



Annual General Meeting 2022

ctt

faster, better and greener

21 April 2022



*2021 in a
nutshell*

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**faster, better
and greener**



New concession framework improves predictability and allows for partial compensation¹ of prior years; 6.8% average price increase of universal postal services in 2022



Business services are driving revenue growth and strengthening commercial activity



Spain continues to drive growth of Express & Parcels, significantly anticipating its turnaround plan with a positive EBITDA in the year



Transformation of operations is positively impacting cost structure in a consistent manner



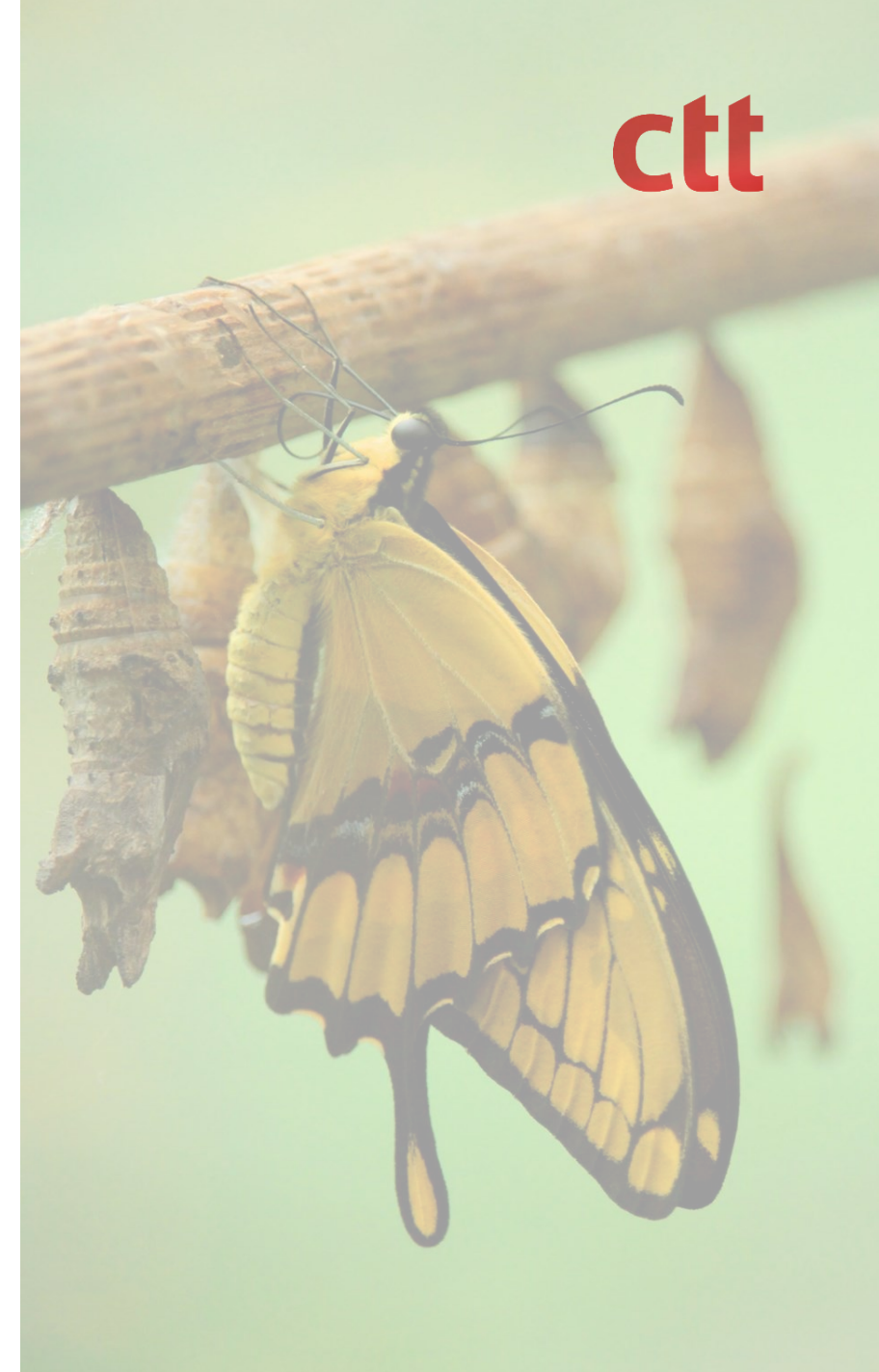
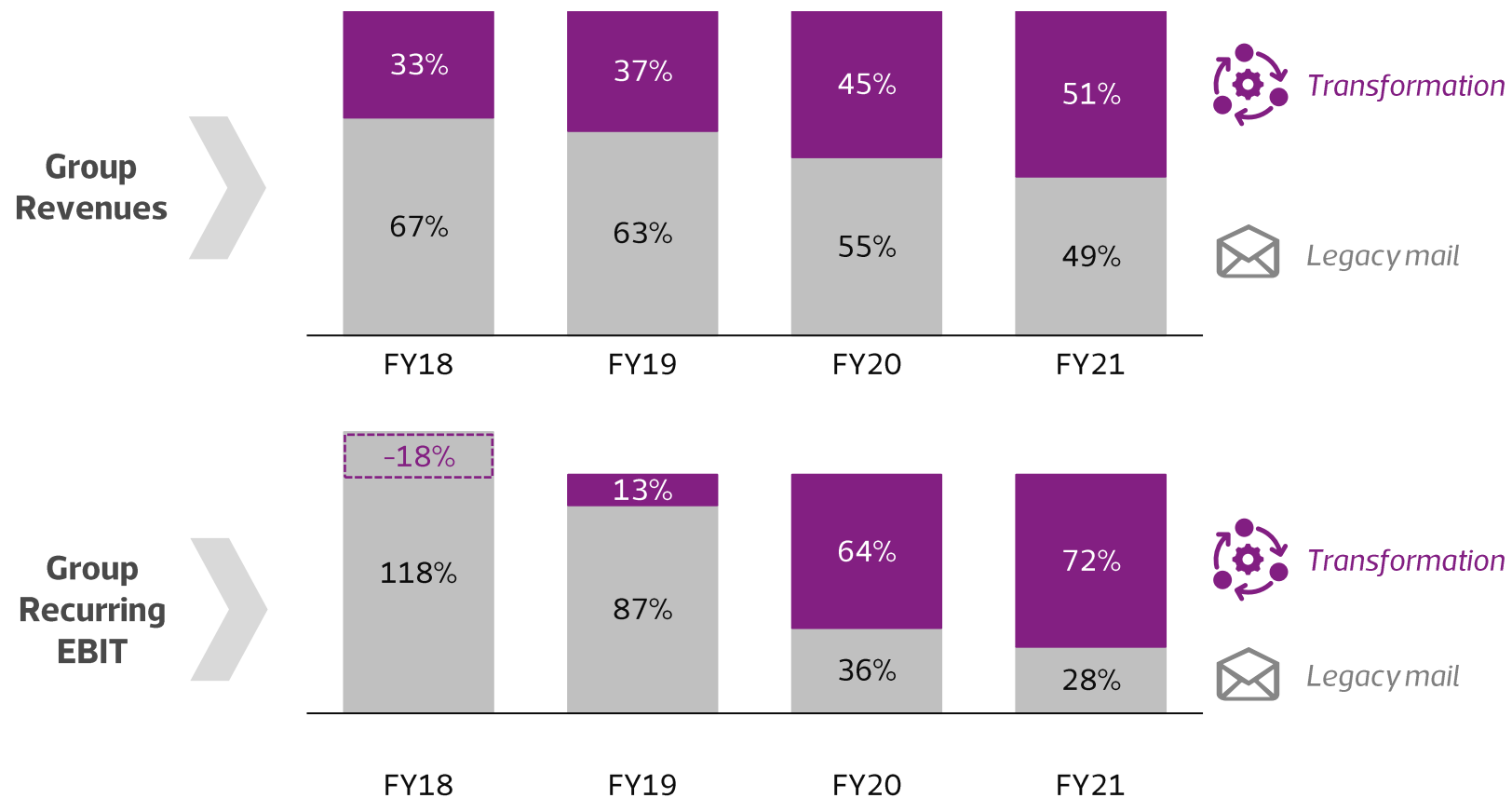
Banco CTT continues its growth path on the back of consumer credit



Proposed dividend of €0.12 per share, subject to approval in this AGM, payable in May 2022
Share buyback of €18m (equivalent to 2.8% market cap²) reiterating CTT's commitment with shareholder remuneration

Significant transformation by increasing exposure to growing businesses

Group CTT – Legacy¹ vs. Transformation²



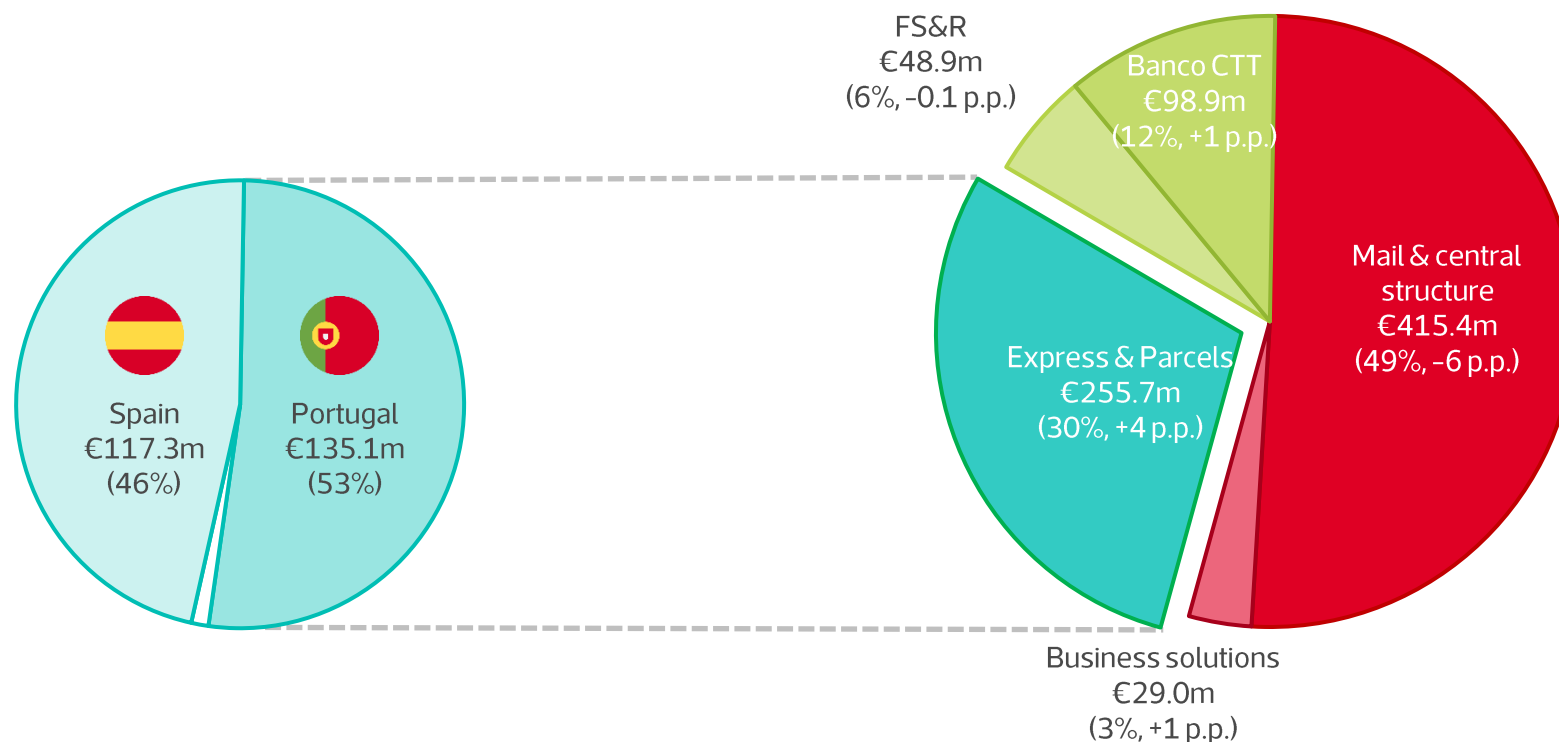
¹Mail & Other excl. business solutions; ²Express & Parcels, Financial Services & Retail, Banco CTT and business solutions

CTT positioned to be the leading integrated Iberian player



Group CTT – FY21 Revenues breakdown

€ million; weight (%); weight percentual point change vs. prior year



Importance of Iberian presence

Iberian flows are significantly relevant in Portugal

- **29%** of CEP Portuguese international market 2019 (which represent >50% of total CEP market in Portugal)¹
- **22%** of Portuguese exports in 2020²
- **30%** of Portuguese imports in 2020²

Iberian flows are relevant for our clients

- **46%** of clients in Portuguese market send items to Spain¹
- **33%** of clients in Spanish market send items to Portugal¹

The Iberian market is increasingly seen as whole

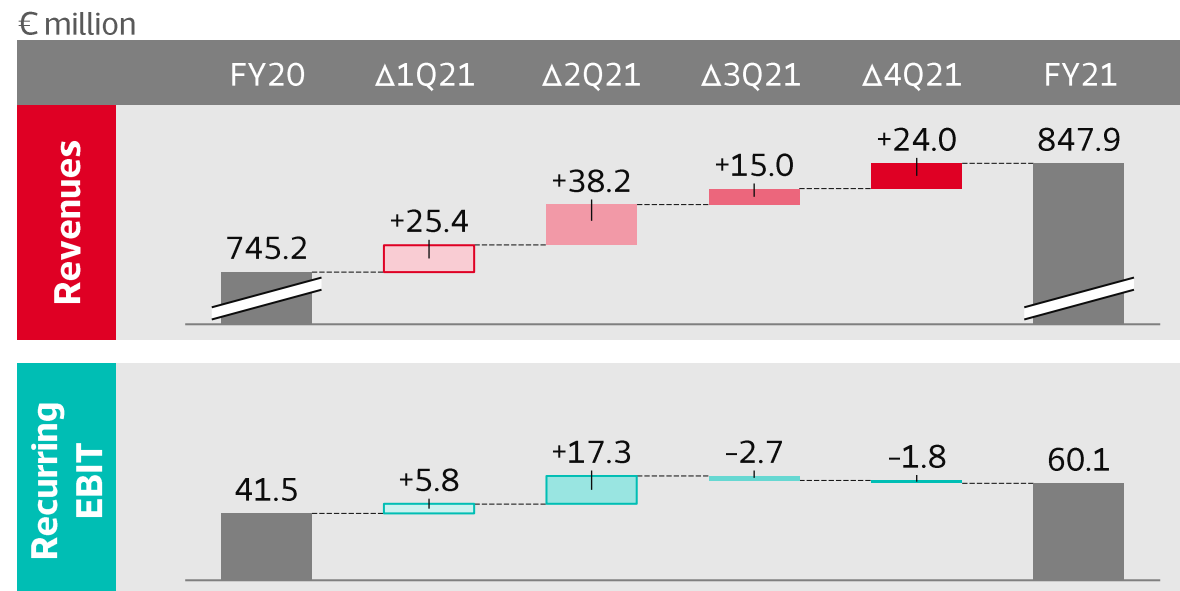
- **c. 50%** of CTT clients in Spain contract a single CEP operator for shipments in Portugal and Spain¹

Transformation driving consistent revenue growth



Revenues **€847.9m**

Recurring EBIT **€60.1m**



Mail & other¹

Revenues	Recurring EBIT
€444.4m (+4.3%)	€17.7m (+10.6%)

Express & Parcels

Revenues	Recurring EBIT
€255.7m (+32.5%)	€12.4m (>>)

Financial Services & Retail

Revenues	Recurring EBIT
€48.9m (+11.0%)	€21.8m (+6.4%)

Banco CTT

Revenues	Recurring EBIT
€98.9m (+20.4%)	€8.2m (+70.0%)

¹Including Business Solution and Central Structure



eco ctt

*Strategic &
operational
review*

ctt

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and greener

OUR PURPOSE

**Connect people and companies
focusing on their needs**

OUR VISION

To lead the development of e-commerce
and the support to the physical and digital presence

To be top of mind for credit, savings and insurance

THE MISSION

FOR
COMPANIES



To be the preferred business partner, promoting **e-commerce** and simplifying the **physical and digital** presence



FOR
PEOPLE



To be the easiest path for **physical communication** and essential **financial services**

EXECUTING

THE MISSION

FOR COMPANIES



- > Shaping e-commerce development
- > Leading in combining physical and digital

FOR PEOPLE



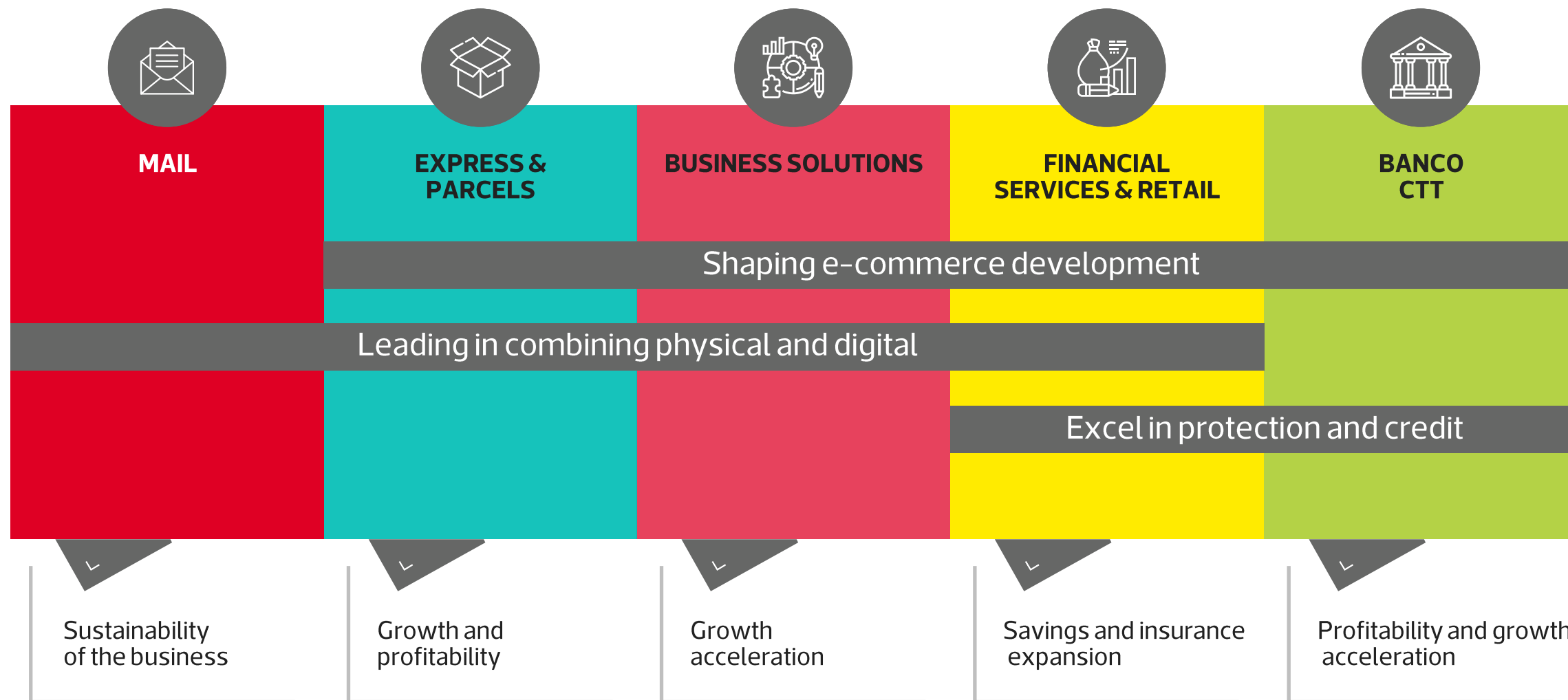
Excel in protection and credit <

FASTER

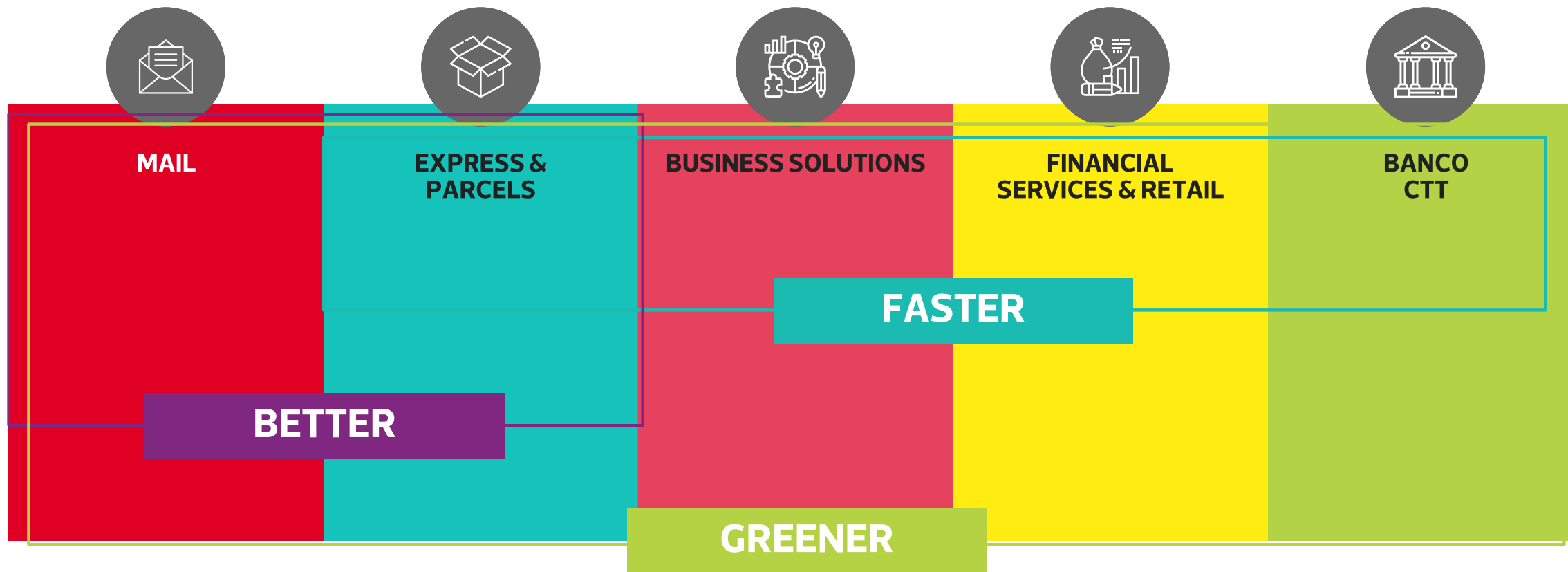
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GREENER

Business priorities targeted at achieving sustainable growth



Business priorities targeted at achieving sustainable growth



TIME FOR ACTION

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FASTER



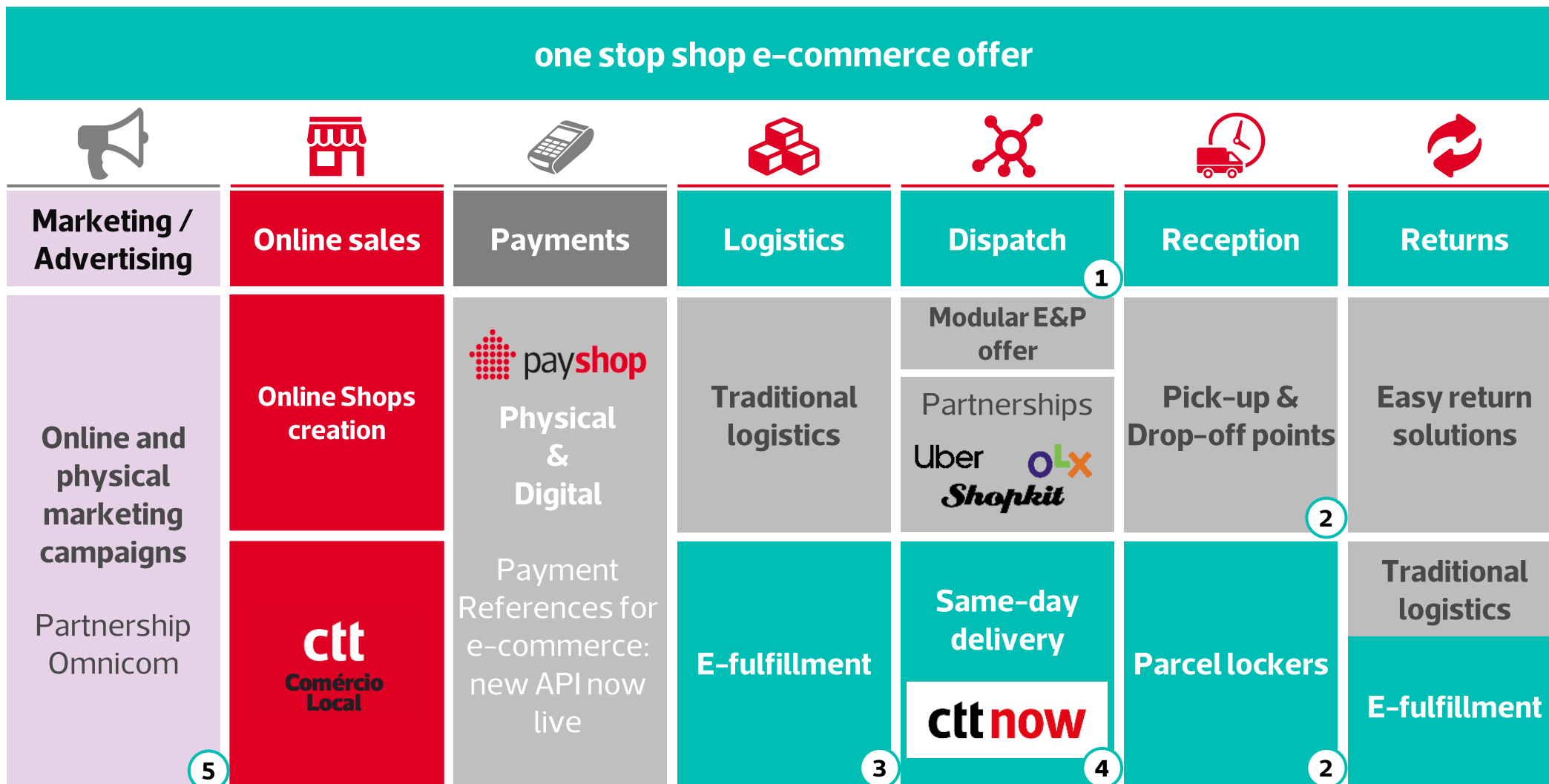
*Das pessoas
à natureza*
A nossa entrega é total

AB43UA

eco
ctt

ctt.pt
Veículo certificado
por um profissional
210473616

CTT is acting as the shaper for e-commerce growth



FASTER

1

Cargo

- New operating model of last mile B2B cargo with specialized partner
- Establishment of partnership for 2-man delivery/B2C cargo
- Revision of pricing policies to improve profitability



2

PUDOs network

- More than 2,000 PUDOs in Portugal, including innovative parcel locker network:
 - Partnership with Yun Express for the creation and management of lockers network in Portugal and Spain
 - >220 lockers and ambition to reach >1,000
 - Own locker technology and production

+ Efficiency
+ Sustainability



3

E-fulfilment

- Commercial focus on seizing B2C fulfilment, still predominantly insourced by e-tailers
- Increased capacity through new e-fulfilment centre in Palmela



4

Same-day delivery

- Deliveries in up to 2h in the main cities of Portugal
- Instant food deliveries in partnership with Zomato in Lisbon and Oporto (>300 restaurants)

ctt now



worten

zomato

5

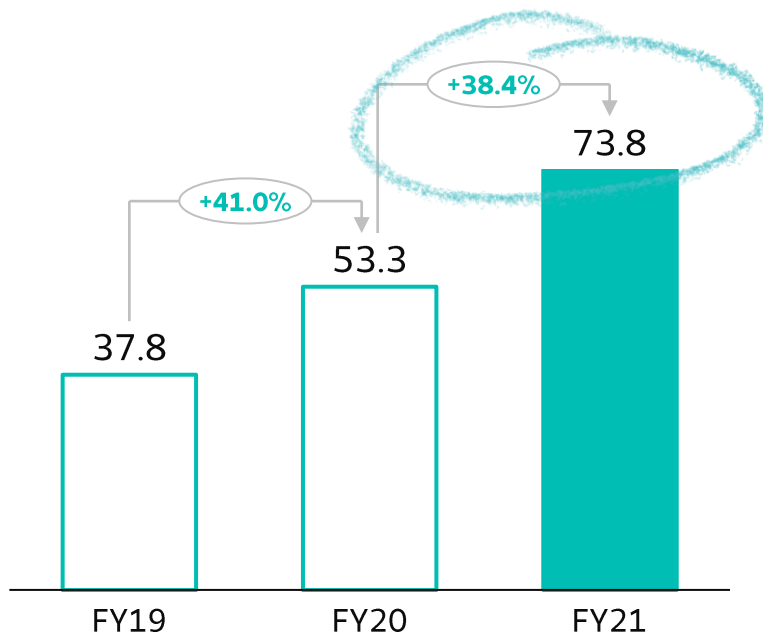
Advertising solutions

- New digital advertising solution in partnership with Omnicom Media Group
- Enables SMEs to easily create online advertising campaigns in multiple channels (e.g. searching engines and social networks)

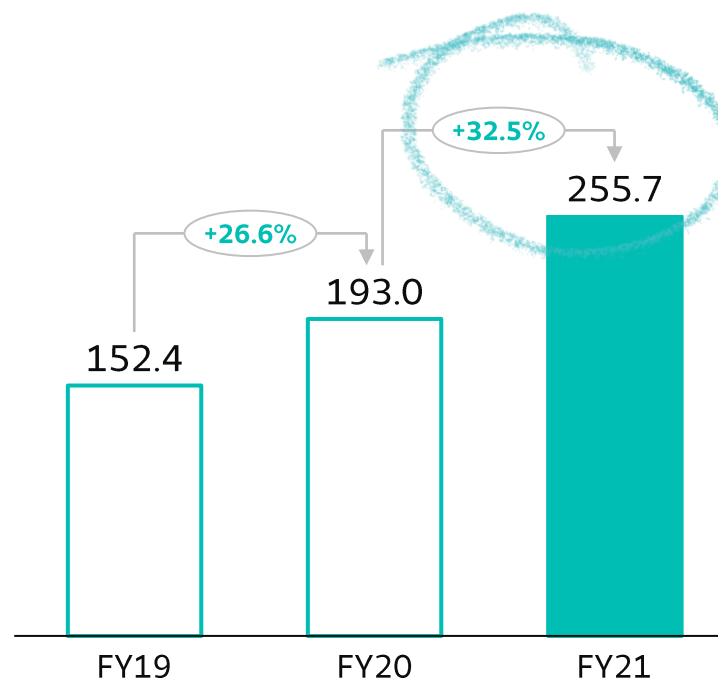
Continued growth in Express & Parcels driving improvement in profitability



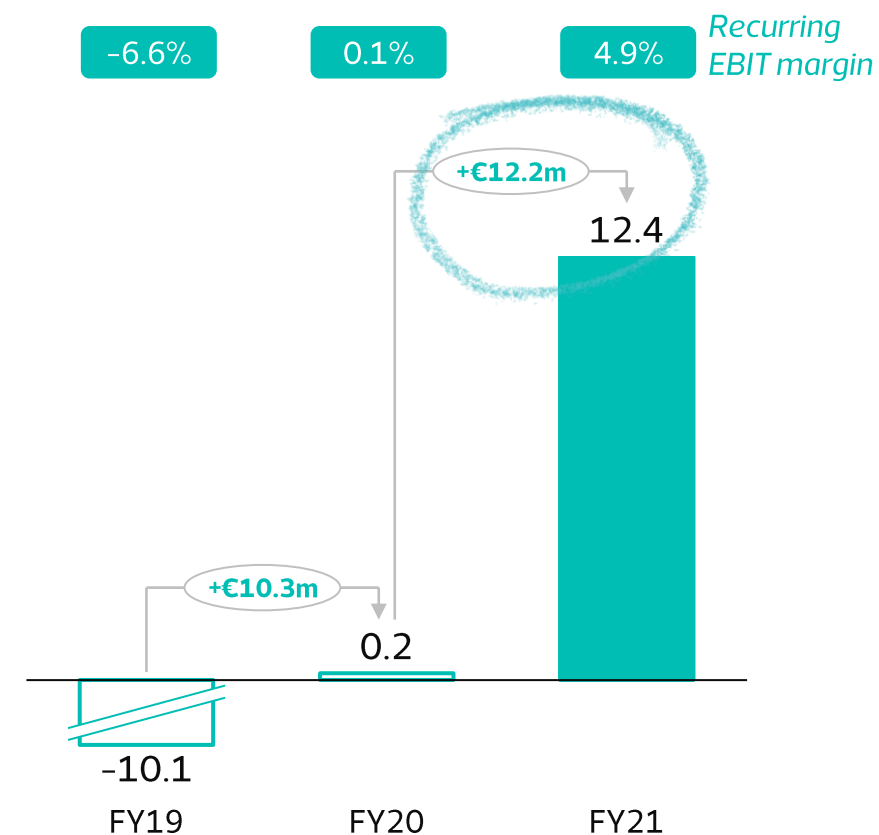
Express & Parcels Iberia¹ – Volumes
million items; % change vs. prior year



Express & Parcels Iberia¹ – Revenues
€ million; % change vs. prior year



Express & Parcels Iberia¹ – Recurring EBIT
€ million; change vs. prior year



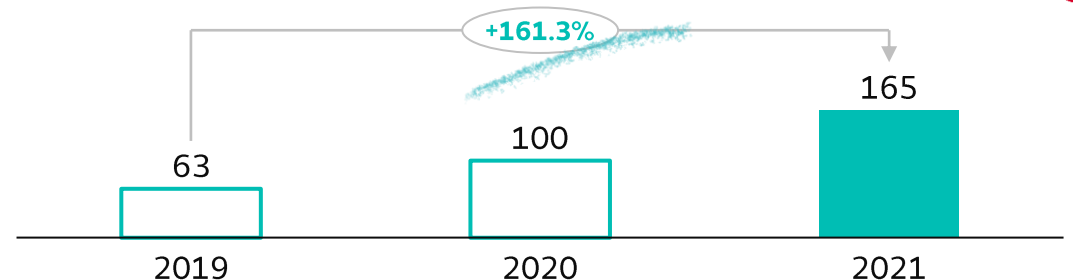
FASTER

¹includes Mozambique, contributing with 0.05m in volumes, €3.2m in revenue and €0.6m in recurring EBIT in FY21



Express & Parcels – Volumes and capacity

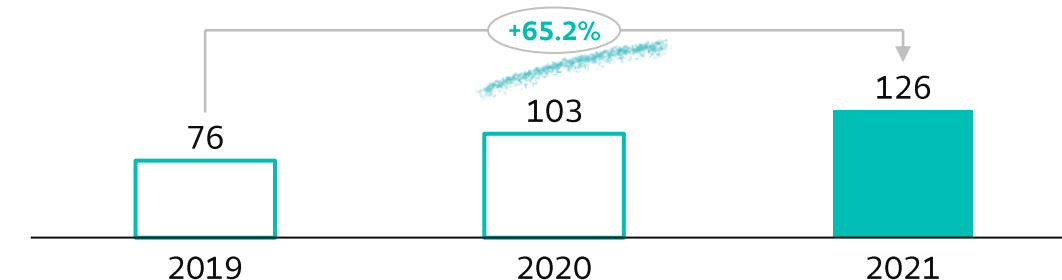
thousand items per working day



Timeline of capacity expansion in Spain:

- 2019: New sorting facilities in **Barcelona** (Aug20) and **Madrid** (Oct20)
- 2020: 26 new distribution centers in the last year and 9 expansions to increase capacity
- 2021: New sorting facility in **Valencia** in Jan21
- 2021: Extension of **Madrid sorter** planned for Aug21, increasing sorting capacity
- 2021: New sorting facility in **Alicante** in 4Q21
- 2022-23: 8 new sorting facilities planned for 2022-23

As at end of 2021, total sorting capacity reached **46k parcels/hour**



Timeline of capacity expansion in Portugal:

- 2020: Setting up of two new sorters in **Coimbra** and **Maia** during 2020, with both being upgraded during 2021 to increase capacity by 50%
- 2021: 4 new sorting facilities in 4Q21, 3 of which equipped with automated sorters and prepared for fulfilment activities
- 2022: 2 new facilities in **Algoz** and **Braga** in 2Q22

As at end of 2021, total sorting capacity of **42k parcels/hour**

FASTER

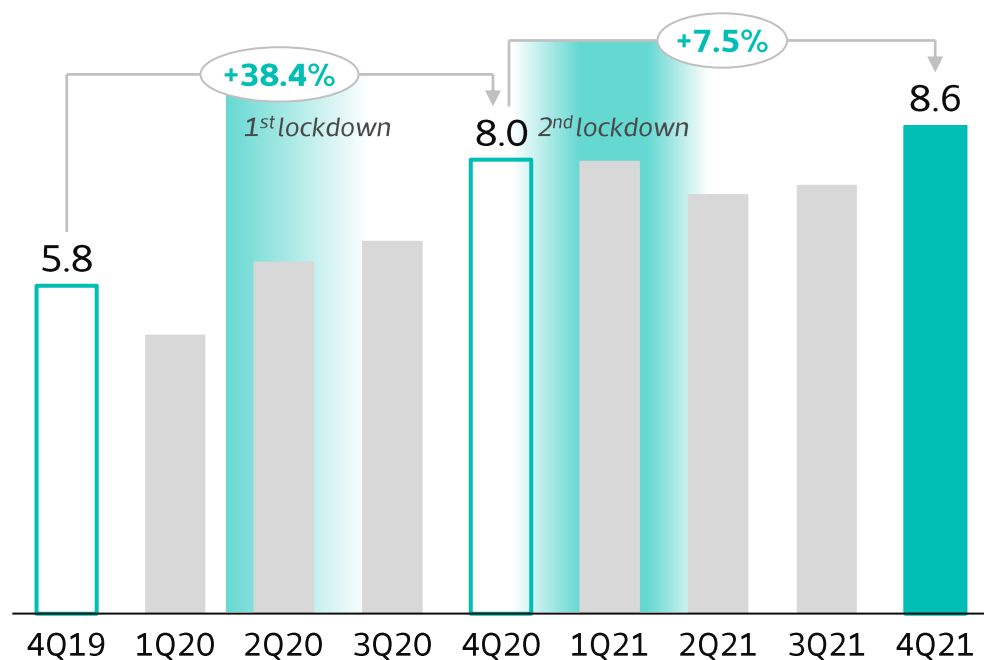
Creating room for growth

E-commerce trends reflect a transformation in consumer habits



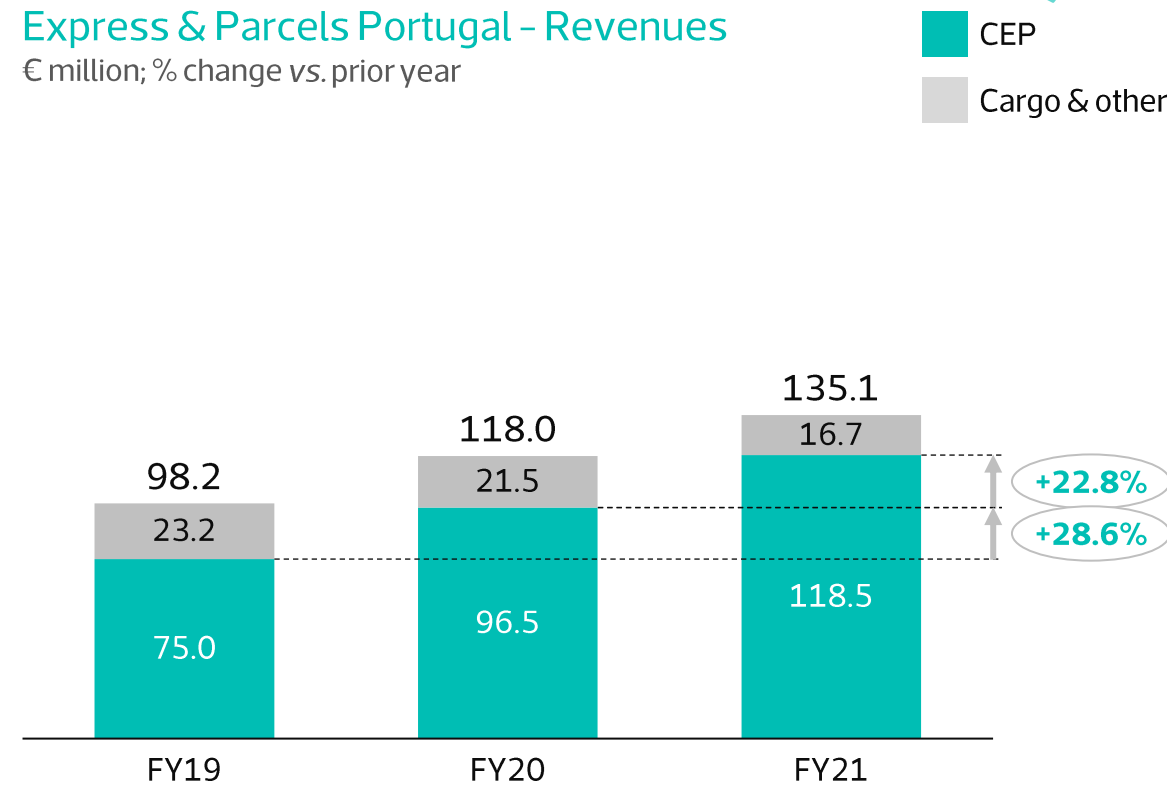
Express & Parcels Portugal – CEP Volumes

% change vs. prior year; million items



Express & Parcels Portugal – Revenues

€ million; % change vs. prior year



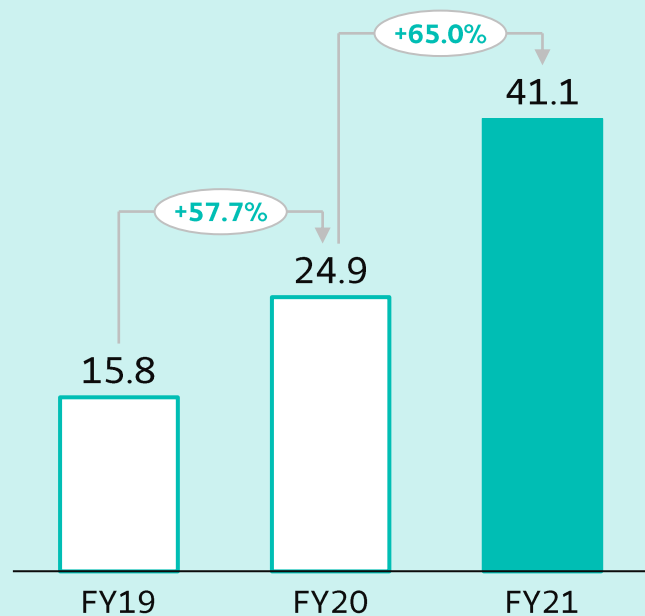
Volume growth despite slowdown in multichannel e-tailers

Cargo & other revenues declined due to churn of unprofitable clients, upon the new cargo operating model

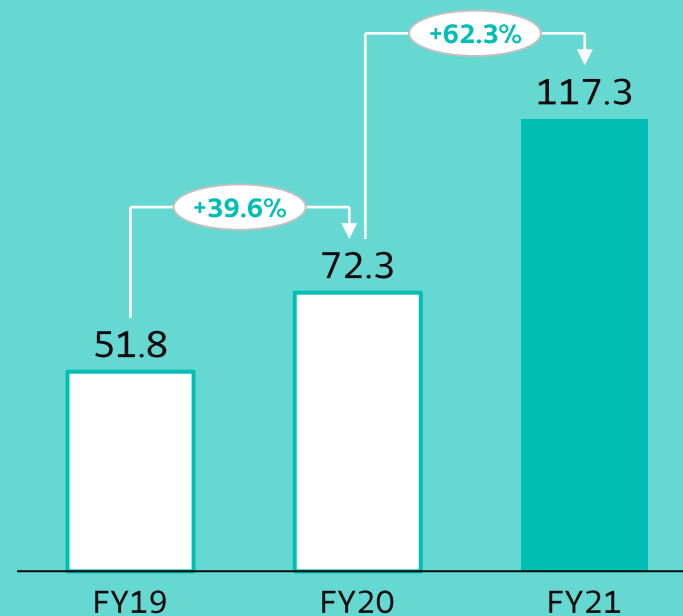
EBITDA of €4.3m in 2021, having achieved breakeven well ahead of plan



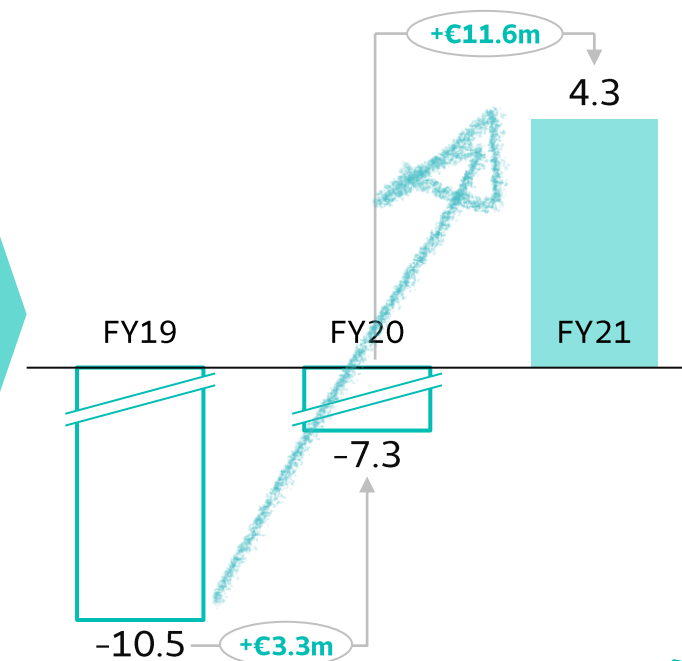
Express & Parcels Spain – CEP Volumes
million items; % change vs. prior year



Express & Parcels Spain – Revenues
€ million; % change vs. prior year



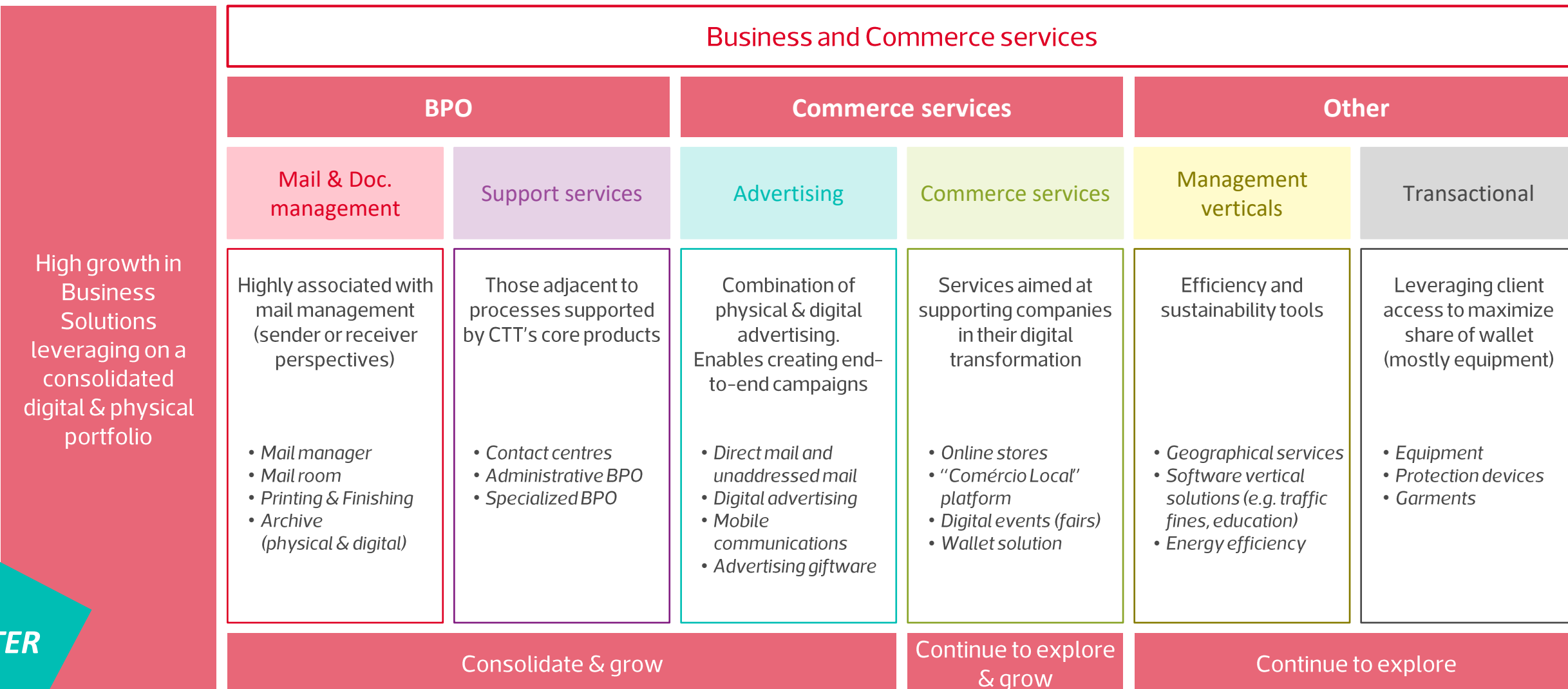
Express & Parcels Spain – EBITDA
€ million; change vs. prior year



Renewed focus, new management and rebranding to CTT Express. Operational transformation plan: moving from franchise to own operation model

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Business solutions portfolio built over 6 pillars, each with different goals



High growth in Business Solutions leveraging on a consolidated digital & physical portfolio

FASTER

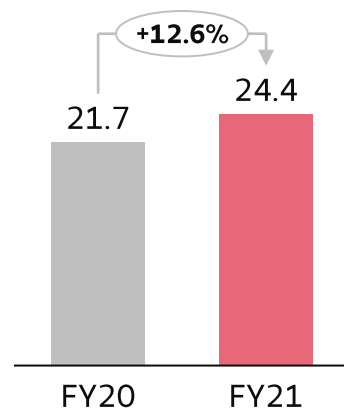
NewSpring acquisition: focus on expertise, capacity and cross selling



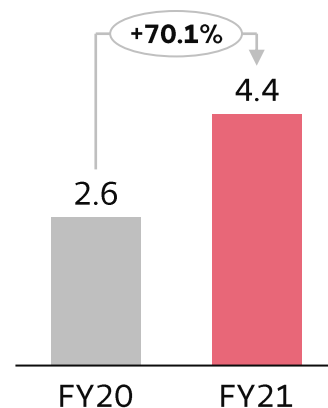
NewSpring financials ¹

€ million, change vs. prior year

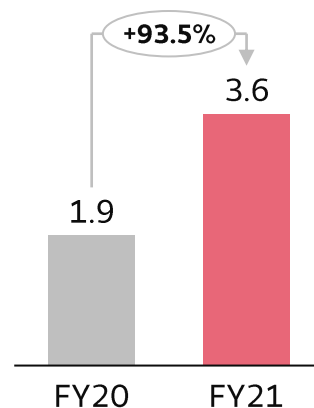
Revenues



EBITDA



Recurring EBIT



600
Contact centre FTEs

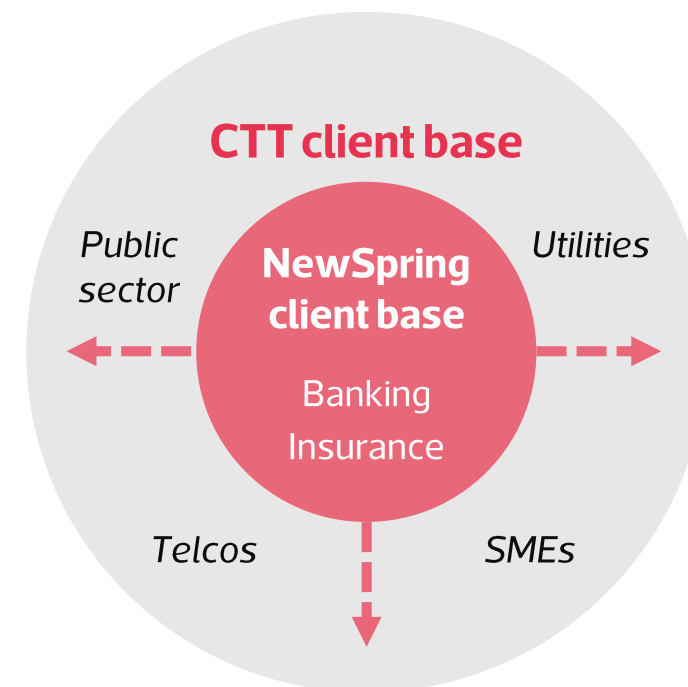
13.5k
Inbound calls/day

6,000 m²
Archive space

15
Number of clients

Figures at the date of acquisition

- Expand market share in banking and insurance segment
- Penetration in other sectors
- Moving towards medium size company segment



FASTER

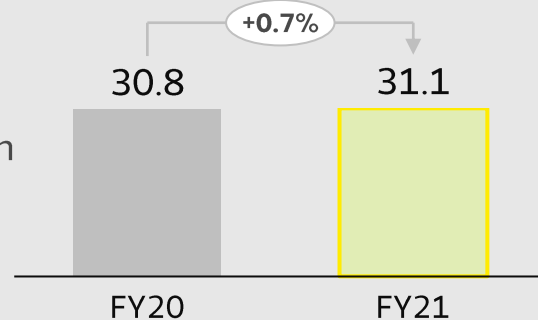
¹NewSpring Services started to be consolidated within CTT group on the 1st of September

Financial Services

Placement strength of the CTT network

- More than €4bn in public debt
- €44m in new savings products launched in 2H21

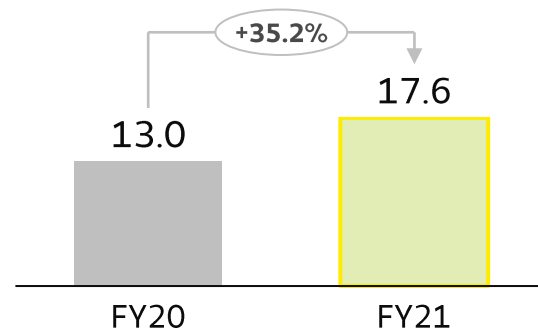
Financial Services revenues¹
€ million



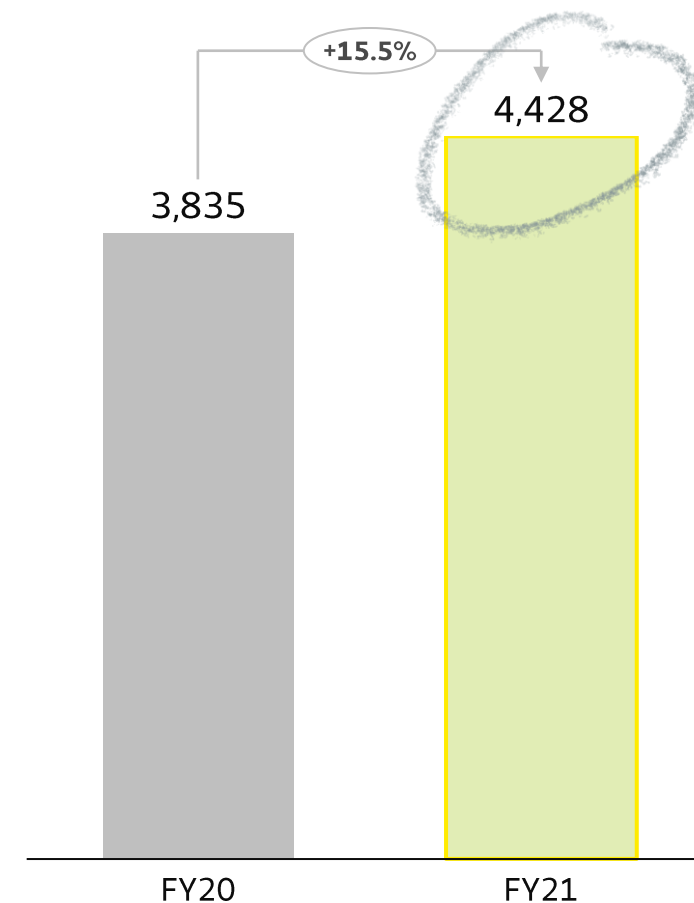
Retail products & services

- Significant retail revenues growth on the back of new products and renewed commercial dynamics

Retail revenues¹
€ million



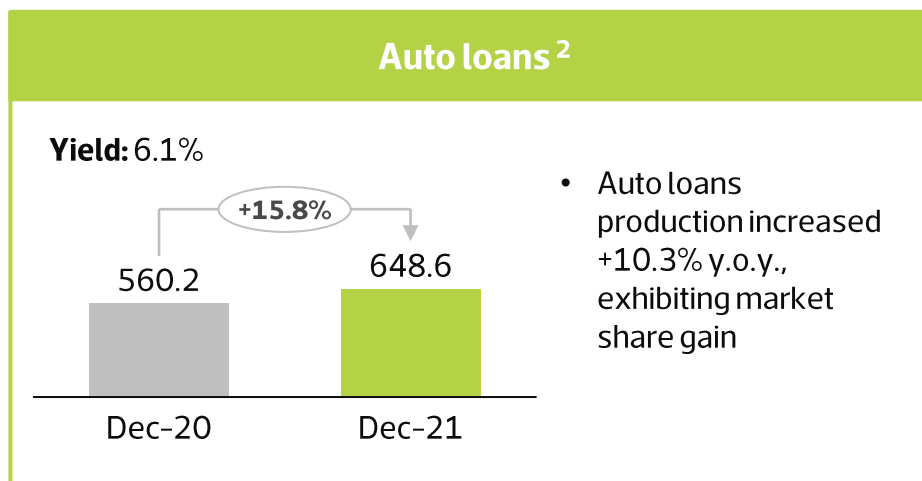
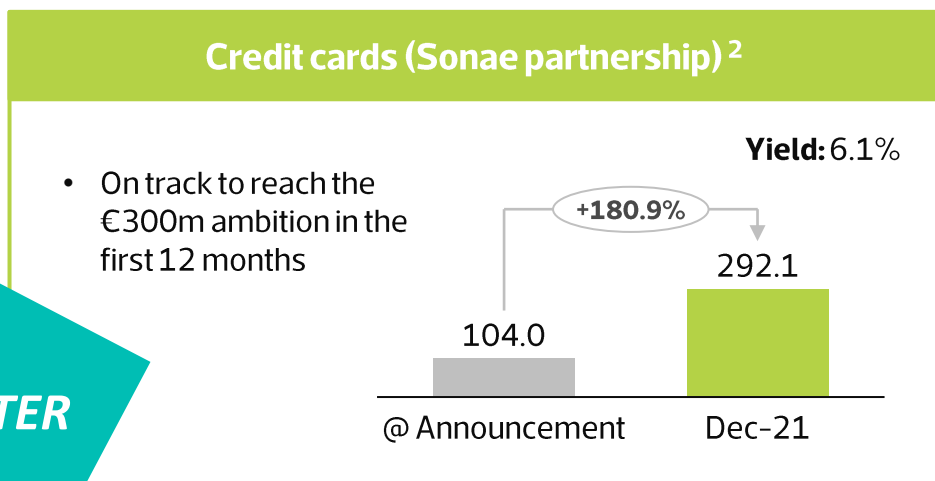
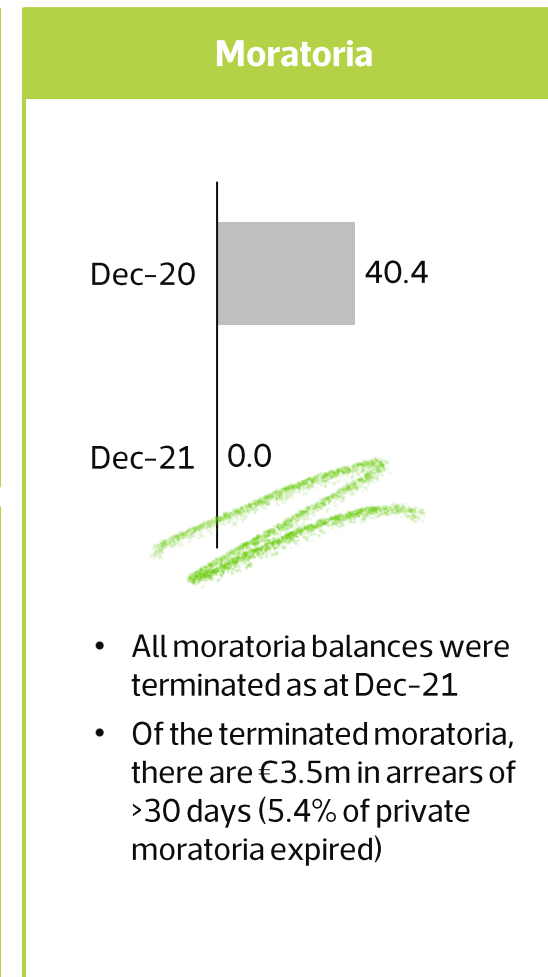
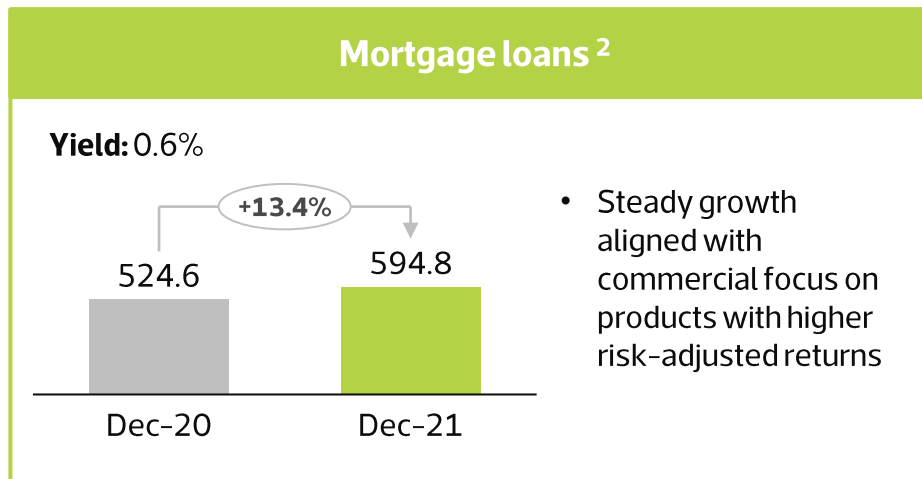
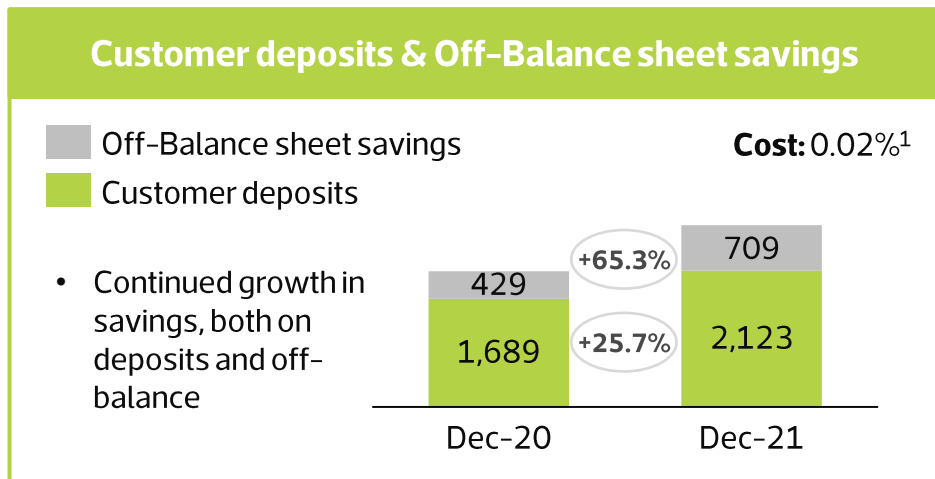
Public debt placements
€ million



¹Excludes other revenues that account for €0.2m in FY20 and €0.2m in FY21

Banco CTT – Book volumes evolution

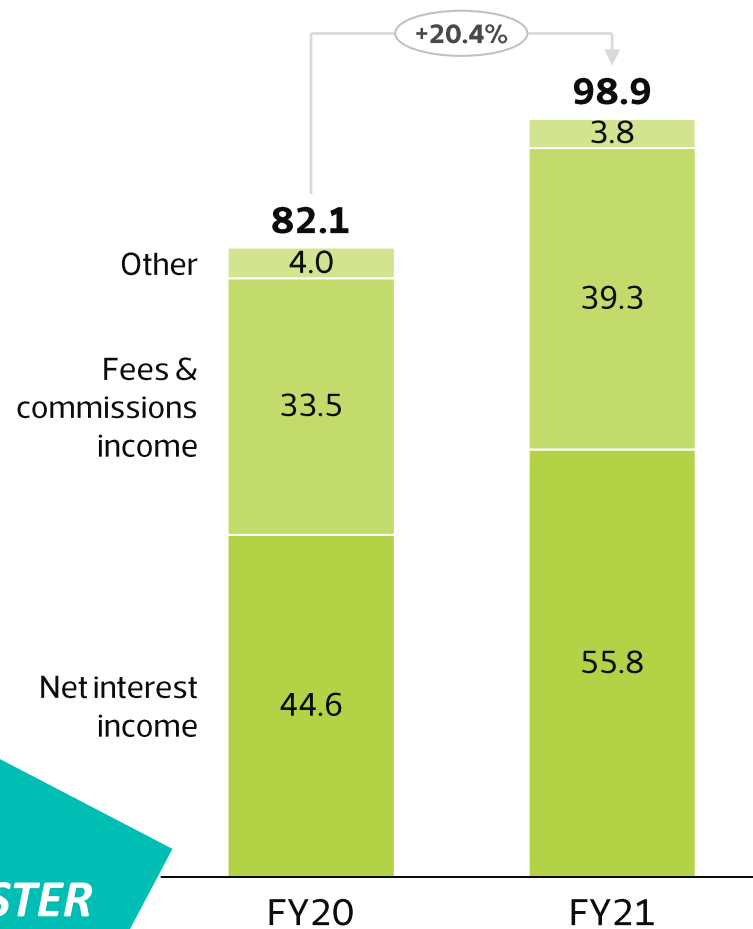
€ million except otherwise indicated



¹ Average cost of customer deposits; ² Net of impairments

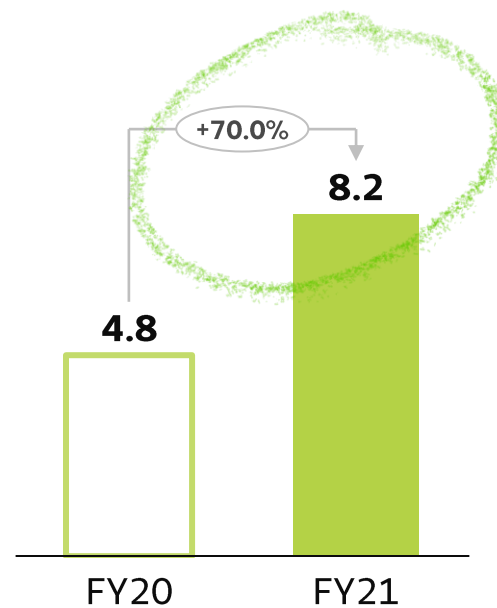
Banco CTT – Revenues

€ million; % change vs. prior year



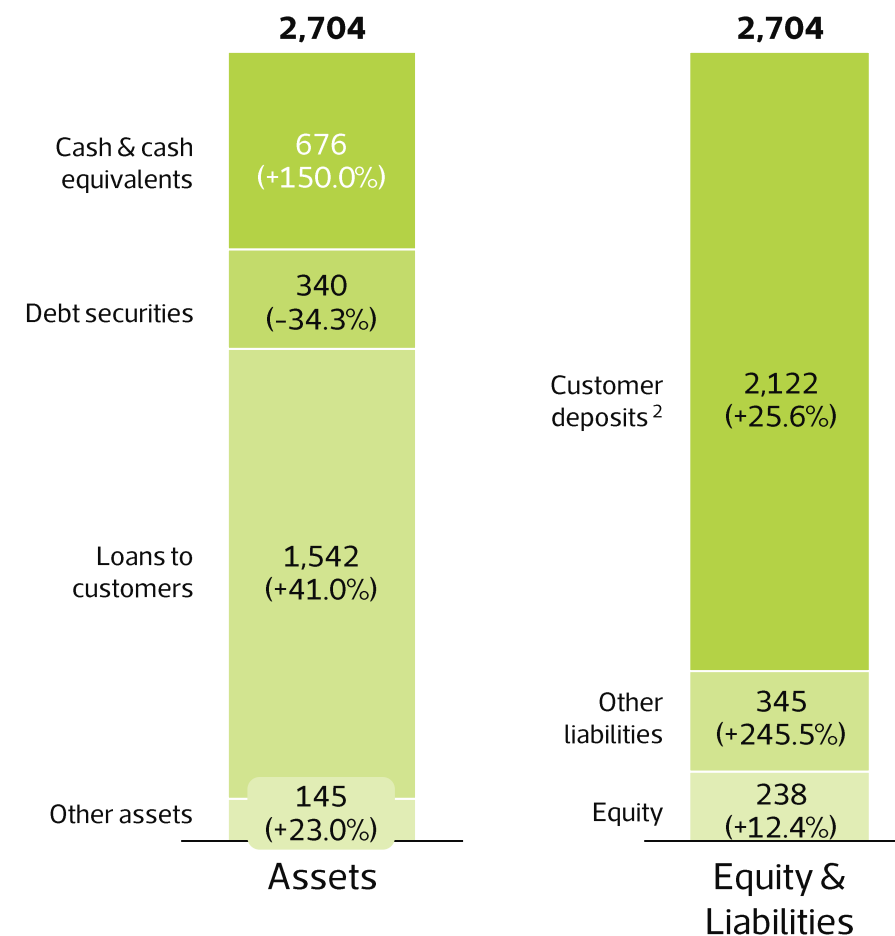
Banco CTT – Recurring EBIT

€ million; % change vs. prior year



31 December 2021 Banco CTT Balance Sheet

€ million; % change vs. 31 Dec 2020





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Concession contract – key highlights

- **7-year contract composed of a transition year (2022) and two 3-year terms (2023-25 and 2026-28)**
- **In accordance with the new postal law, new checks and balances were defined for each term's pricing and quality parameters**
 - **Price:** Criteria to be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years; if no agreement is reached, the Government will set out the criteria
 - **Quality:** To be approved by the Government upon ANACOM's proposal following European best practices, also for three-year periods

Price

Quality

Density

Value levers

BETTER

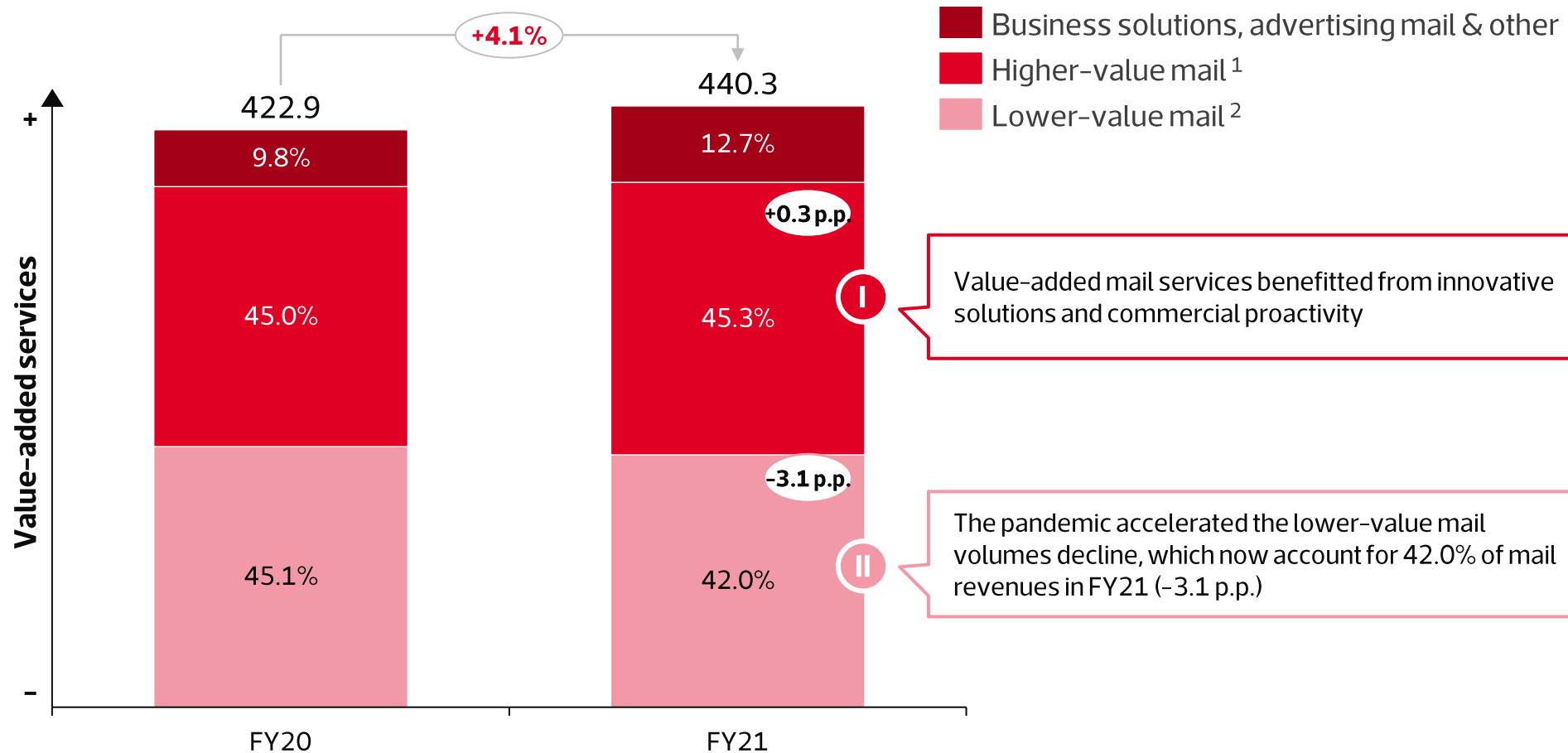
Strong mix effect resulting in higher-value mail and comparison effects driving growth



Mail revenues

€ million; % change vs. prior year

○ Delta (p.p.) FY20-FY21



Average revenue per item
n.a.
2.3€/item
0.5€/item

BETTER

¹Higher-value mail includes registered and international mail; ²Lower-value mail includes ordinary, priority, green and editorial mail.

Operations & Innovation



In operation:

- Optimization of Iberian linehaul network
 - 3 concentration hubs near the border enable cost reduction for Iberian D+1 delivery
 - Benavente (Spain), Guarda and Évora



Ongoing ICT developments:

- Joint utilization of IT apps and webservices enabling quick wins with low cost of implementation – new Iberian systems architecture
- Alignment of best practices in customer service and incident management, namely social media and modern channels (WhatsApp, voice & chat bot's, live chats, etc.)



Under planning:

- Uniformization of the linehaul management system
- Portal to interact with external providers management systems
- Field force management tools



Procurement

Benefits:

- ✓ Coordinated commercial strategy
 - ✓ Improved scale
 - ✓ Incorporating best practices
 - ✓ Joint procurement
 - ✓ Progressive unifying maintenance contracts and spare parts



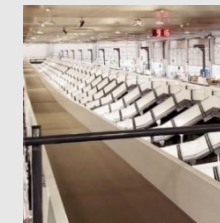
c. 70 forklifts and
c. 120 pallet trucks

**Savings of
c. €2m**



2,000 PDAs
in 2Q21

**Savings of
c. 20%**



4 mini-sorters
in 2020

**Savings of
c. 15%**

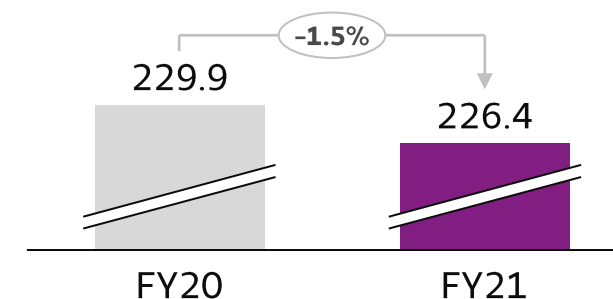
Transformation of operations and other cost efficiency initiatives are bearing fruits



Operations Transformation

- **c.60% of mail routes have been optimized in FY21**; the whole network to be fully optimized during 2022
- Expanding parcel distribution capacity by the postal network with a new **decision support system to maximize its parcel distribution capacity**
- **Productivity uplift** in sortation and distribution operations
- **Lean methodology** implemented in 2 processing centres and being expanded to the remaining network in 2022

Mail – staff costs (excl. Business Solutions)
€ million; % change vs. prior year



Central Structure Transformation

- Undergoing c.175–200 **suspension agreements**¹ by YE22:
 - 135 suspension agreements in FY21
 - €10.6m restructuring charge incurred in FY21
- Implementation of **work-life balance, personal/professional development and equality of opportunities initiatives** within the Familiar Responsible Entity (EFR) certification process



BETTER

¹Suspension agreements and other accretive exit mechanisms



GREENER

Continued focus on ESG measures and alignment with UN Sustainable Development Goals



Carbon Emissions

CO₂ (scopes 1+2+3) vs. 2013 base year (CTT science-based target)



GREENER

Leadership A-

CDP Carbon Disclosure Project™

CTT distinguished at CDP rating on Climate Change

+57%

km in alternative vehicles

First 100% Electric Hub and the largest green transport and distribution fleet in Portugal

80%

% recyclable packaging

80% of letters, parcels and boxes sold to clients contain recycled paper and/or plastic

>€500k

Donated to social and environmental causes

Strong focus on culture, social exclusion and poverty projects





Financial review

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2021 was a year of relentless transformation, marked by resilient revenue growth and improved profitability

Key financial indicators

€ million; % change vs. prior year

	FY19	FY20	FY21	Δ (21/20)
Revenues¹	740.3	745.2	847.9	13.8%
Operating costs - EBITDA ²	620.6	641.6	729.8	13.7%
EBITDA²	119.7	103.6	118.1	14.0%
Depreciation & amortization ³	54.2	62.1	58.0	-6.6%
Recurring EBIT¹	65.5	41.5	60.1	44.8%
Specific items	18.2	7.0	-1.8	-125.5%
EBIT	47.3	34.5	61.9	79.3%
Financial result	-11.8	-11.4	-11.1	n.m. ⁴
Tax	6.2	6.4	12.2	92.1%
Net profit attributable to equity holders	29.2	16.7	38.4	130.4%
Free cash flow	32.3	21.8	45.3	107.5%

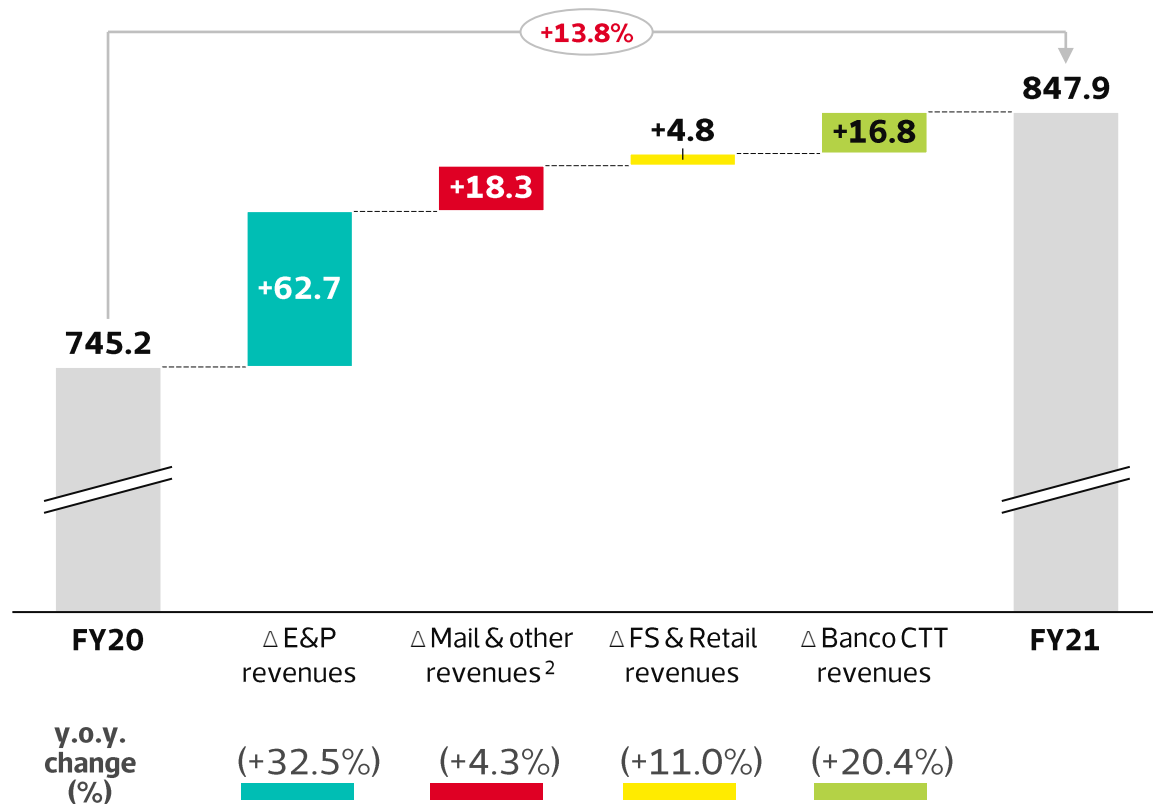
¹ Excluding Specific items; ² Excluding Specific items, depreciation & amortization; ³ Depreciation & amortization were positively impacted in FY21 by the revision of the useful life of some assets; ⁴ Not meaningful

Growth in all business units in FY21 propels double-digit revenue growth



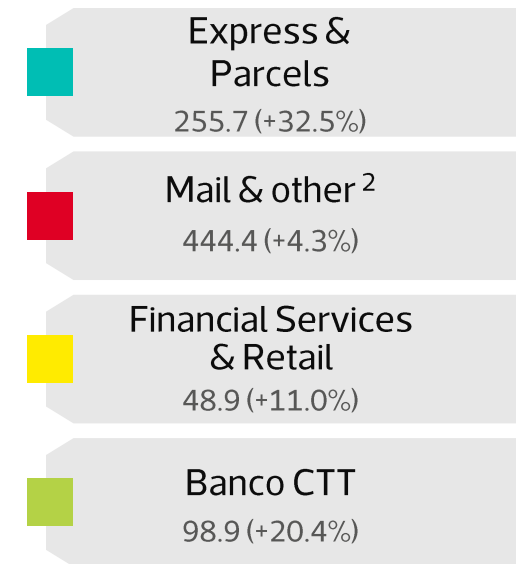
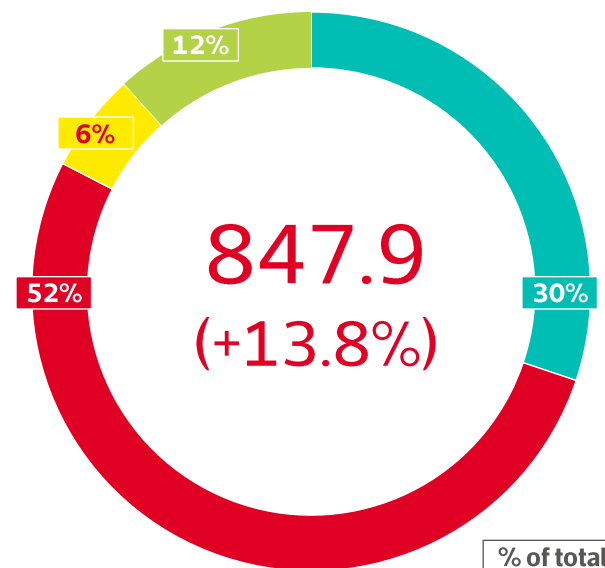
Revenues¹

€ million; % change vs. prior year



Revenues¹ breakdown

€ million; % change vs. prior year; % of total



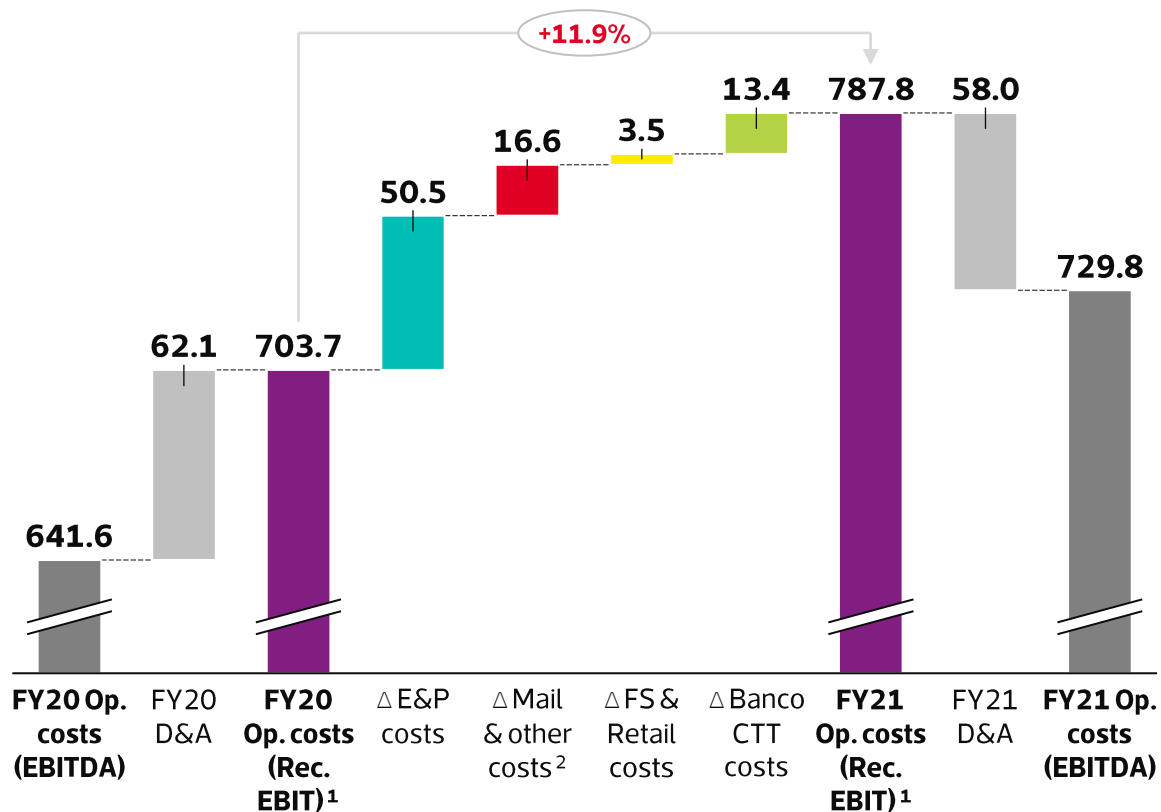
¹ Excluding Specific items; ² Including Central Structure

OPEX reflects increased activity across the various business areas



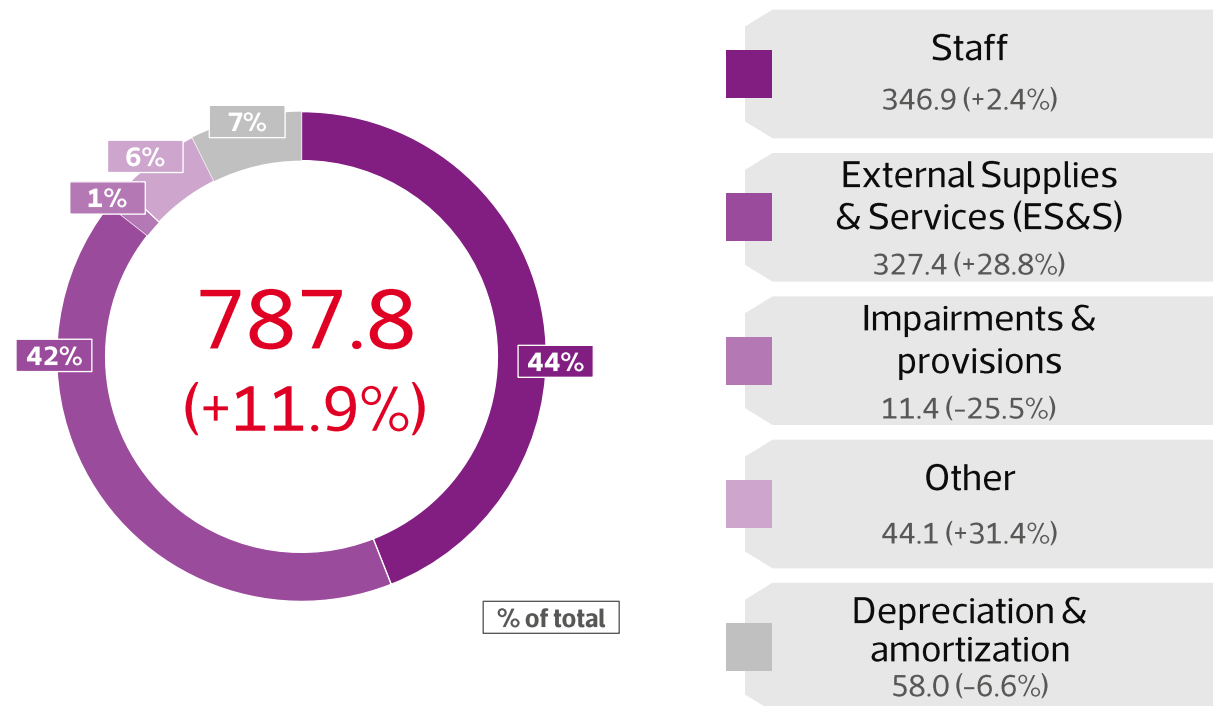
Operating costs

€ million; % change vs. prior year



Operating costs (Rec. EBIT)¹ breakdown

€ million; % change vs. prior year; % of total



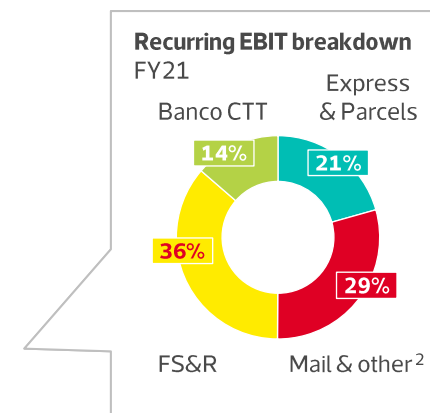
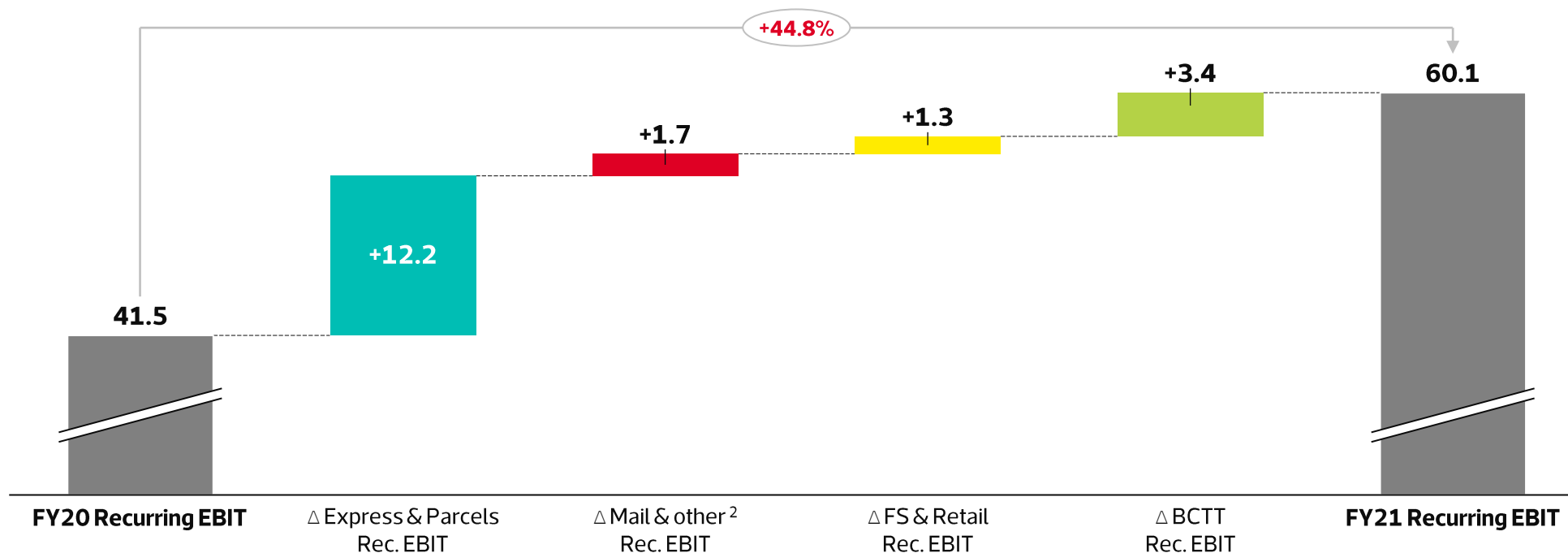
¹ Excluding Specific items. In 2021 and in the same period of the previous year (proforma), operating costs (EBITDA) include impairments and provisions and the impact of the leases covered by IFRS 16 being presented pursuant to this standard; ² Including Central Structure

Solid growth of recurring EBIT in 2021 underpinned by E&P performance



Recurring EBIT¹

€ million



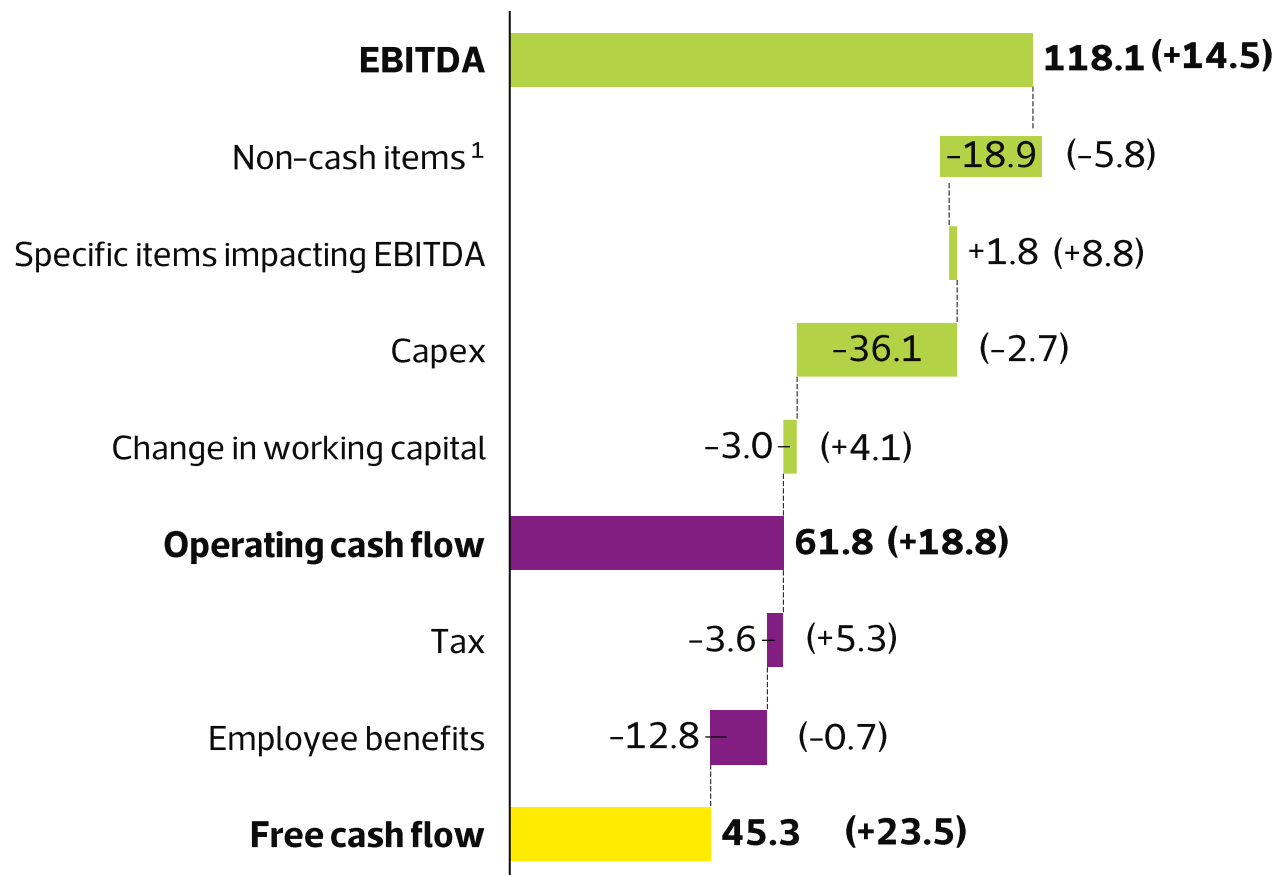
¹ Excluding Specific items; ² Including Central Structure

Adjusted cash increased by c.€6.8m in FY21



FY21 Cash flow

€ million; impact on cash flow vs. prior year



31 December 2021 Net financial debt²

€ million

(+) Cash & cash equivalents	877.9
(-) Net Financial Services & other payables ³	199.1
(-) Banco CTT liabilities, net ³	515.6
(-) Other ⁴	20.9
(=) Adjusted cash	142.3
(-) Financial debt	85.8
(=) Net cash position	56.4
(-) Lease liabilities (IFRS 16)	115.3
Net financial debt²	58.9

¹Impairments, provisions and IFRS 16 affecting EBITDA; ²Only financial debt presented in the table; it does not include net employee benefits of €204.5m as at 31 December 2021; ³The change in net liabilities of Financial Services and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities/banking financial assets, of entities of the CTT Group providing financial services, namely CTT financial services, Payshop, Banco CTT and 321 Crédito. ⁴The change in other cash items reflects the evolution of Banco CTT's sight deposits at Bank of Portugal, outstanding cheques/clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications



2022
outlook

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Expand integrated **Iberian footprint** to enable grabbing the full potential of e-commerce convergence in Portugal and Spain



Continue to implement **transformation initiatives** to drive revenue sustainability by reducing dependence on traditional mail services



Structurally improve **mail profitability** given a more balanced and sustainable concession contract



Propel **Banco CTT's growth**, underpinned by balance sheet optionality and potential equity and industry partnerships



Compensate pressure in mail revenues through implementation of **profitability and efficiency initiatives**, which are already visible



Exploit **inorganic expansion opportunities** in logistics and fulfilment segments in Iberia



Relevant and persistent macro risks are : geopolitical uncertainty, inflation, cost of energy and raw materials, COVID-19 and *de minimis*

Key principles

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

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

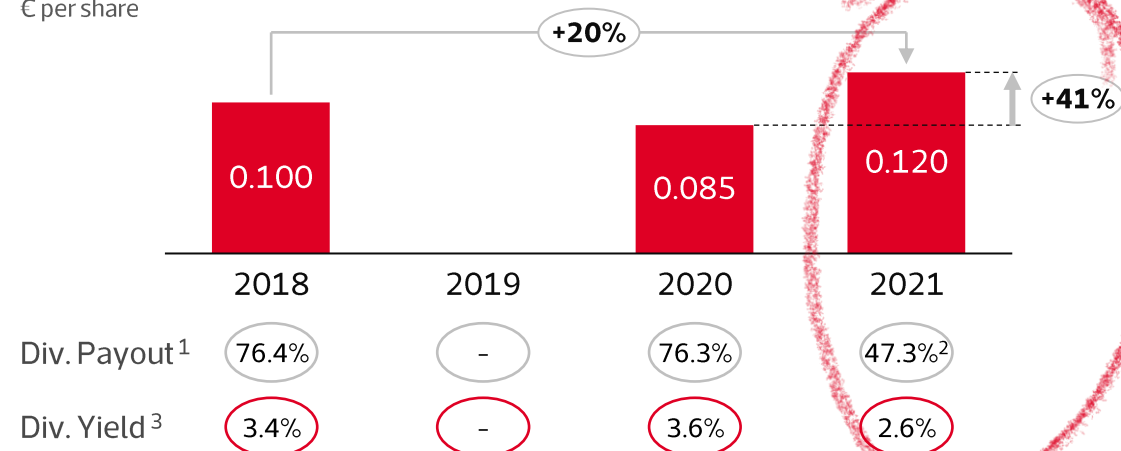
Combine recurrent, dividend-based, and opportunistic shareholder remuneration, based on SBB and subsequent cancellation of shares, that is within the context of specific market conditions

Dividends

▶ Proposal of dividend of €0.12 per share for the 2021 financial year
Upon approval by the AGM, payable in May 2022

DPS

€ per share



Share buyback

▶ €18m share buyback plan (equivalent to 2.8% of market cap⁴)
▶ SBB to be implemented until YE22

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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.

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CTT

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