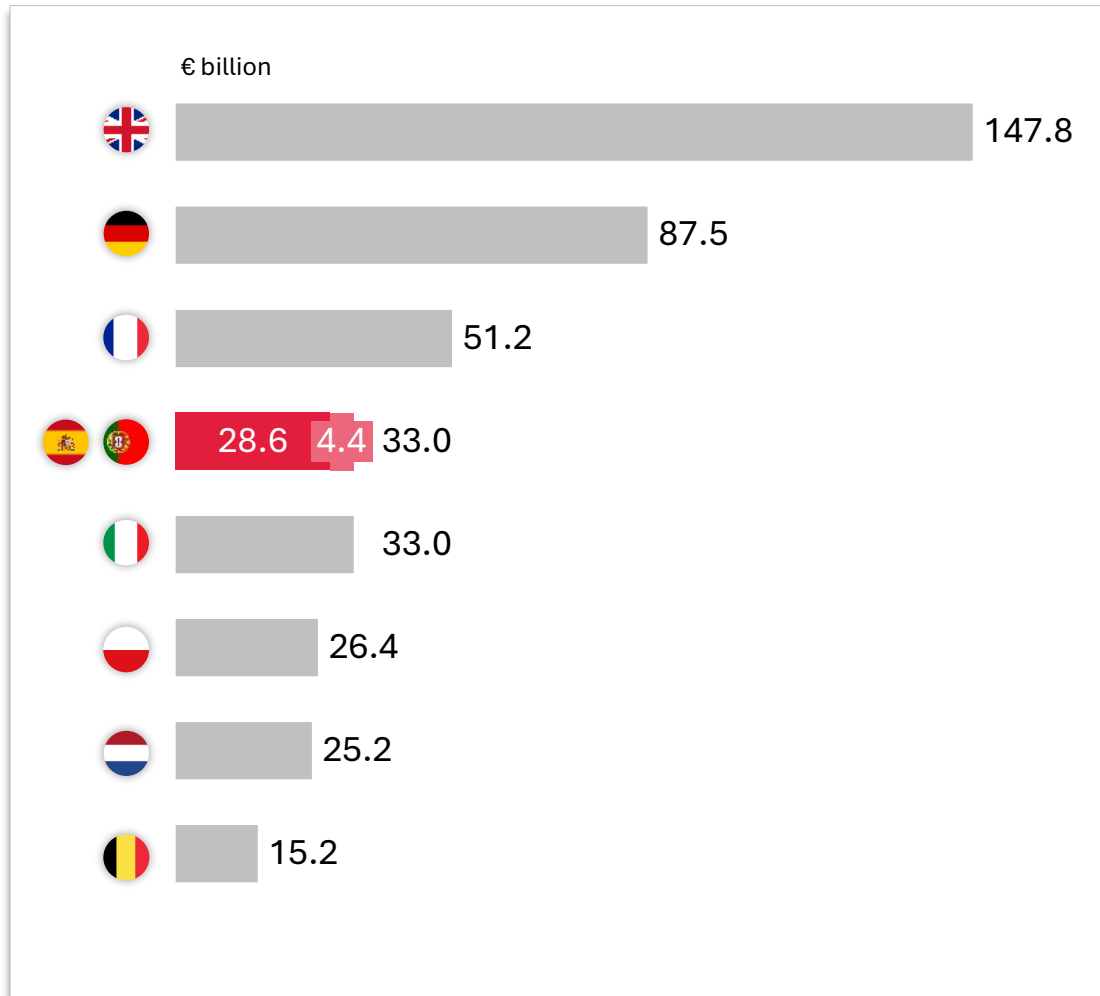


EXPRESS & PARCELS | MARKET OPPORTUNITY

Iberia is the 4th largest e-commerce market in Europe¹

... but e-commerce² penetration is still low, 2023

e-commerce share of total retail, %



¹Source: Euromonitor International, 2023 data

²IPC market study, source: Euromonitor International, IMF, IPC analysis;

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)

73

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

17

centres serving both countries

50%

Spanish customers choose a single operator in Iberia

121k

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



Continued volume growth in E&P Iberia



EXPRESS & PARCELS | OPERATIONAL RESULTS

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
- Returns handling
- >21,000 convenience points in Iberia
 - >1,000 lockers in Portugal

Commercial agility

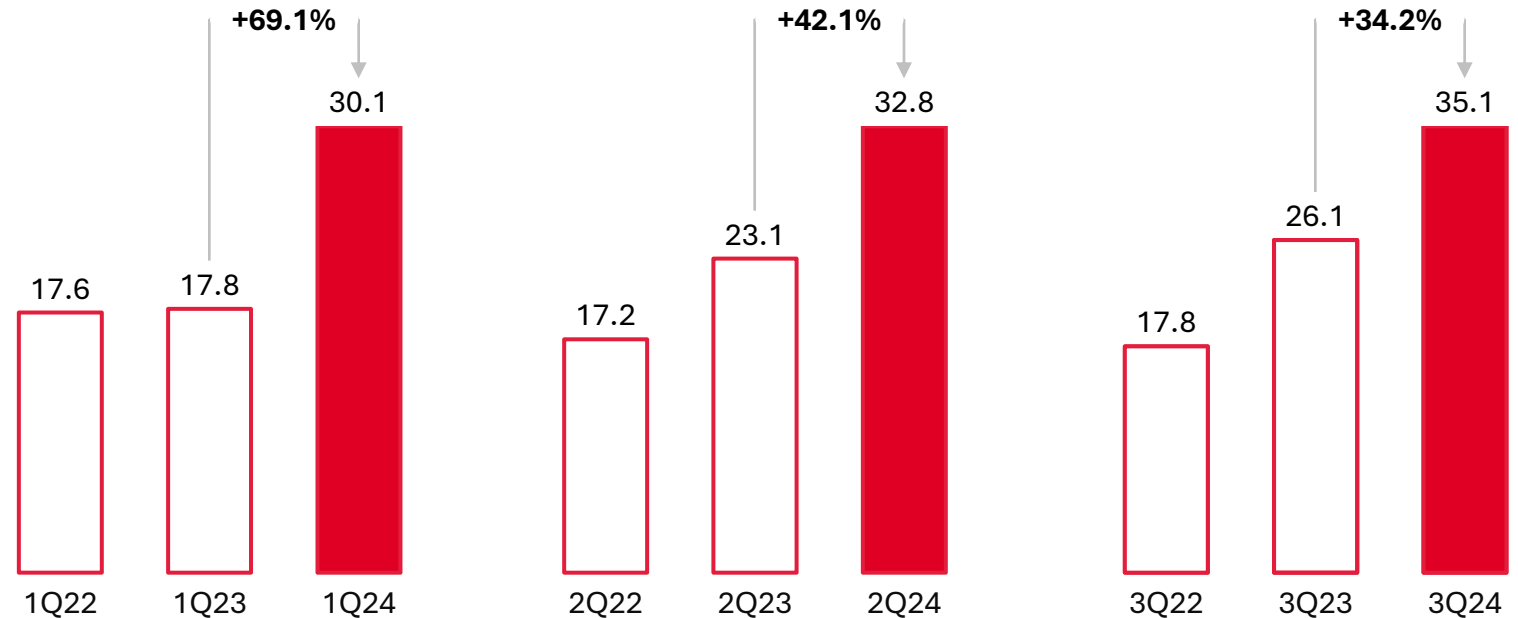
- Onboarding relevant new customers and increasing volumes from existing ones
- New large international e-sellers
- Focus on diversifying towards smaller clients¹ continued during 2023

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



Significant capture of market share

¹Clients with daily volumes below 20,000 items

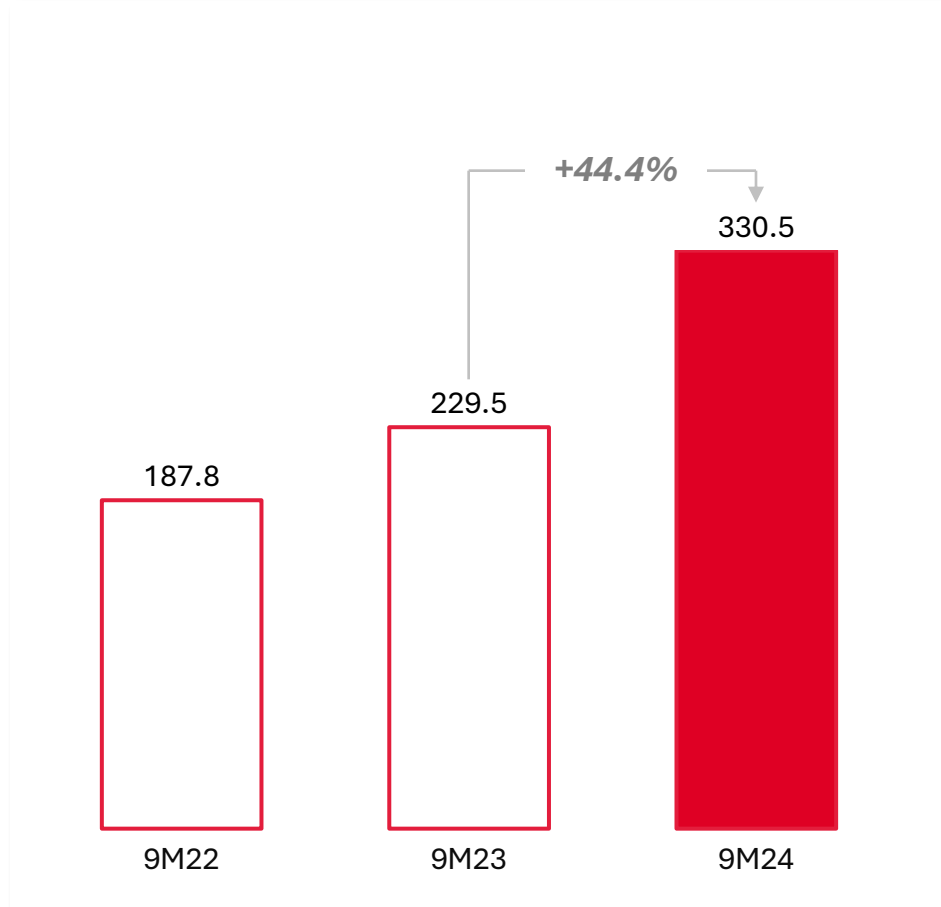
Growth is driving scale and margin expansion



EXPRESS & PARCELS | OPERATIONAL RESULTS

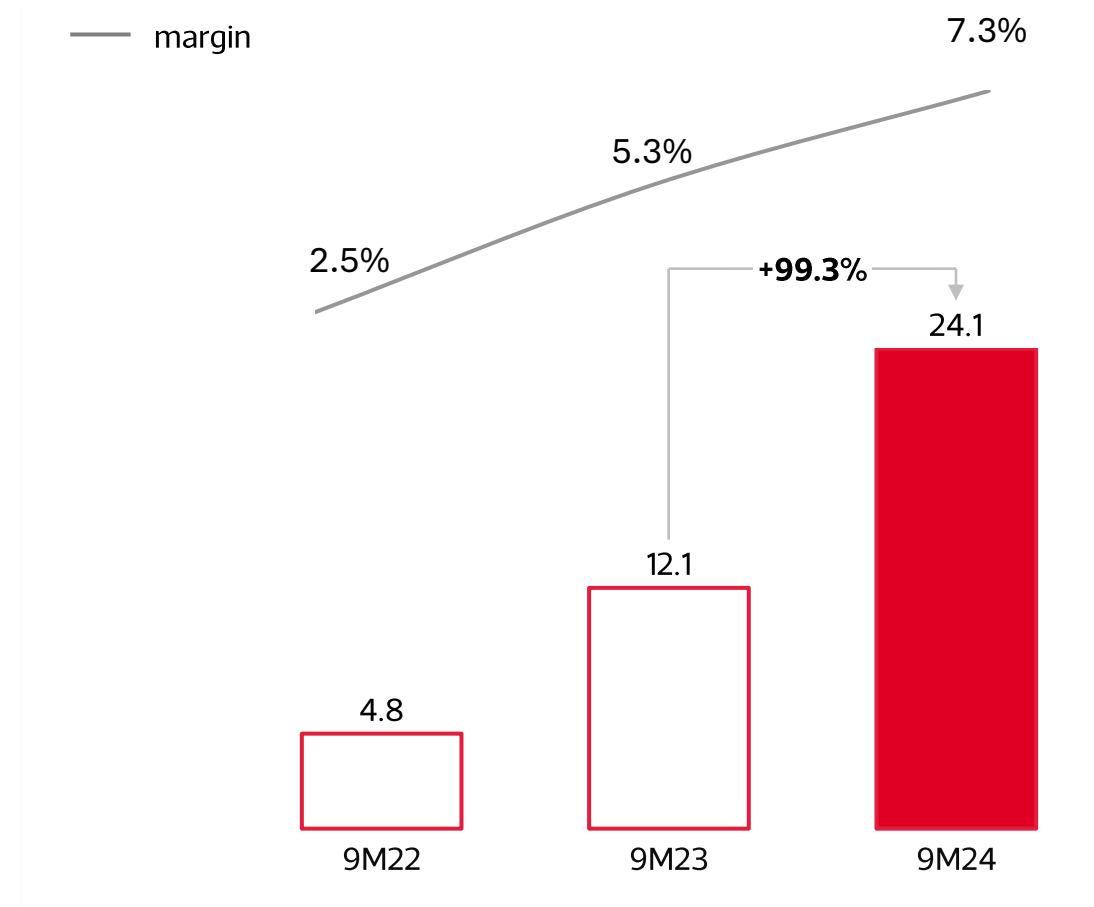
E&P | Revenues

€ million; % change y.o.y.



E&P | Recurring EBIT

€ million; % change y.o.y.



Volume growth underpinning operational leverage

Excellent organic growth legitimizes non-organic acceleration



→ **Accelerate to leadership** in Iberian e-commerce, expanding offer and strengthening customer relationship



→ **Diversify risk:** new segments (B2B) and presence in the value chain (customs clearance)



→ **Effectively attack** the international segment, one of the growth engines of e-commerce



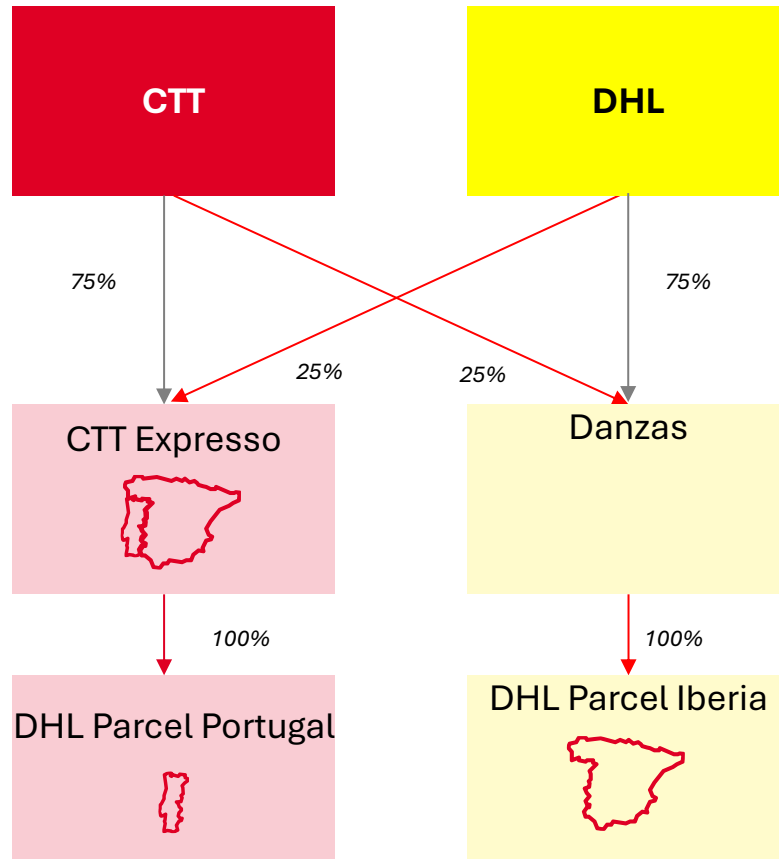
→ **Enhance future opportunities**, benefiting from the incorporation of new skills



Partnership structure to maximise focus on execution



EXPRESS & PARCELS | PARTNERSHIP WITH DHL



Structure

- Acquisition of 100% of DHL Parcel Portugal by CTT Expresso
- Acquisition of 25% indirect stake in DHL Parcel Iberia by CTT, through its sole shareholder Danzas
- Acquisition of 25% of CTT Expresso by DHL group

Operating model of the joint venture

- CTT Expresso
 - operates B2C and B2B in Portugal
 - operates B2C in Spain
- DHL Parcel Iberia operates B2B in Spain

Valuation

- DHL Parcel Portugal valued at an Enterprise Value of €12 million
- DHL Parcel Iberia valued at an Enterprise Value of €106 million
- CTT Expresso valued at an Enterprise Value of €482m
- Value levers for CTT and DHL, not included in the Enterprise Value, with a net amount of €15m, to be paid by CTT in favour of DHL
- **Cash contribution from DHL, for Phase 1 transaction amounts to €69¹m assuming debt free/cash free²**

Call Option scheme (exercise following close of FY27 accounts)

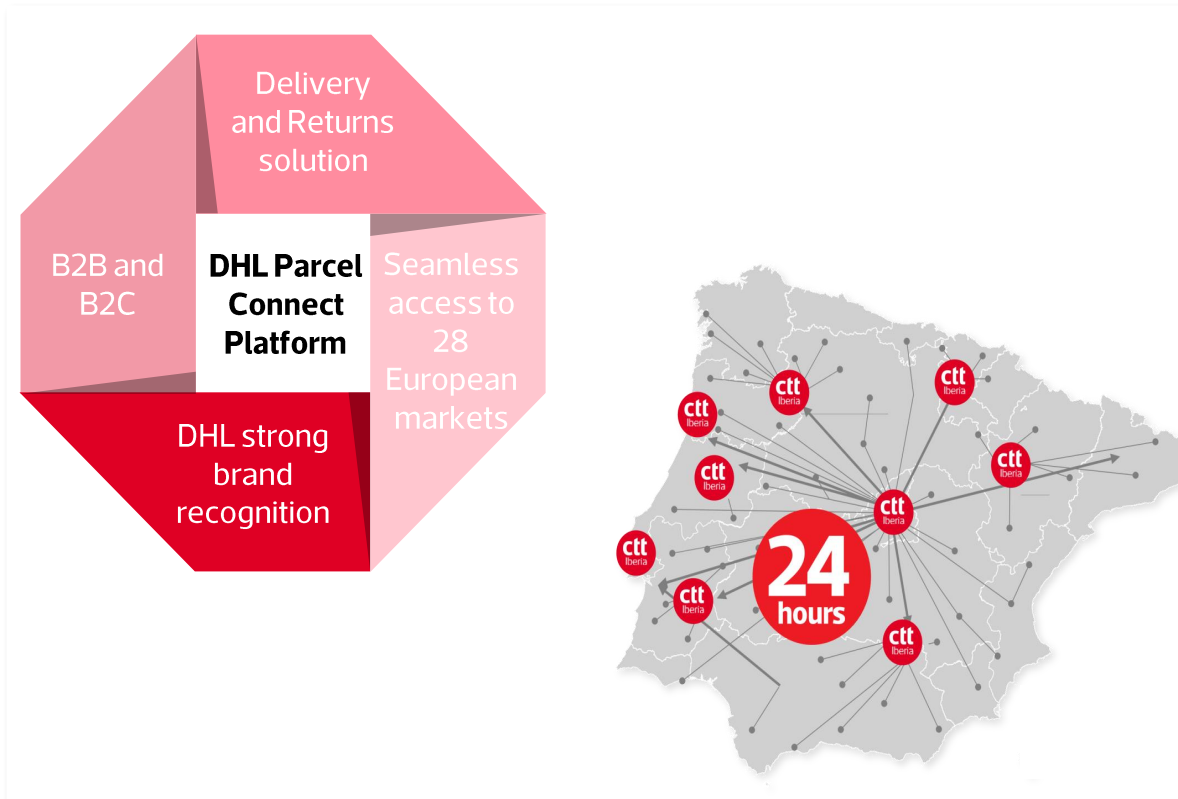
- CTT and DP International are granted options, upon the fulfilment of certain conditions³ related with operational performance, to increase their minority stakes up to 49%.

¹May be adjusted at closing; ²This amount does not consider the acquisition of Cacesa by CTT Expresso; ³Trigger: Consolidated FY 2027 EBIT of the JV (Sum of the actual FY 2027 EBIT from DHL Parcel Iberia and CTT Expresso), to be above €96 million

The most comprehensive pick-up and delivery network in Iberia



EXPRESS & PARCELS | PARTNERSHIP WITH DHL



Cross Border

- ✓ Leverage inbound flows combining DHL's cross border expertise with CTT's wide Iberian e-commerce last mile network
- ✓ Increase share in the outbound flows using DHL international network
- ✓ Expanding full suite intercontinental offer
- ✓ CTT's sales force to push highly competitive outbound offer

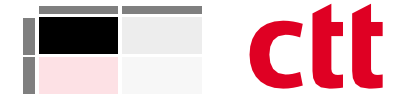
Iberian B2C

- ✓ Combination of Tier1 brand with competitive B2C operation will fuel penetration in large Iberian accounts
- ✓ Large national and international accounts with presence in Spain and Portugal as key targets in short/mid term

High complementarity

- ✓ DHL Parcel B2B revenues (~€300m/year, 75% of total sales) highly complementary to CTT's revenues which are mainly B2C
- ✓ Intra Europe cross border import and export volumes from DHL also complement CTT share on Asian cross border

Iberian JV fully equipped¹ to provide exceptional quality service



EXPRESS & PARCELS | PARTNERSHIP WITH DHL

Strong brand recognition in Portugal and Spain



~150m Parcels delivered



>1m shipments of daily processing capacity



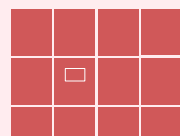
>3,300 employees



~23,000 PUDOs



~1,000 Lockers
(10,000 to be deployed over next years)



29 hubs



330 depots



Growth optionality: Cacesa

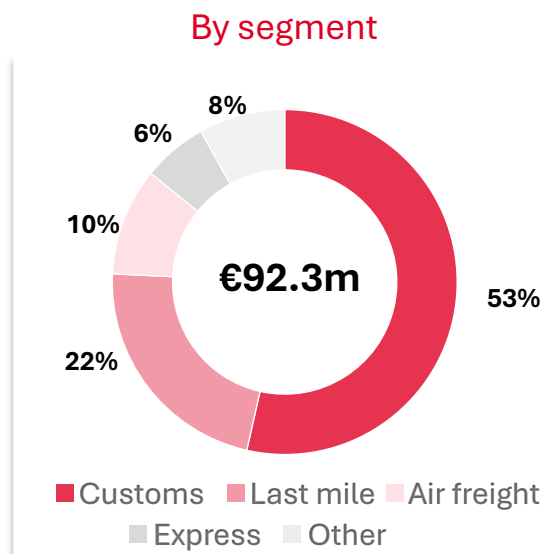
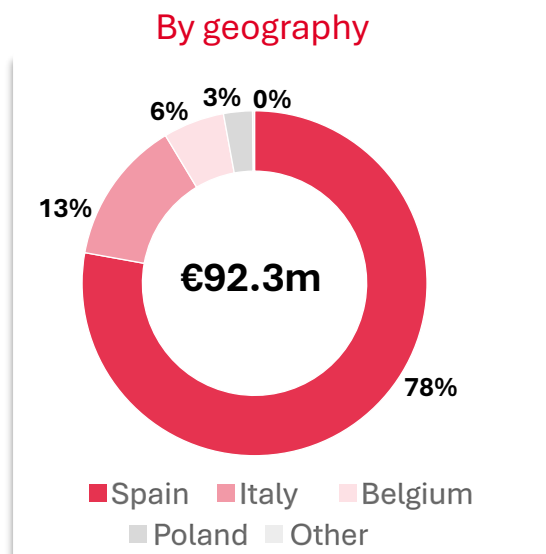


EXPRESS & PARCELS | ACQUISITION OF CACESA

Cacesa at a glance



Revenue breakdown (2023)



Fully aligned with CTT's strategic roadmap



Increase CTT's presence in cross-border e-commerce flows



Strengthen CTT's foothold in customs clearance through a well-established player



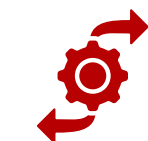
Reinforce CTT's value proposition for its customers, with a highly complementary service offering increasing loyalty



Expand CTT's geographical footprint across Europe



Visible operational synergies



Accelerate CTT's business transformation, with logistics and CEP becoming the largest contributors to the Group

¹Parcels delivered in the last mile through third party suppliers;

²Jun-24 LTM post-IFRS 16 adjustment;

³Figures post-IFRS 16 adjustment;

Strong and solid exposure to Spain, while providing further optionality

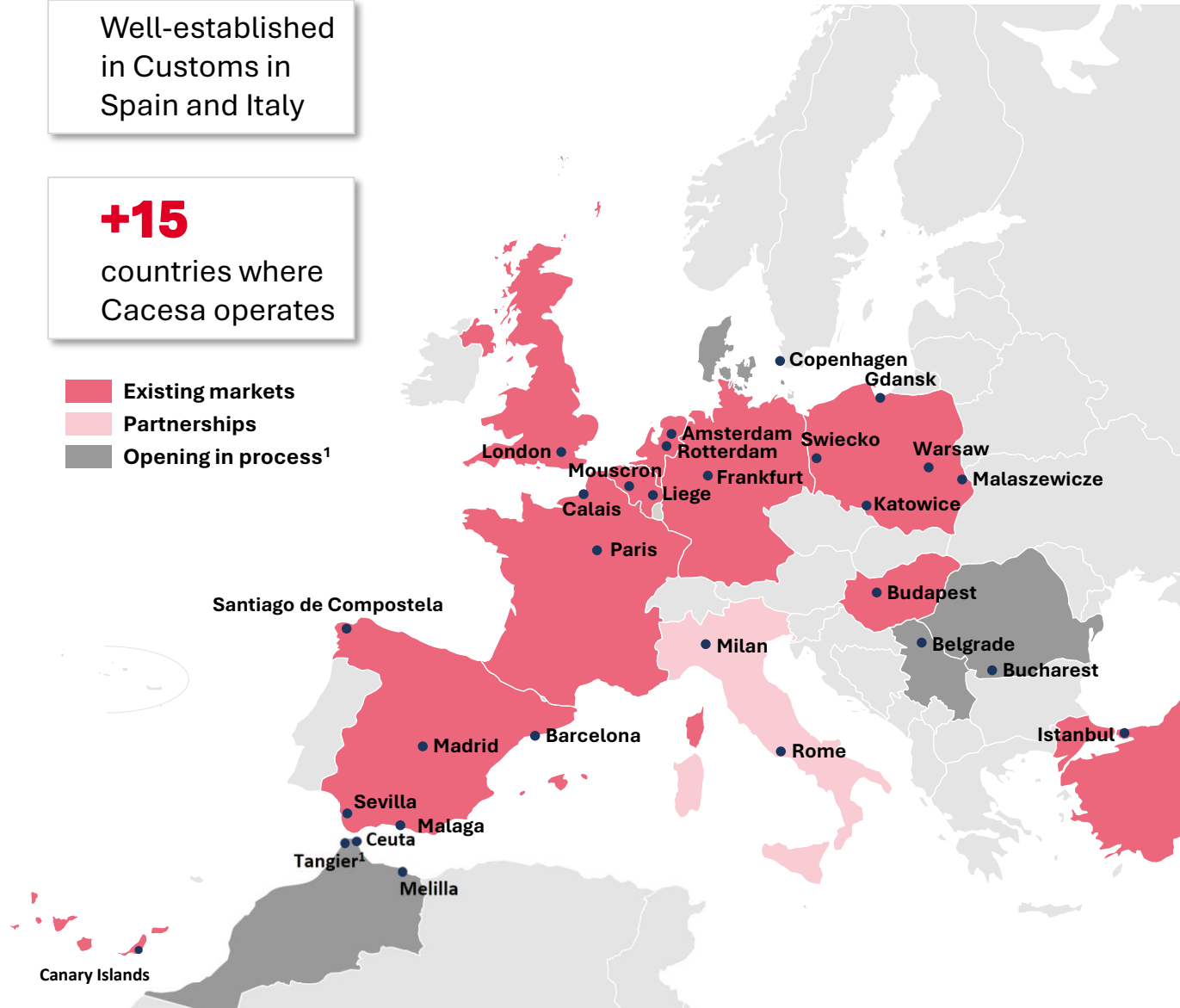


EXPRESS & PARCELS | ACQUISITION OF CACESA

Well-established
in Customs in
Spain and Italy

+15
countries where
Cacesa operates

- Existing markets
- Partnerships
- Opening in process¹



Bridging Europe and China

- China to Europe represents ~15-20% of global cross-border e-commerce orders
 - Cacesa connects Europe and China, streamlining cross-border trade and e-commerce between the two regions



Positioned for EU growth and international expansion

- Cacesa has successfully expanded across the EU and is well-positioned for further growth in existing and new markets

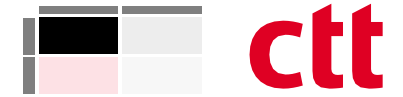


Channelling shipment flows from Spain to Canary Islands & Latin America

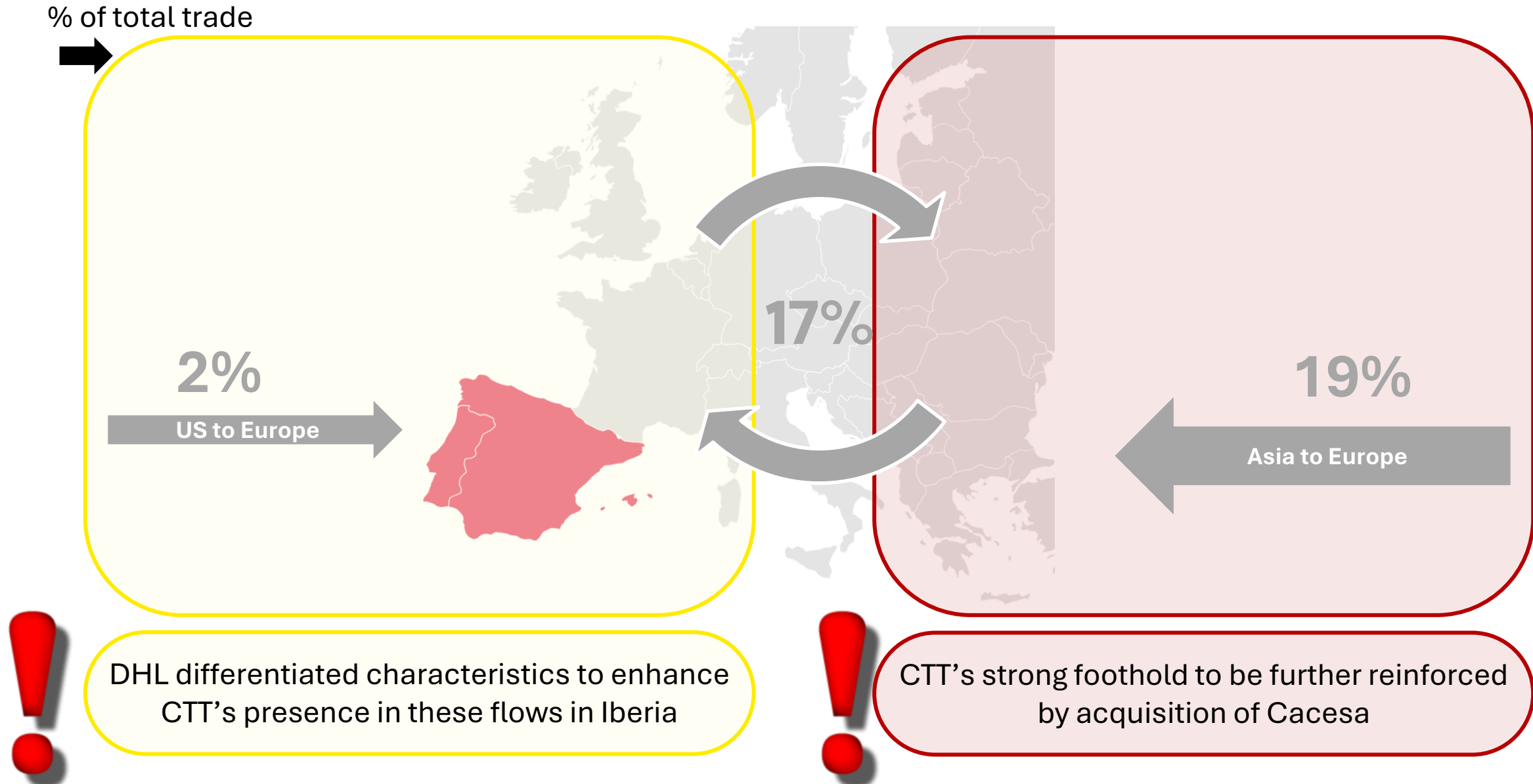
- Cacesa is specialized in air parcel shipments from Latin American expats to their home countries and express parcels exports to the Canary Islands

¹Representative offices are established in Morocco and India, with operations pending the receipt of necessary regulatory approvals

Cacesa's acquisition and partnership with DHL are complementary



EXPRESS & PARCELS | MARKET OPPORTUNITY



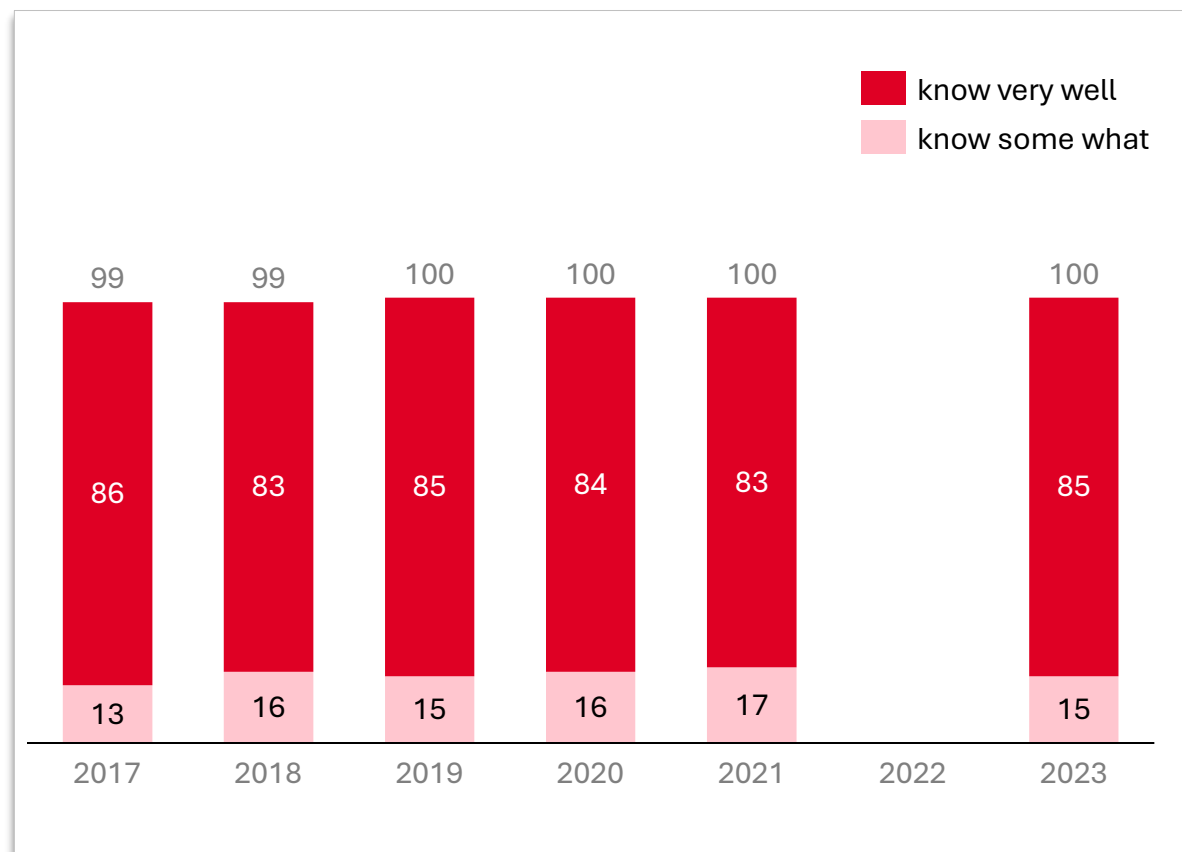
Banco CTT: our second growth area



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

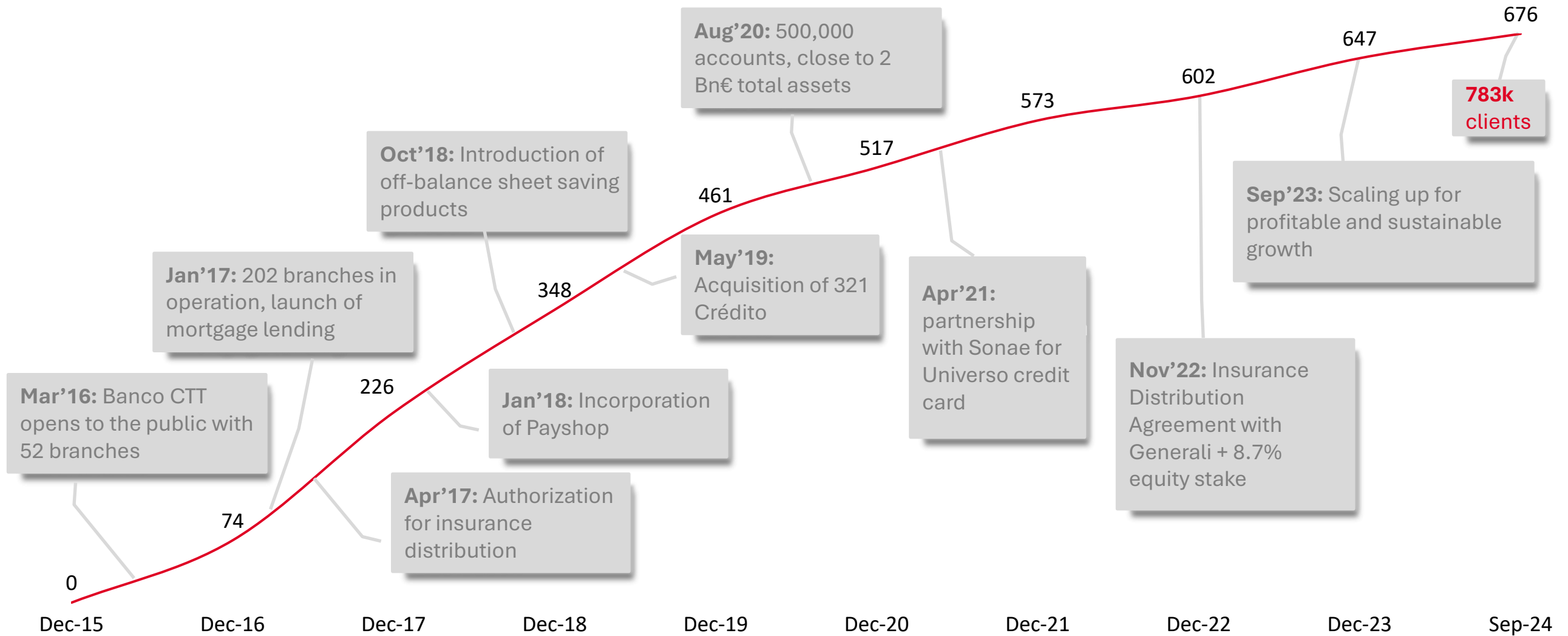
>80% share in the placement of public debt

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

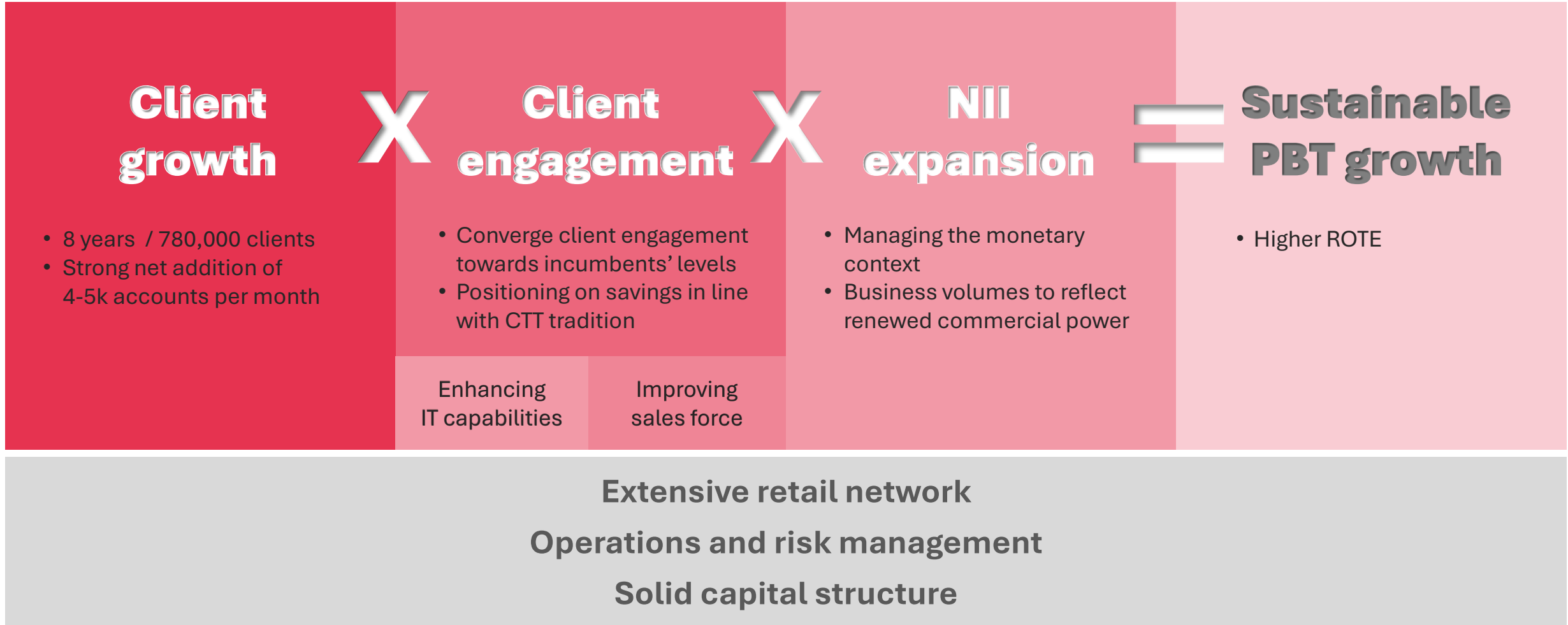
Banco CTT is the fastest growing banking franchise in Portugal



BANCO CTT



From zero to more than 780 thousand clients in 8 years



Business volumes and increased engagement enable growth

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

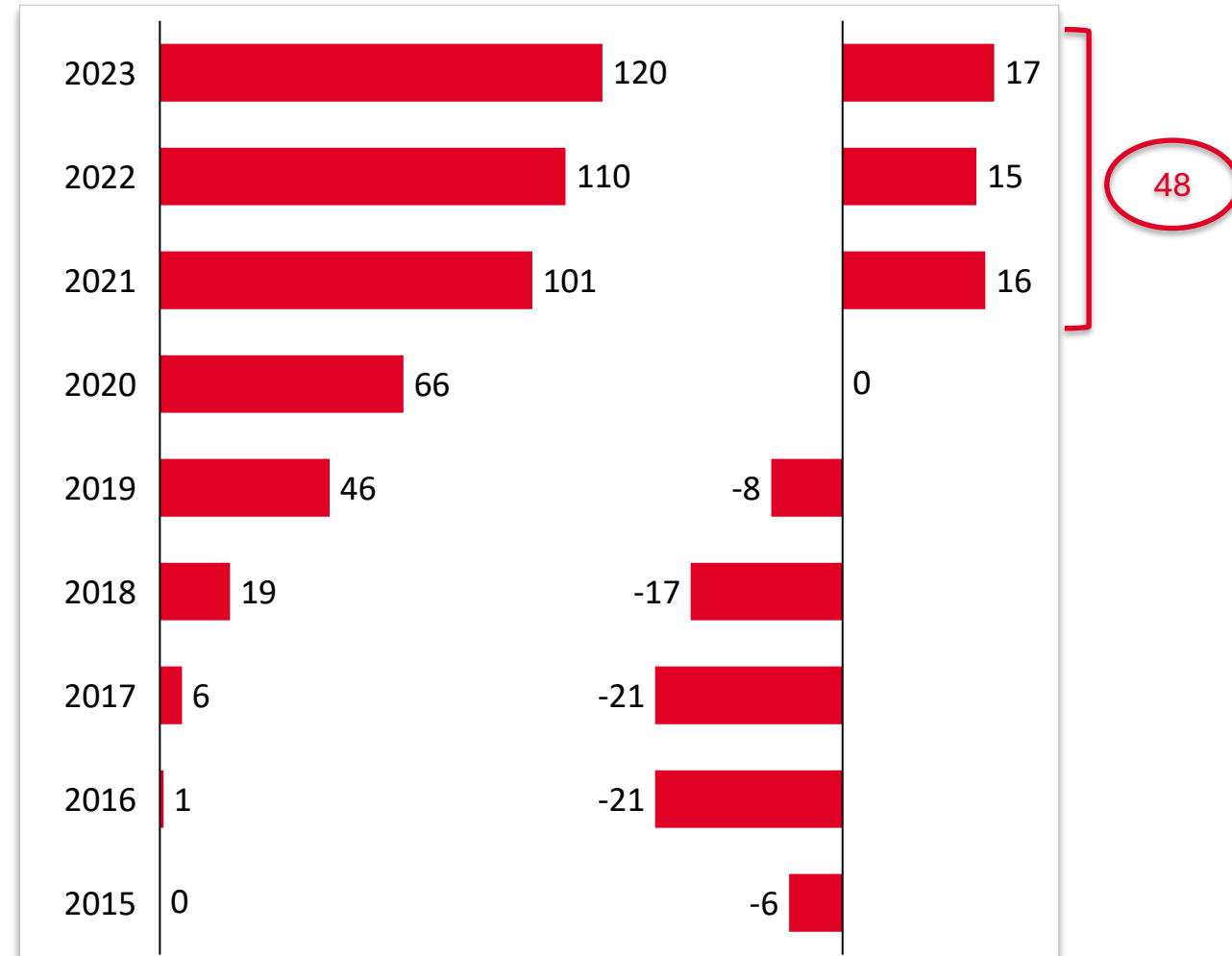
€ 4,970 m deposits & off-balance AUM's

Enlarge the credit book (including acquisition of 321C)

€ 1,812 m retail credit book³

Operating Income^{1,2} and Net Income¹ of Banco CTT

€ million



... enabled fast growth and achieving profitability

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

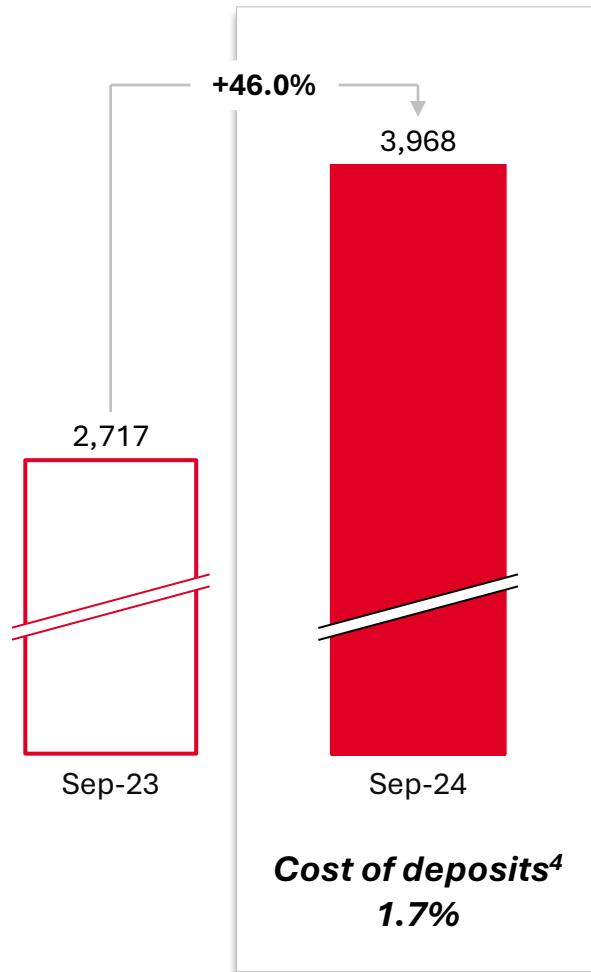
Improved client engagement driving growth and profitability



BANCO CTT

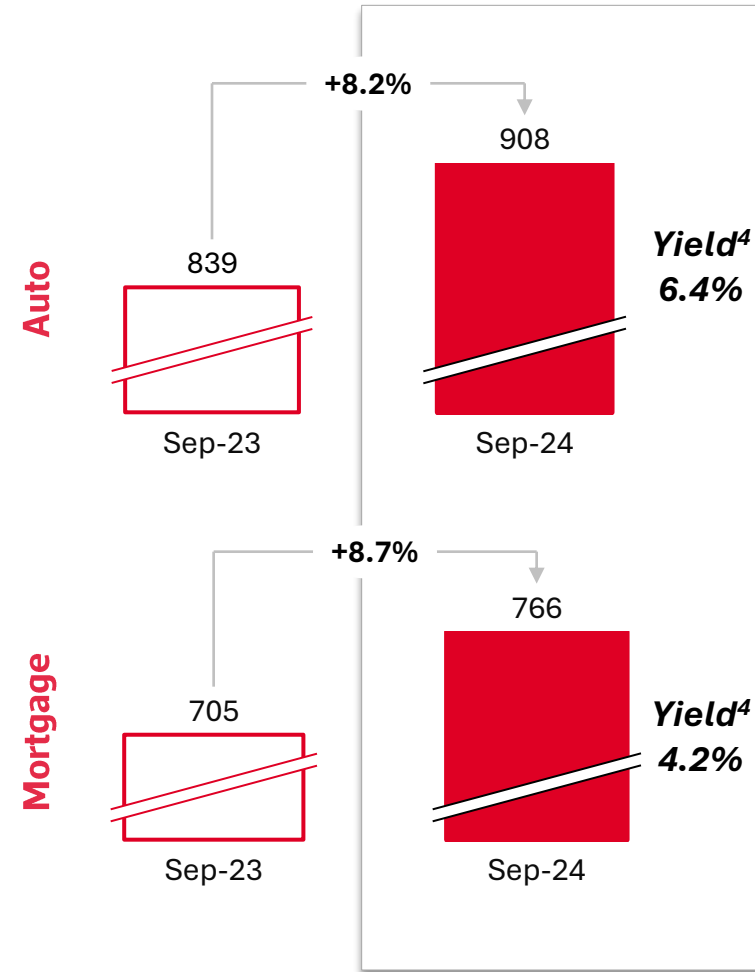
Customer deposits¹

€ million, EoP



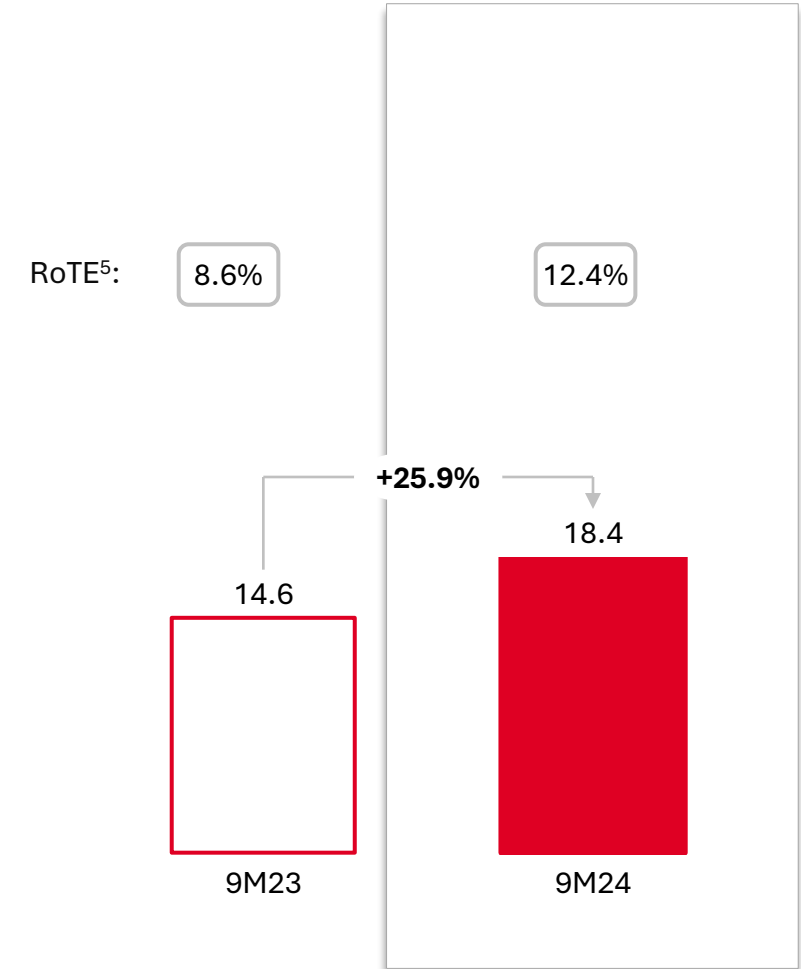
Loans volumes²

€ million, EoP



Profit before Taxes³

€ million; % change vs. prior year



¹Retail Deposits, consolidated accounts; ²Net of impairments;

³Banco CTT consolidation perimeter, excluding specific items; ⁴Cumulative; ⁵Recurring 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.

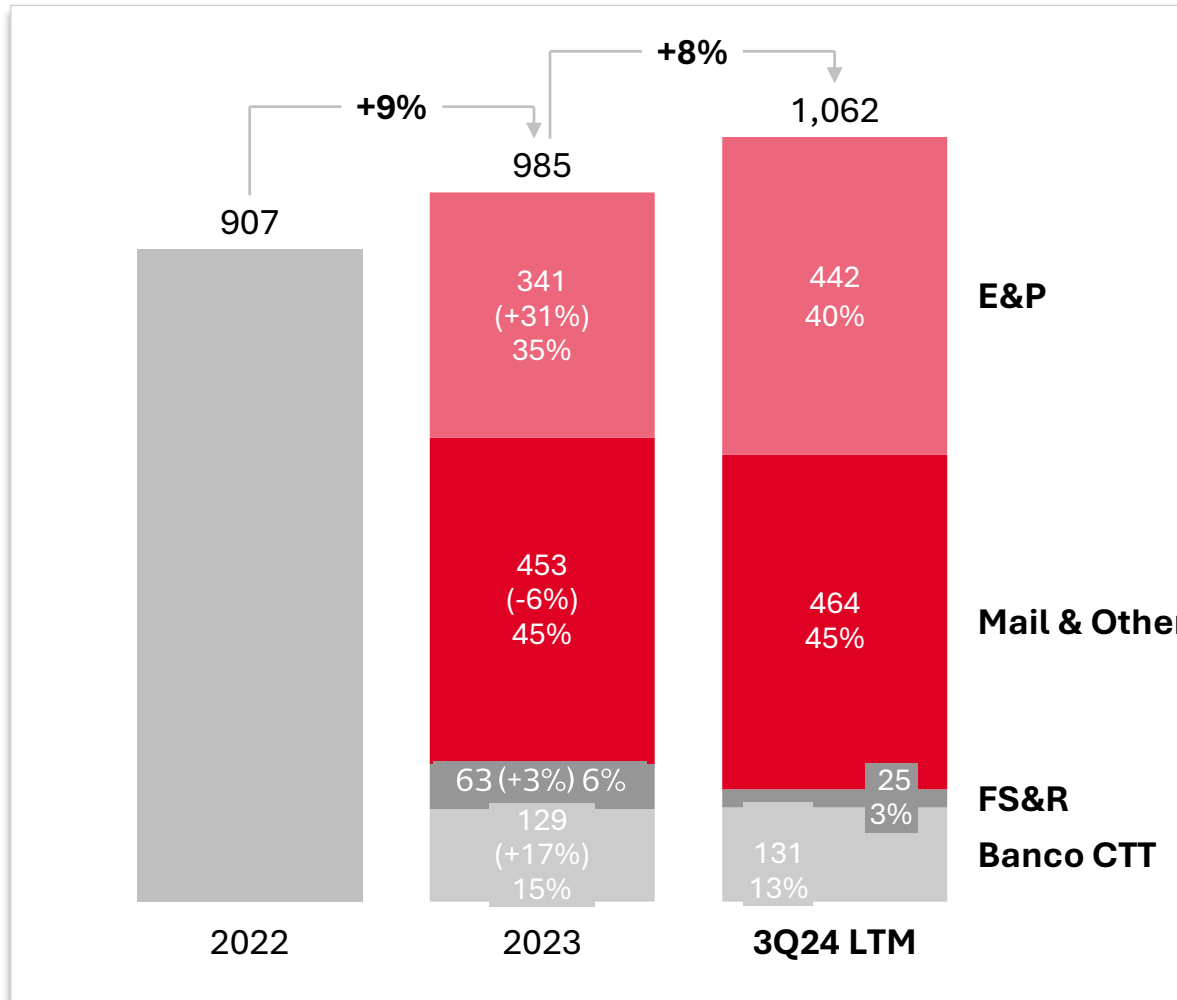
A balanced and highly synergic portfolio



CONSOLIDATED VIEW

Revenues

€ million; % change vs prior year; % weight



Iberian e-commerce growth engine

After another record year, while setting the foundations to unlock further growth



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

1. Investment in business growth



Organic growth: transformation, technology, capacity and maintenance capex



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

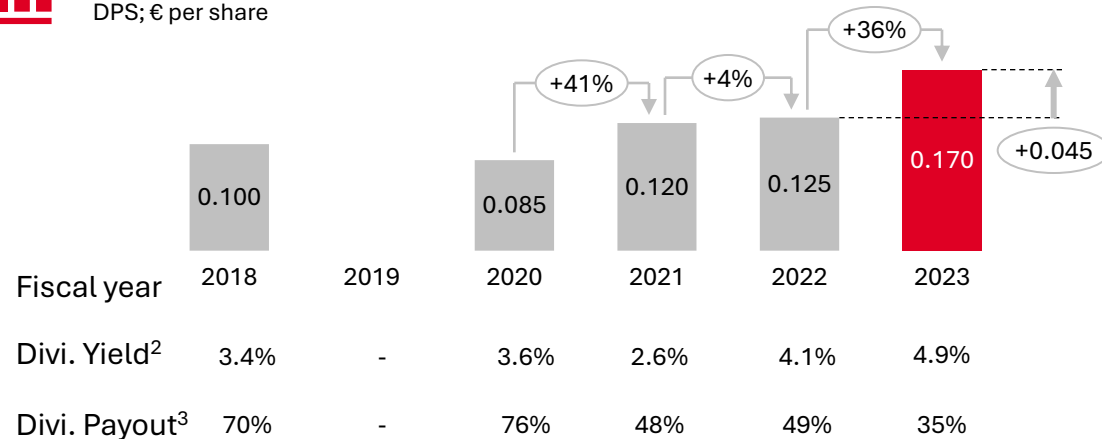
- ✓ Cacesa: Agreement to acquire 100% shareholding
- ✓ DHL e-commerce: transformational partnership in Iberia

2. Attractive shareholder remuneration



Recurrent dividends¹

DPS; € per share

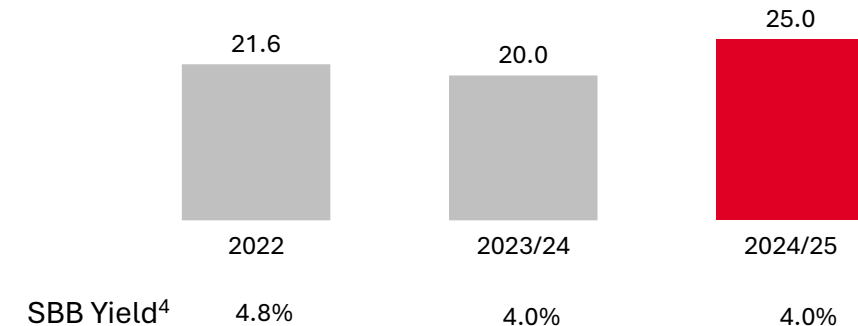


- ✓ Dividend of €0.17 per share proposed for the AGM of April 2024
- ✓ Fulfilling pay-out target: between 35% and 50% of net profit



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

¹For 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;

²Yield calculated taking as a reference the year end share price of each year;

³Based on individual accounts;

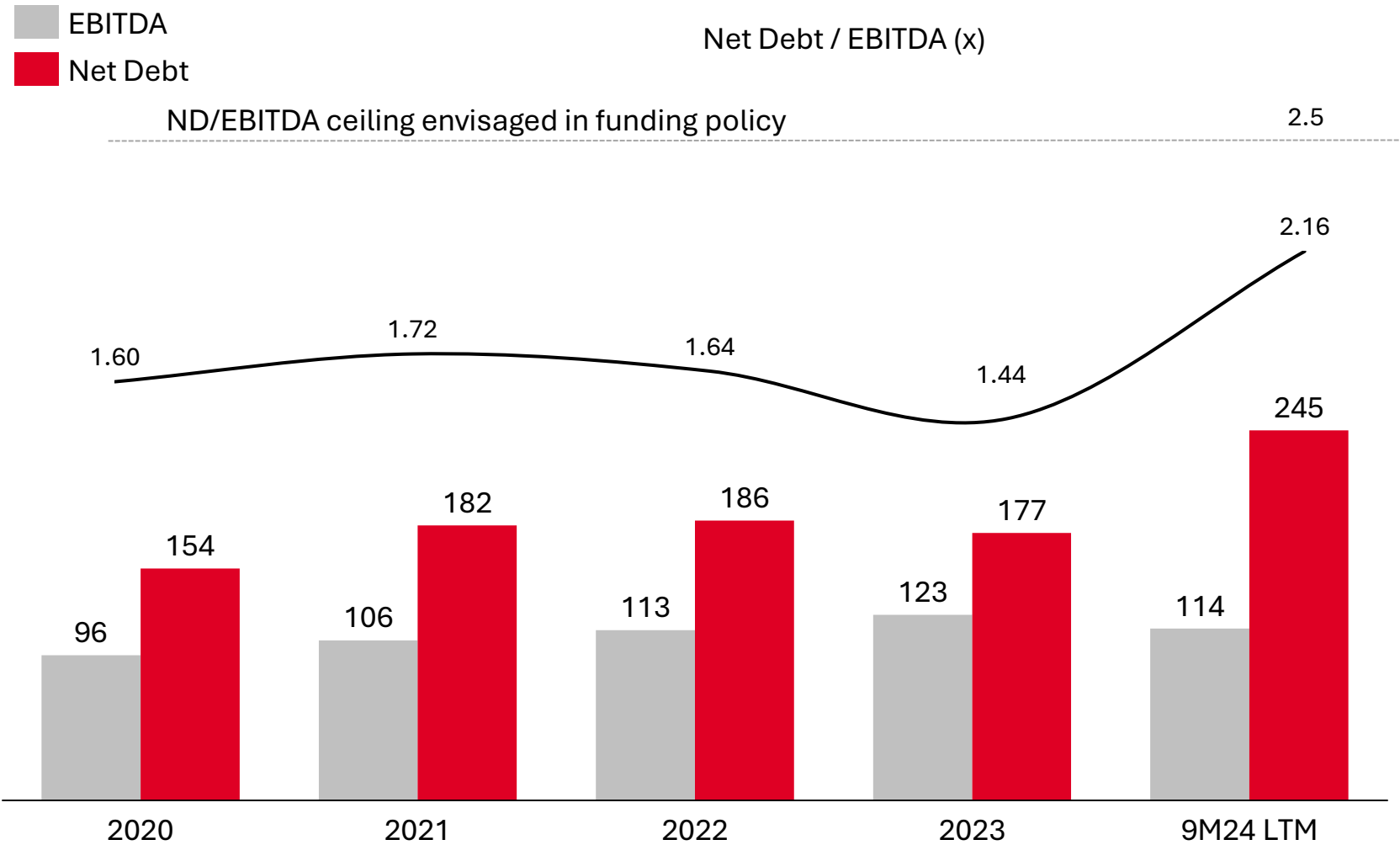
⁴Yield calculated taking as a reference the year end market cap of 2022 and 2023 respectively, and for 2024/25 the market cap at end of 1H24

Keeping balance sheet flexibility post Cacesa & DHL

FINANCIAL LEVERAGE

EBITDA and leverage with Banco CTT under equity method¹

€ million



<2.0x
Post Cacesa and DHL

- Consolidated indicators**
- ✓ FCF: €38m
 - ✓ EBITDA: €147m
 - ✓ Net Debt: €3m

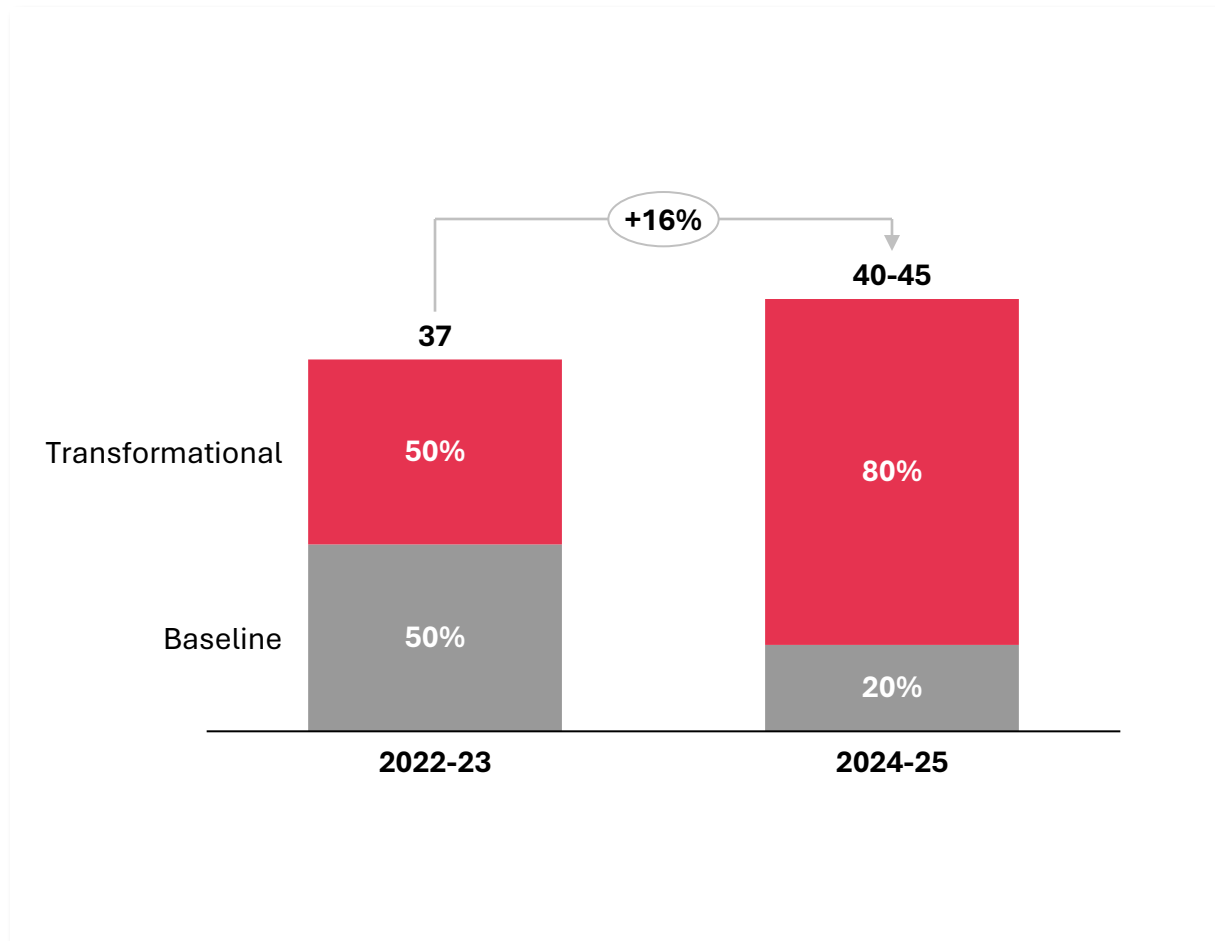
¹Includes Payshop, which was previously part of Banco CTT

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**

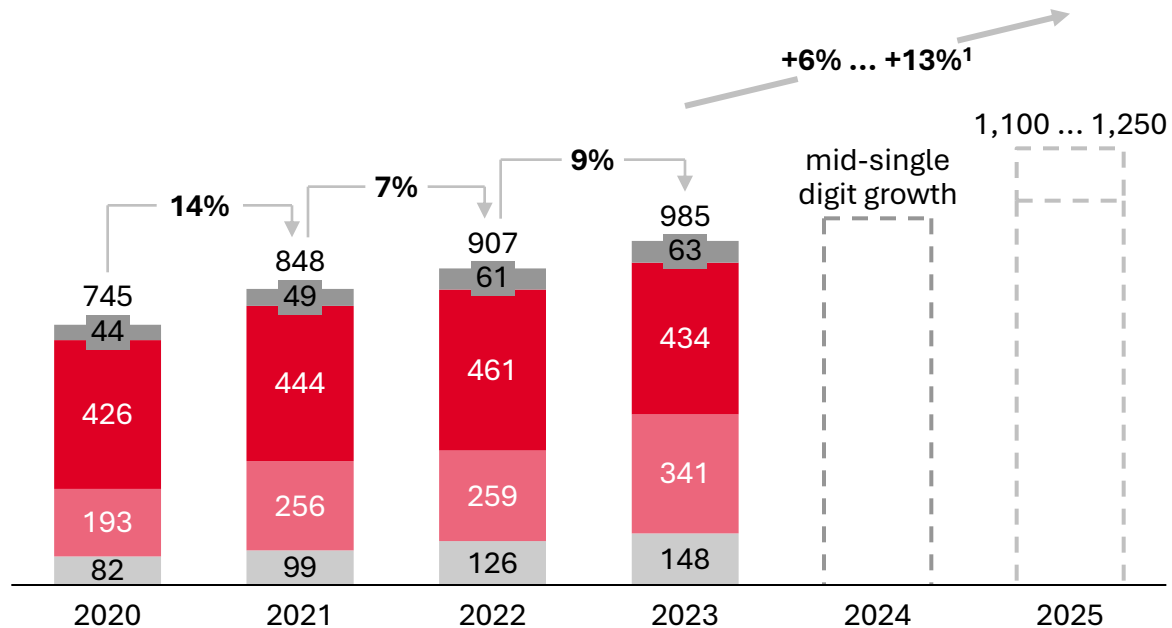
¹Transformational includes Express & Parcels, Financial Services & Retail, Banco CTT and Business Solutions.

Growing revenues and EBIT



Revenues

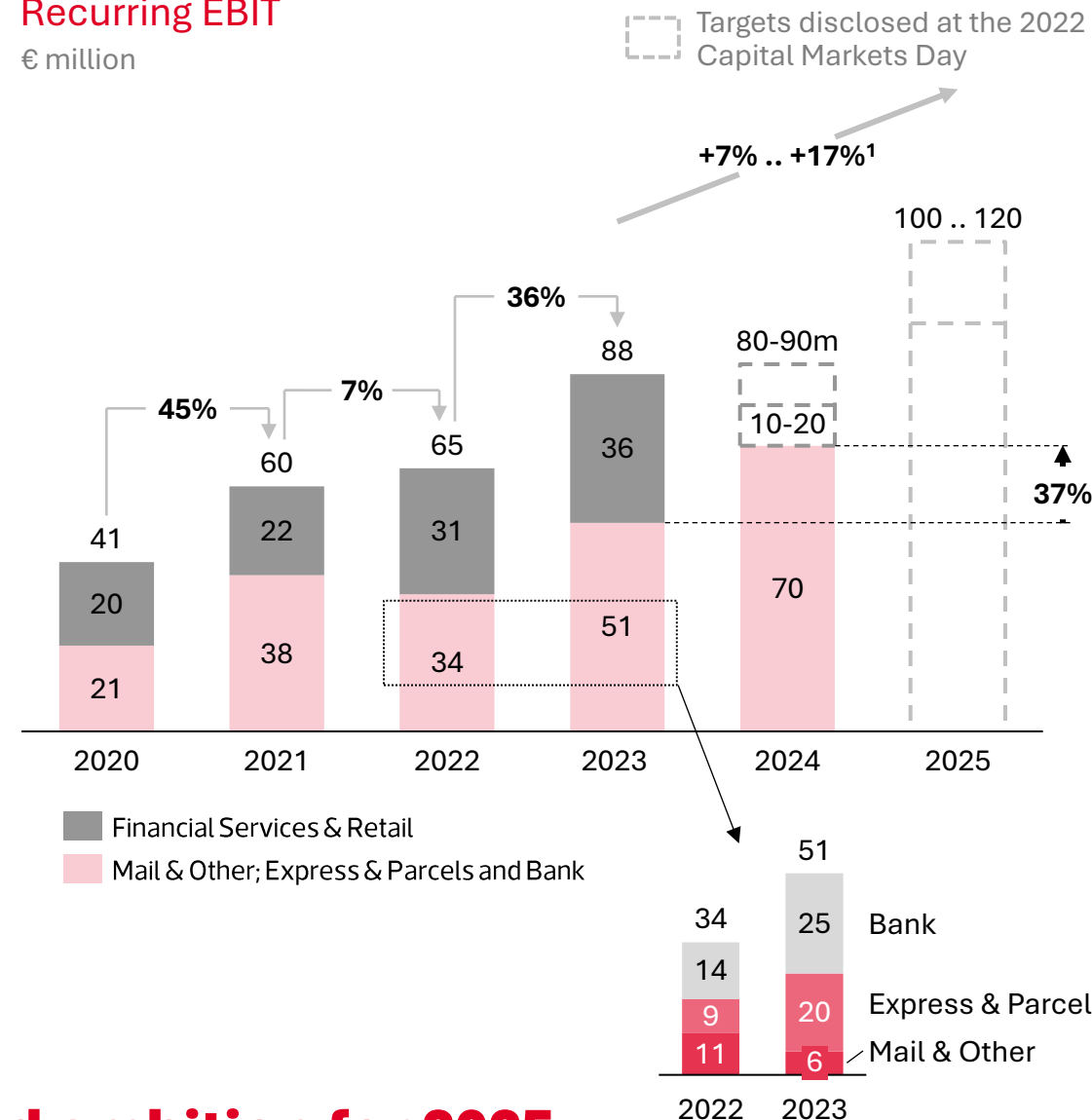
€ million



- Financial Services & Retail
- Mail & Other
- Express & Parcels
- Bank

Recurring EBIT

€ million



Towards the CMD guided ambition for 2025



Express & Parcels

Fastest growing e-commerce logistics player in Iberia

- 4th largest e-commerce market in Europe with strong growth leveraged by market convergence
- Market share expansion based on quality, commercial proactivity and differentiated new services
- Margin expansion via operational leverage of previous investments

Cacesa and DHL transactions to fuel further growth in e-commerce logistics

- Doubling the opportunity in cross-border e-commerce flows: Asian, US and intra-Europe
- Strengthen foothold in customs clearance through a well-established player
- Fuel penetration in large Iberian accounts



Banco CTT

Fastest growing retail Bank in Portugal

- Sizeable and growing client base
- Growing business volumes through increased engagement with clients



Financial Services



Mail

Profitability segments

- Continued broadening of services offer while benefitting from normalized debt placements
- Aiming at stabilising Mail revenues via price increases and product mix, while offsetting cost inflation through efficiency measures



Balance Sheet & Future Prospects

Solid balance sheet and growth prospects

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

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We make our path fully
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