

**We go further
to bring
the world**

closer.



CAIXABANK BPI IBERIAN CONFERENCE
September 2020

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**We
go further
in**
Ambition

—
We go further to bring the world closer.



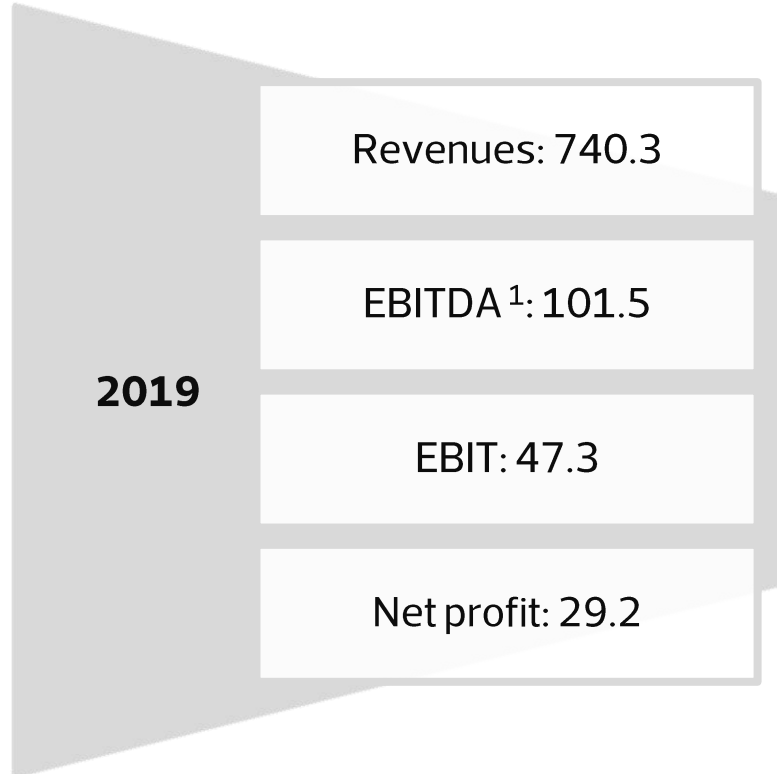
01

Company
overview

CTT is a modern and dynamic postal services operator with a diversified portfolio of businesses...

Key financials

€ million



Revenues breakdown

€ million; % of total

	Revenues	% of total
Mail & other² (477.6; 64.5%)	435.1	58.8%
Addressed mail	435.1	58.8%
Transactional	406.4	54.9%
Advertising	14.2	1.9%
Editorial	14.5	2.0%
Unaddressed mail	8.4	1.1%
Other ²	34.1	4.6%
Express & Parcels (152.4; 20.6%)	98.2	13.3%
Portugal	98.2	13.3%
Spain	51.8	7.0%
Mozambique	2.4	0.3%
Banco CTT (62.9; 8.5%)	26.9	2.9%
Net interest & commissions	26.9	2.9%
Payments & other	20.2	2.7%
321 Crédito	21.0	2.8%
Financial Services & Retail (47.4; 6.4%)	26.9	3.6%
Savings & insurance	26.9	3.6%
Money orders & other	7.2	1.0%
Retail products & services	13.3	1.8%

Indisputable market leader

Economies of scale and market-leading position in Portugal

Leveraging on a strong brand and historical track record

¹Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments & provisions.

²Including Central Structure.

...standing out for the capillarity of its networks, proximity to the population and strong brand

Logistics player...



619m items

Addressed Mail



521m items

Unaddressed Mail



38m items

Express & Parcels

...with growing banking & financial services businesses



€4.0bn

**Savings & insurance
Placements**



461k

Current accounts



€1.3bn

Customer deposits



€886m

**Credit to clients
Net of impairments**

Retail Network



**2,497
Human Resources**



**539
Post Offices**



**1,831
Postal Agencies**

Distribution Network



**5,971
Human Resources**



**4,402
Mailmen & Women**

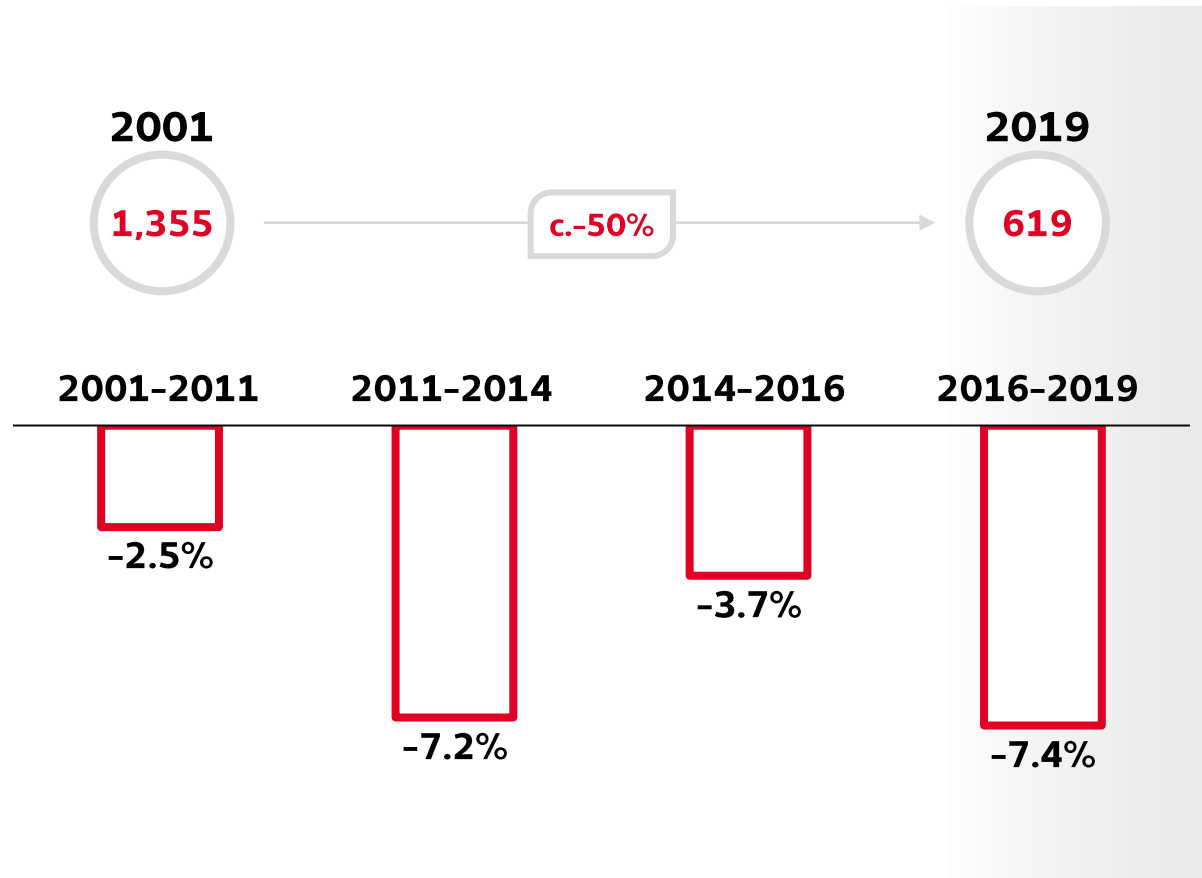


**3,804
Operational Fleet**

Mail revenues have shown resilience since the IPO, as the price and mix effects have been able to offset the structural decline in volumes

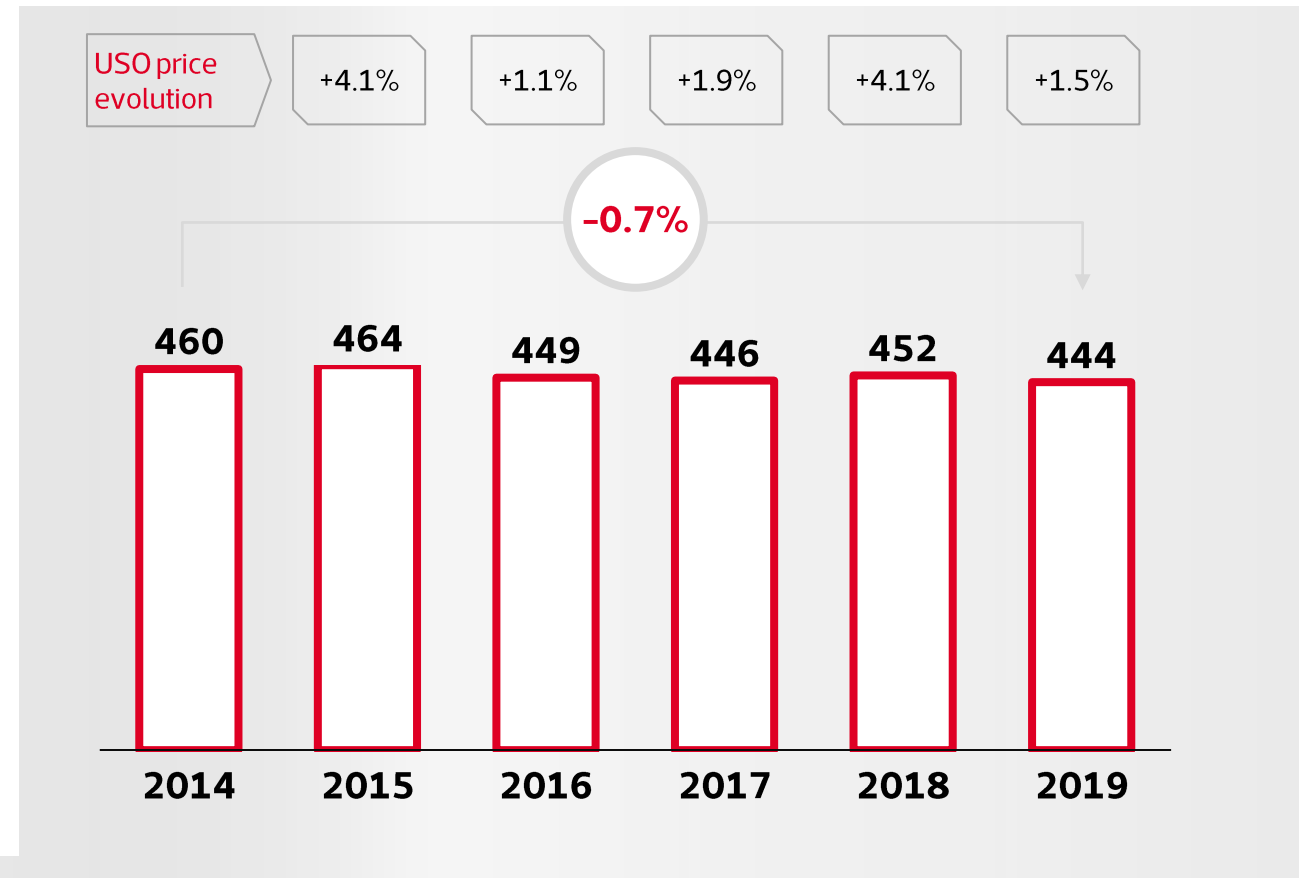
CTT addressed mail volumes

Million items; CAGR (%)



CTT addressed & unaddressed mail revenues

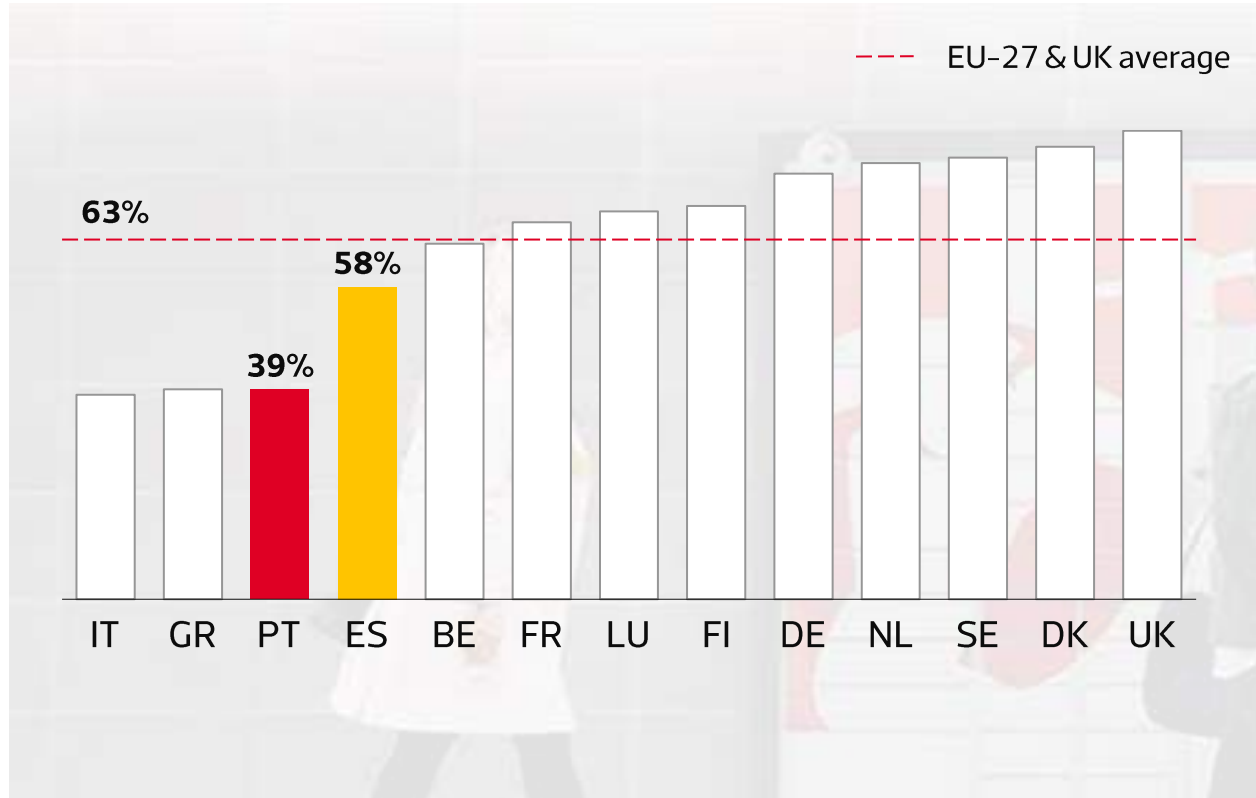
€ million; CAGR (%); price change vs. prior year



Significant upside potential exists in e-commerce, a market which remains underpenetrated in Portugal and Spain, the main geographies where CTT operates

Percentage of internet users who purchased goods online ¹

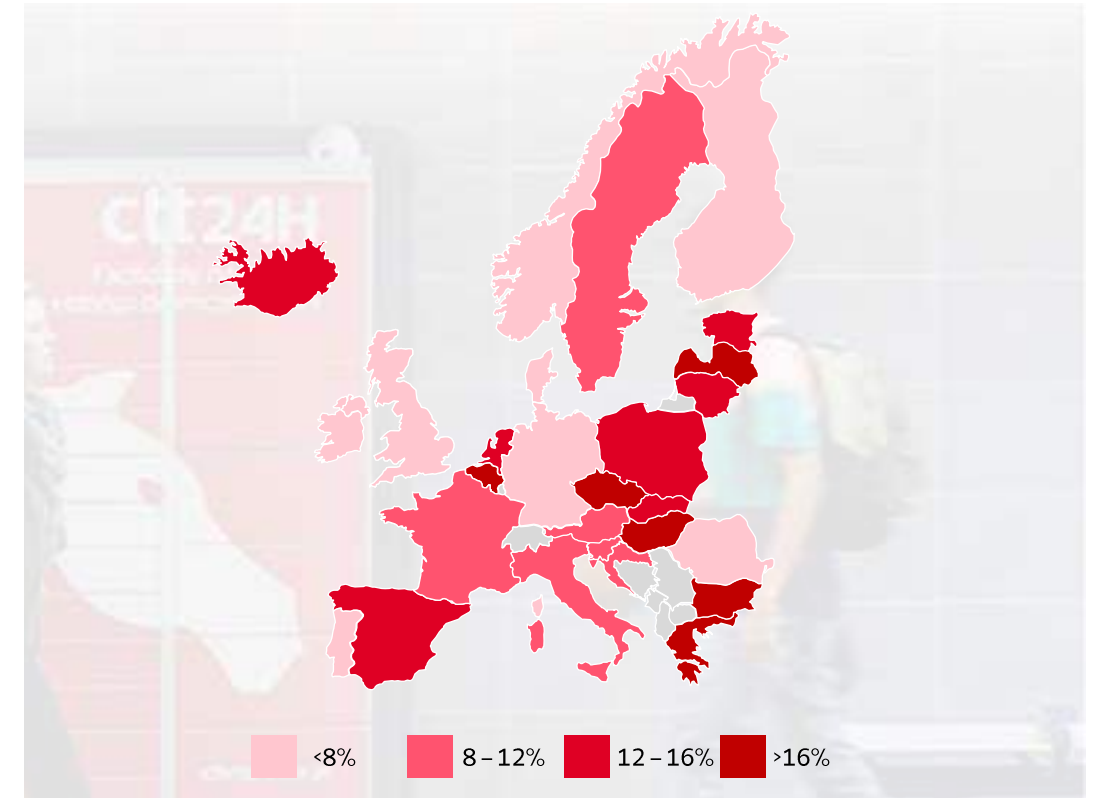
2019



Both Portugal and Spain are still lagging in e-commerce penetration when compared to EU peers...

E-commerce growth ²

2013-17 CAGR (%)



...however **Spain has enjoyed significant growth**, while Portugal is still in the early stages of development

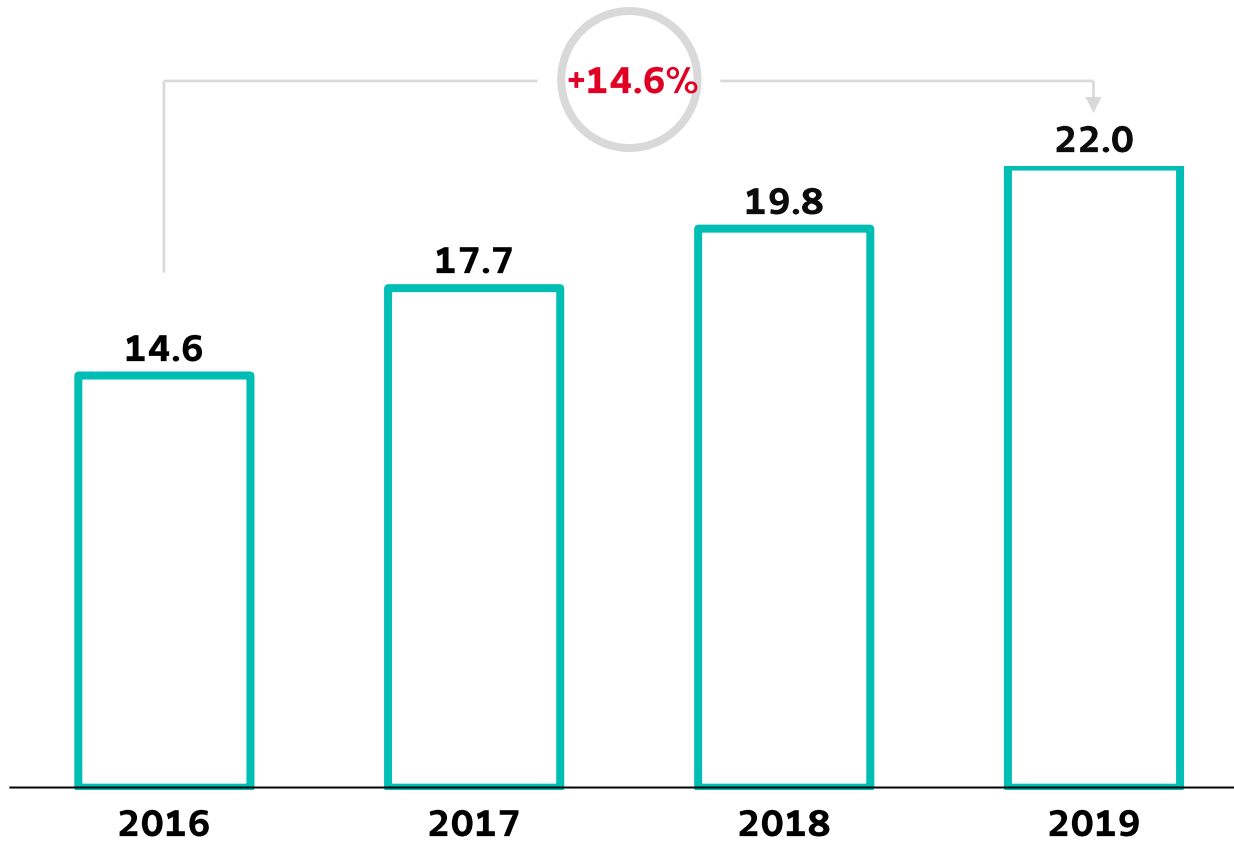
¹ Eurostat data

² WIK - Development of Cross-border E-commerce through Parcel Delivery

CTT is the market leader in Express & Parcels in Portugal and has been investing in new products and partnerships in order to spur e-commerce growth

Portugal Express & Parcels volumes

Million items; CAGR (%)



Initiatives for e-commerce ecosystem expansion

ctt e-segure



A convenient, flexible and responsive app **for those who buy and sell online**. CTT e-segure allows the entire delivery process to suit buyers & sellers needs and interests.

SUPER EXPRESS



Same-day delivery within 2h

PARCEL LOCKERS



24h available lockers



Launch of a **JV with Sonae for online B2C marketplace**, based on the high expected growth of e-commerce in Portugal, taking advantage of complementary capabilities and skills

Spain remains a key growth pillar for the CTT Express & Parcels business, due to its market size and growth dynamics

New local management team, with **sector & turnaround knowledge & experience**



Commercial reorientation

- **Improve efficiency of direct sales** and franchises through a new contractual approach
- **Grow B2C business** mainly through direct sales in major cities



Improve unit costs & margin

- Optimise the **operation model** and its efficiency by **progressively increasing control over the distribution**
- **Improve the customer mix**, focusing on more profitable clients



Improve Quality

- Reinforce the quality of service in **distribution; reduce breakage and loss**
- **Rebranded as “CTT Express” to strengthen Iberian positioning** and revamp awareness



Internal reorganisation

- Improve the **management information systems**
- Increase **regional focus**
- **Strengthen operations coordination** with Portugal

Supported by Capex of up to €12m for the period of the plan



**We
go further
in**

Innovation

We go further to bring the world closer.



02

FY19
results
highlights

2019 – a year of transition

Changes in the leadership of the Company provide an impulse and a new direction

+4.6%

Revenues growth accelerates
(+1.4% in 2018)

€101.5m

EBITDA guidance delivered
(€90.4m in 2018)

€16.5m

Operating costs savings exceeded the OTP¹ full year objective
(€15.0m initial objective)



-2.1%

Mail revenues remain resilient

Despite an acceleration of addressed mail volumes decline to -9.1%



+10.7%

Parcels volumes growth in Portugal

Leading to increases in transport & distribution costs to resolve capacity bottlenecks



€3.7m

Landmark year for Banco CTT

With 321 Crédito fully absorbed, positive EBITDA is reached in the fourth year of operation



€4.0bn

Very strong savings performance

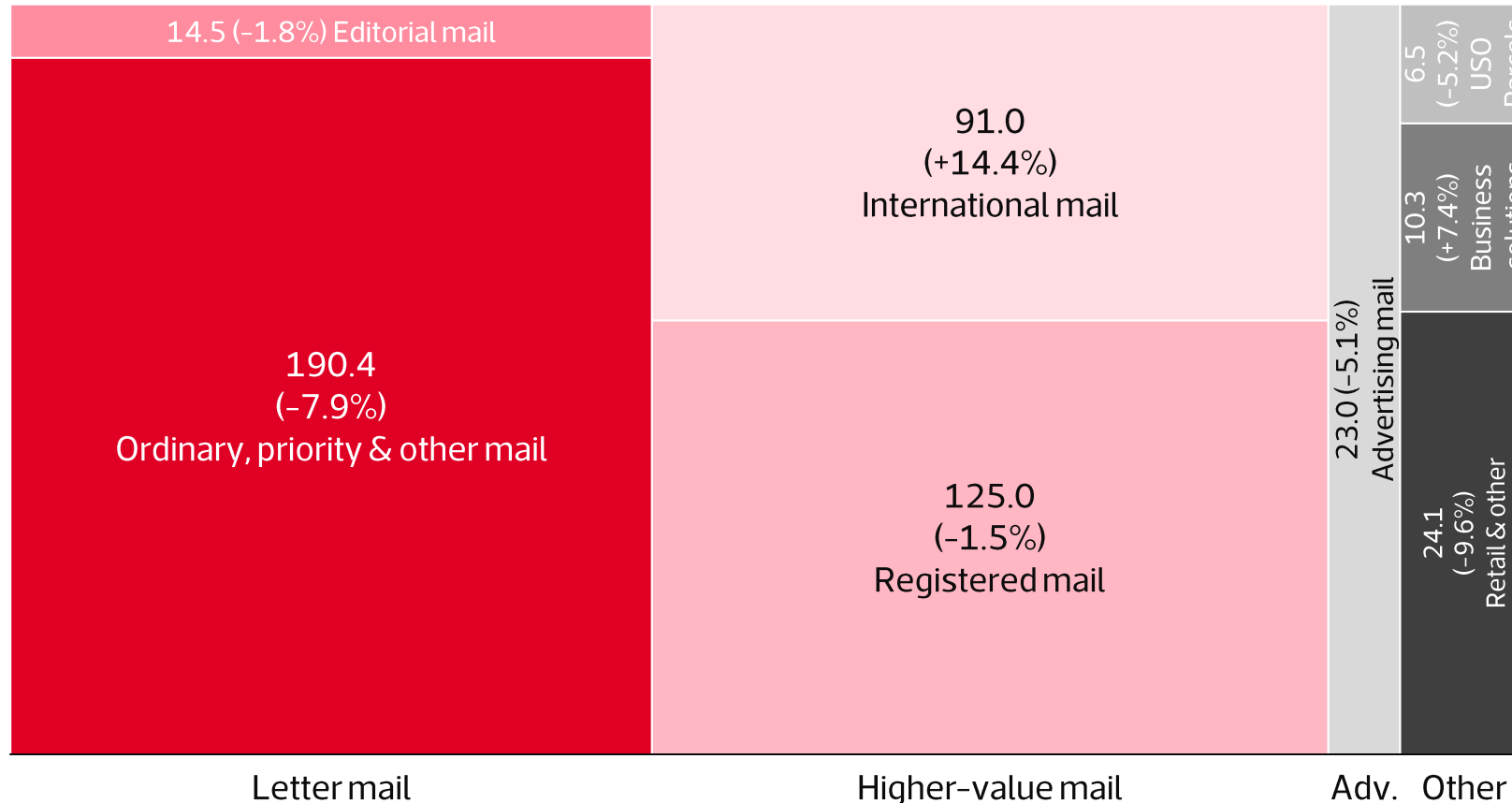
Financial Services business area resuming a sound contribution

¹Operational Transformation Plan.

Growth in higher-value mail revenues mitigates the impact of volumes decline

Mail revenues

€ million; % change vs. prior year



€484.6m

-2.1% vs. prior year

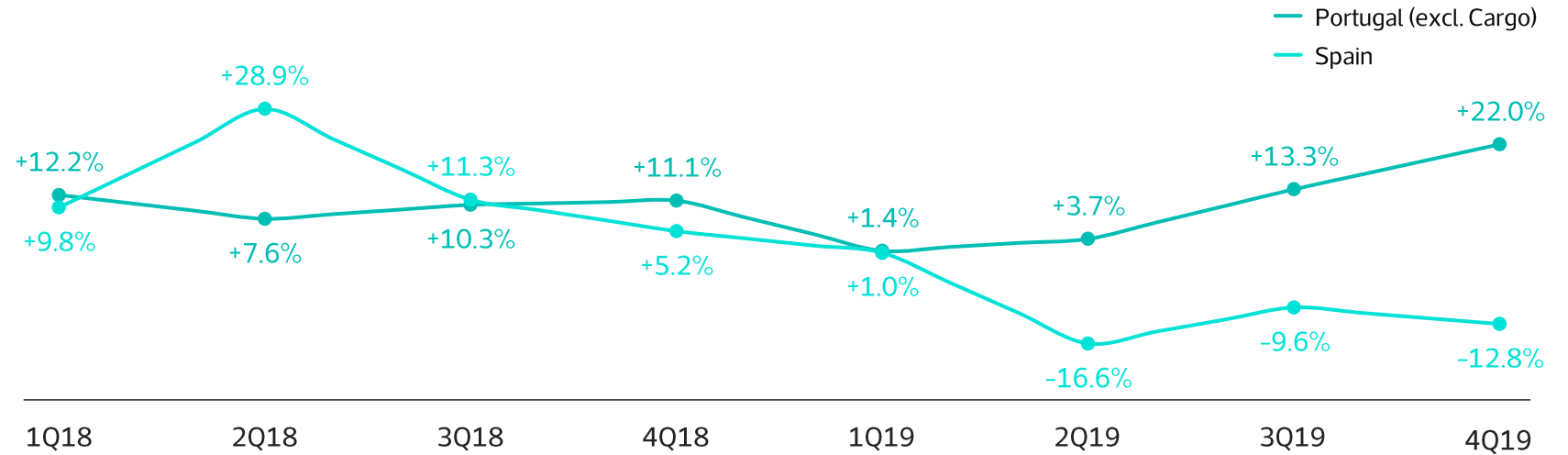
- International inbound mail revenues increased by +20.4% to €44.7m, driven by e-commerce
- Solid performance by international outbound mail, benefiting from a positive contribution (+€5.3m) from the legislative elections

Portuguese parcels and public debt placements display strong growth dynamics

Parcels volumes

% change vs. prior year

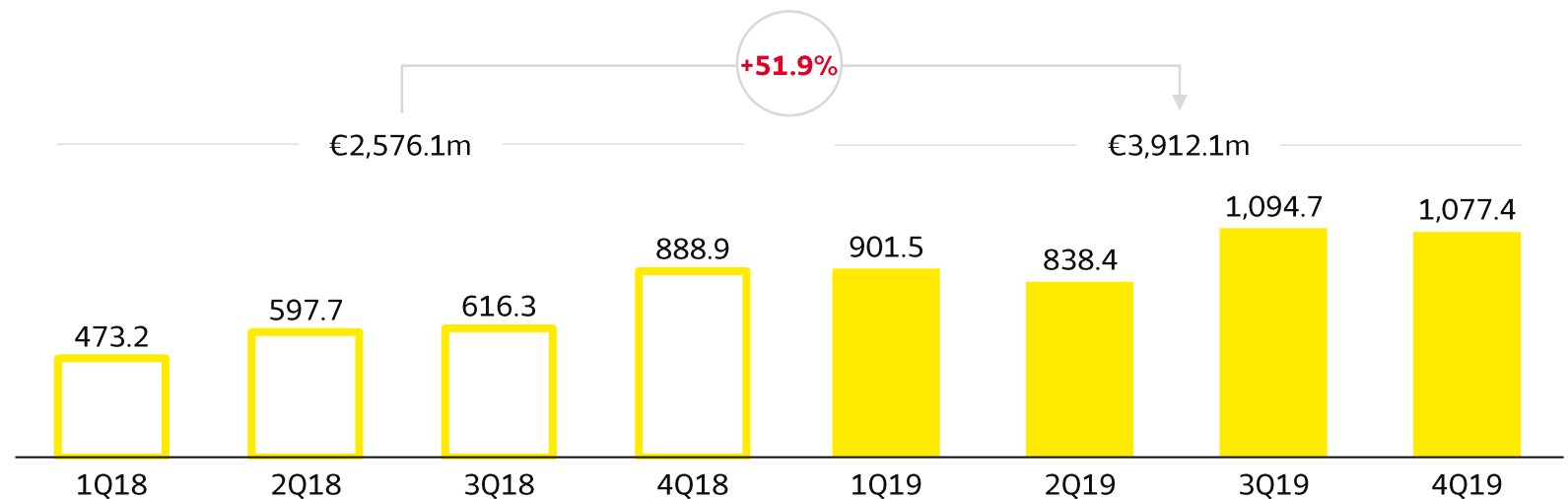
- Portuguese parcels volumes growth accelerated further in 4Q19, benefiting from a very pronounced holidays shopping effect and large customer wins
- Spain impacted by the loss of a large customer (excluding that effect, volumes would have grown slightly in 4Q19)



Public debt placements

€ million; % change vs. prior year

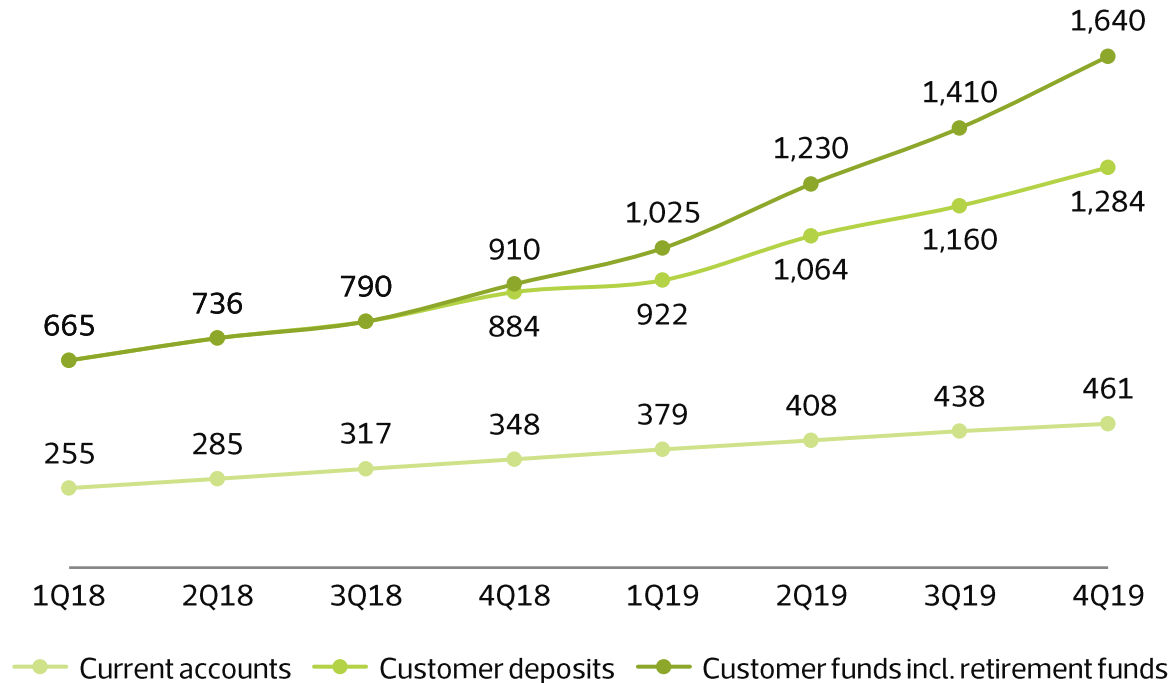
- Public debt products placements totaled €3.9bn (+51.9%), evidencing the Retail Network's proximity to the population and its continued ability to capture savings



Banco CTT customer funds and credit growth accelerate, boosted by new partnerships and 321 Crédito

Current accounts & customer funds

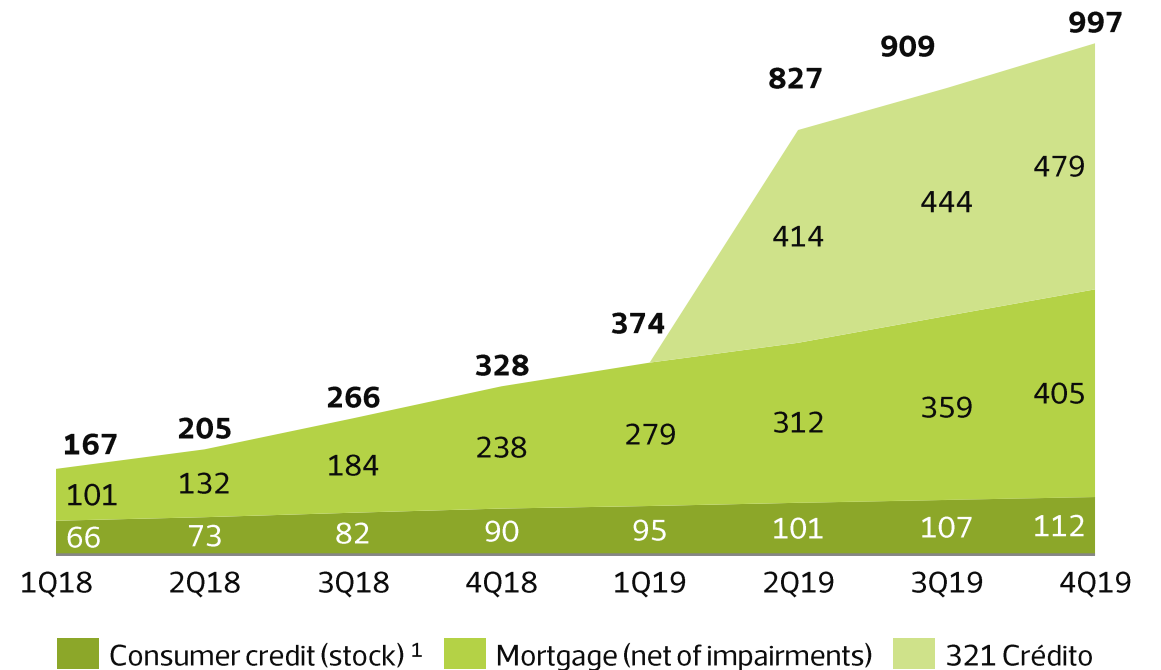
Current accounts (thousands); Customer funds (€ million); cumulative



- Seamless integration with partners for the sale of products and services: retirement funds placements reaching double-digit new production market share in one year

Credit to clients

Total; € million; cumulative



- 321 Crédito acquisition provided a significant boost to the lending book and improved the loan-to-deposit ratio to 69.0%

¹ Amount outside CTT's Balance Sheet, placed in partnership with BNP Paribas Personal Finance (Cetelem).



**We
go further
with**
Confidence

We go further to bring the world closer.



03

2Q20
highlights

2Q20 key takeaways

Challenging 2Q20, in which CTT's **six-pillar response to COVID-19 has been proven rather effective**, namely in prioritizing employee and customer safety, in investing in new B2B and B2C client relationships (e-commerce, BPO, business solutions), **thus enabling a more dynamic, growth-oriented business for the future**

The Company chose not to participate in government layoff schemes, despite the extra costs incurred with excess capacity, focusing instead on **providing a lifeline to communities and demonstrating its commitment to a sustainable universal postal service**

Strong performance of the growth levers, propelled by record quarterly growth in parcels with improved profitability, despite the testing shift in mix between B2B and B2C. **Increased confidence that the performance of the Spanish parcels business is aligned with the communicated plan**, based on the performance of the local management, market share gains, and **favorable market conditions towards e-commerce**

Conservative provisioning in order to prepare Banco CTT to face potentially challenging macroeconomic scenarios in 2H20. Throughout the pandemic crisis, CTT preserved its **solid Balance sheet, cash generation capacity, ample liquidity and low level of net financial debt**

Margin and cost focus coming to the foreground in 2H20, with various operational improvement initiatives being launched. The **notable recovery towards the end of 2Q20** provides a steppingstone for the remainder of the year. As a result of sales countermeasures to cope with the sudden decline in mail, **CTT expects to achieve growth in revenues** driven by parcels, **more than €90m in EBITDA¹ and more than €30m in EBIT in FY20**

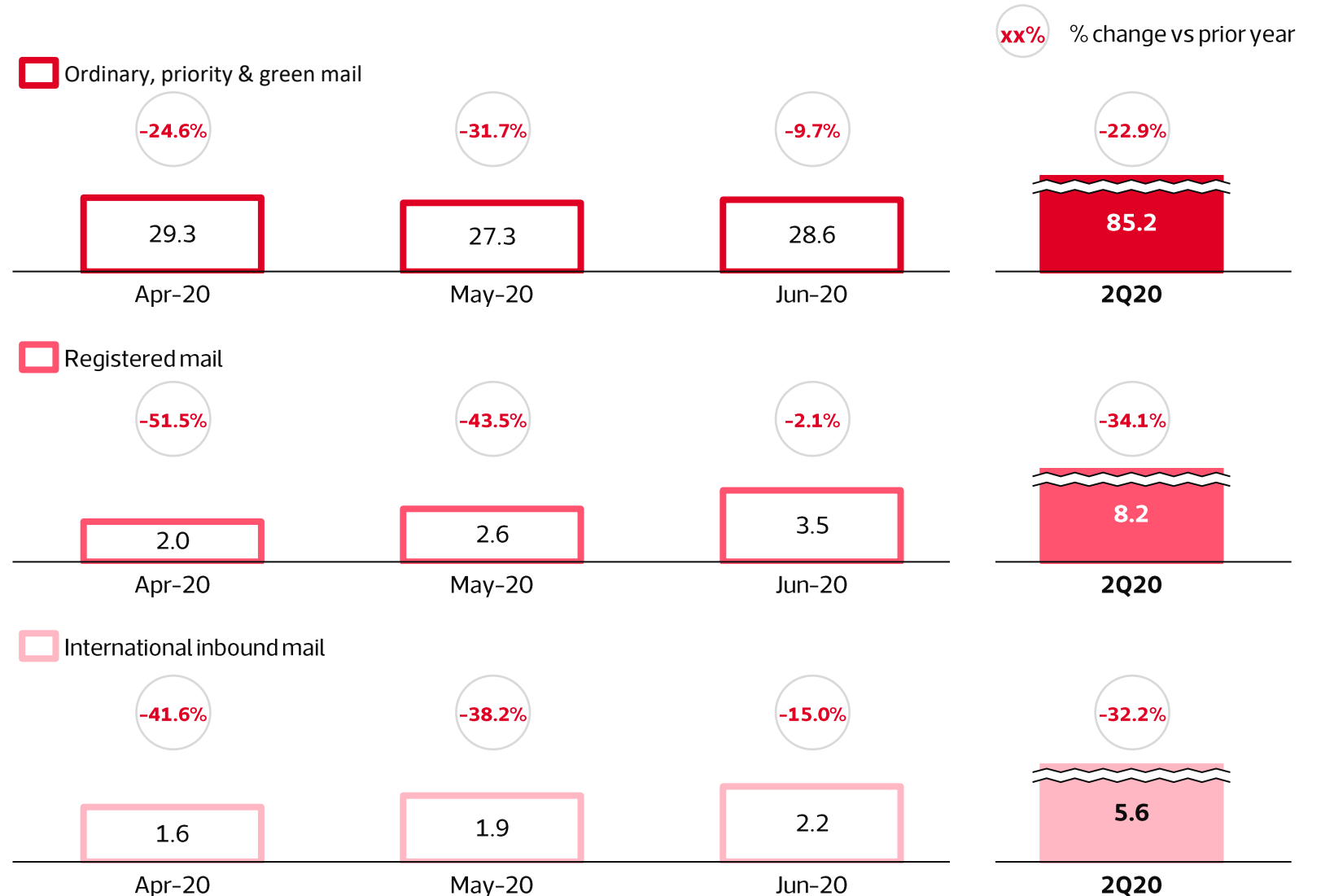
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

Mail volumes, severely impacted by the global restrictions on the movement & operations of individuals, businesses & cargo in April & May, staged a meaningful recovery in June

Mail volumes

million items

- The lockdown restrictions and the reduced retail network hours of operation impacted individuals and SME customers and led to diminished demand by large (banking, telecoms & utilities) clients, resulting in totally atypical mail volumes decline in April and May
- Registered mail, which was affected by delays in the issuance of statements by Government entities (such as tax notices and notifications from courts), as the relevant bodies were not operating at full capacity during the months of April and May, recovered in June
- International inbound mail volumes began to recover in June, as the limitations in global air freight capacity, especially pronounced in the period from February to May, started to ease



Record quarterly growth in parcels, as CTT initiatives to foster the development of e-commerce are starting to bear fruit; public debt placements are gaining momentum

Parcels volumes

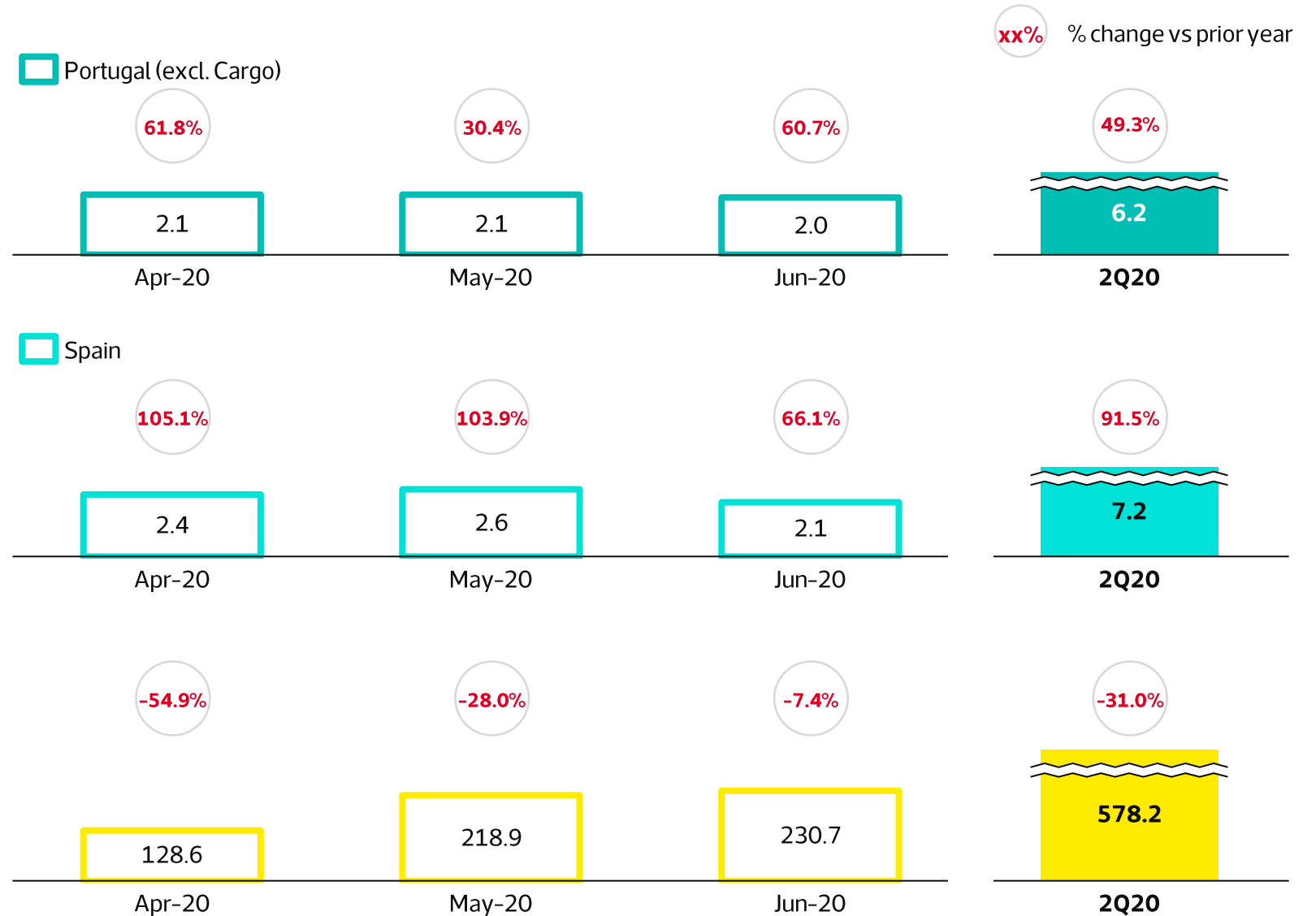
million items

- Portugal's population long-awaited embrace of online shopping is quickly becoming a reality, as CTT investments in e-commerce meet rapidly changing clients' needs, spurred by the pandemic. >300 (out of >1000 contracted so far) SME clients' online shops have been made operational to date, while Dott reached 1K online vendors & 150K registered users in June
- The capture of new global B2C e-tailer clients in Spain, albeit at lower margins, more than compensated for the decline in B2B volumes

Public debt placements

€ million

- Public debt sales benefited from the lifting of restrictions on the movement of people and the resumption of normal retail activity along the quarter, with placements almost doubling from €6.1m/workday in April to €11.5m/workday in June

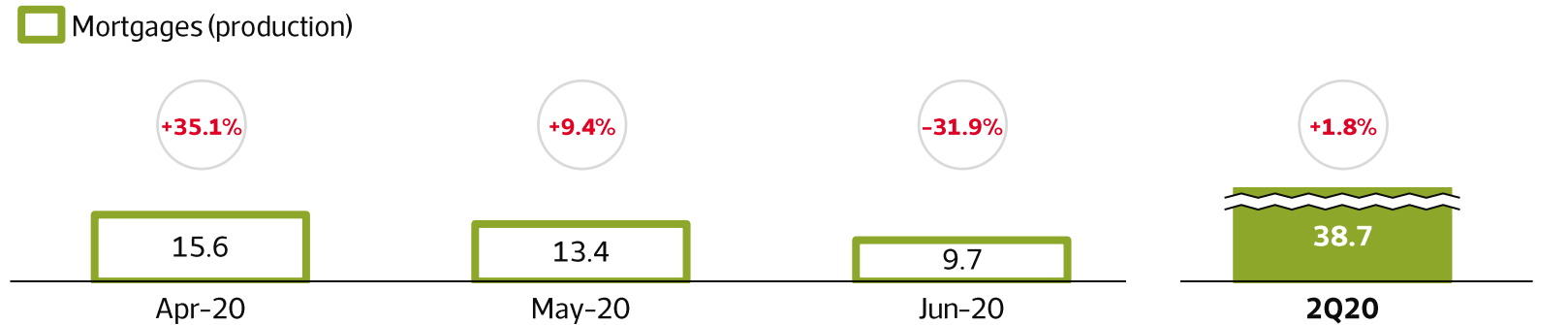
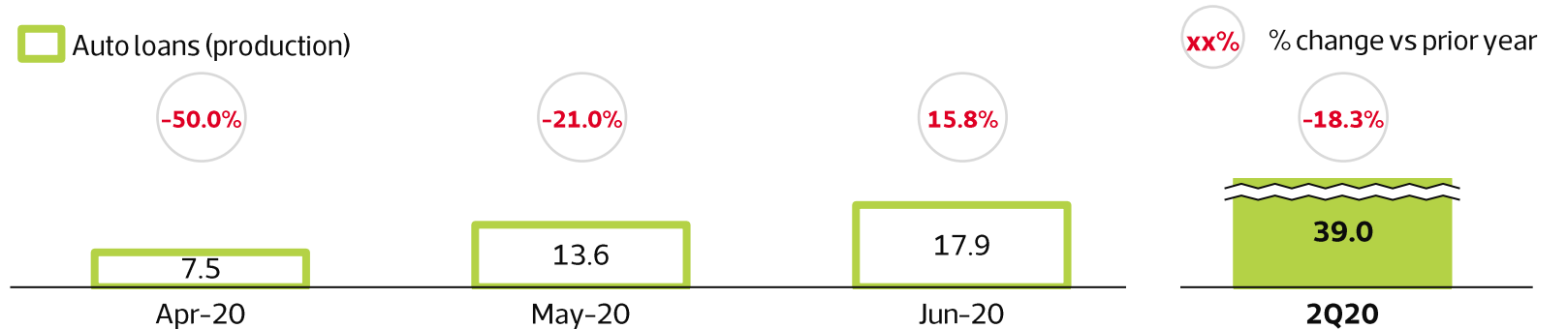


Banco CTT customers' flight to safety was evident in the renewed strong capture of deposits; credit activity is gradually recovering, under stricter lending standards

Credit to clients

€ million

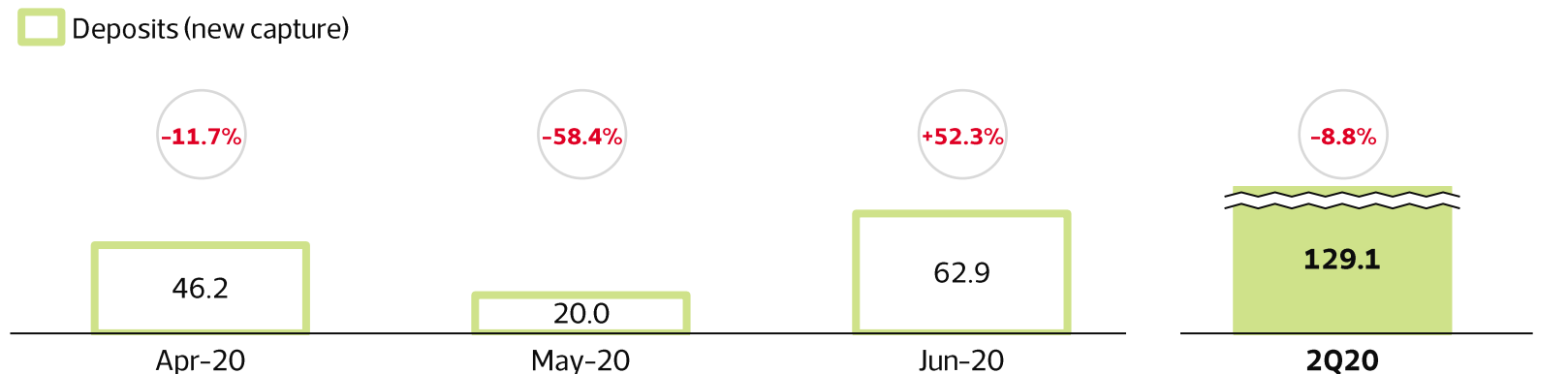
- Auto loans production, impacted by the closure of the auto dealerships as non-essential businesses during the lockdown, recovered strongly in the month of June
- Mortgage production remained resilient in April & May, but diminished in June, due to the natural 2/3-month lag between initial customer inquiry and contract closure



Customer deposits

€ million

- Deposits capture recovered strongly, evidencing Banco CTT's excellent standing among the population, despite the introduction of new debit card commissions in the quarter





**Going
further
in**

Excellence



All-round excellence

Every point of contact reflects the excellence of our operation. Always striving to expand our business universe with innovative shipping and logistics solutions.

Going further to be closer.

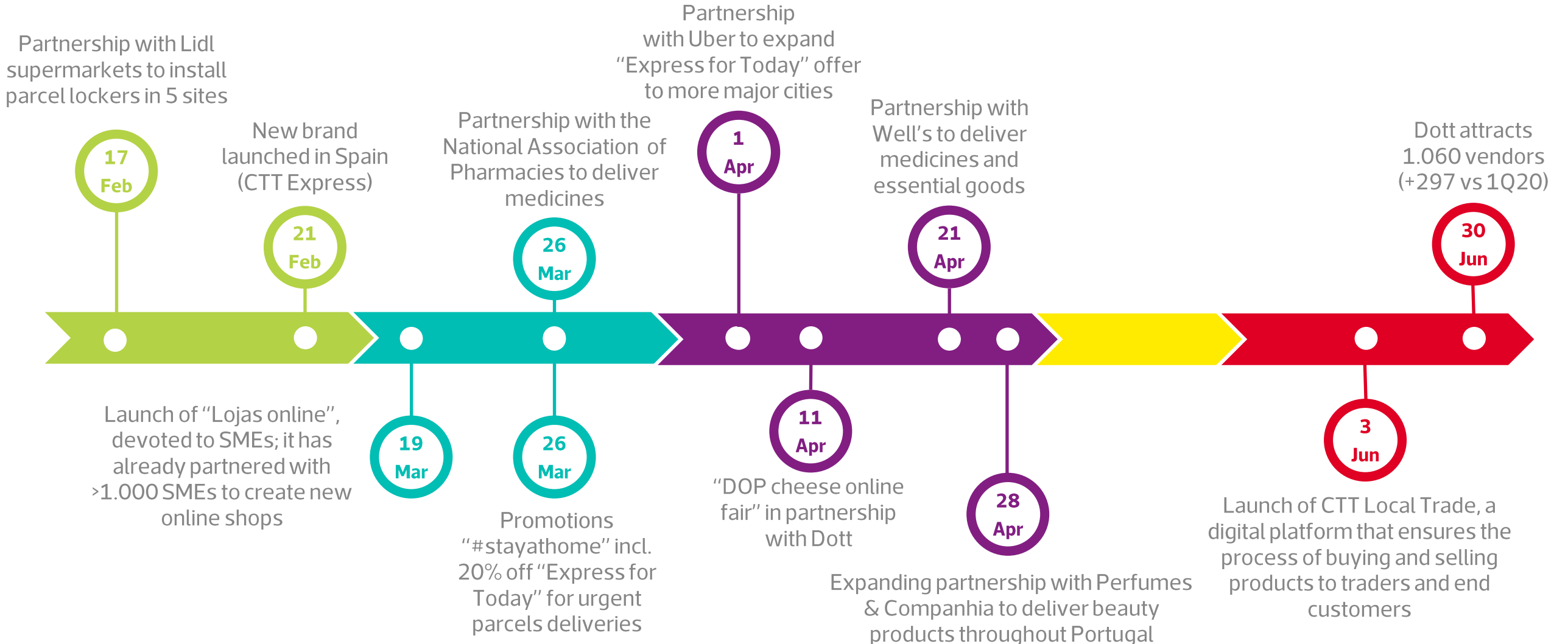


04

1H20
results
highlights

Taking a leadership role in e-commerce

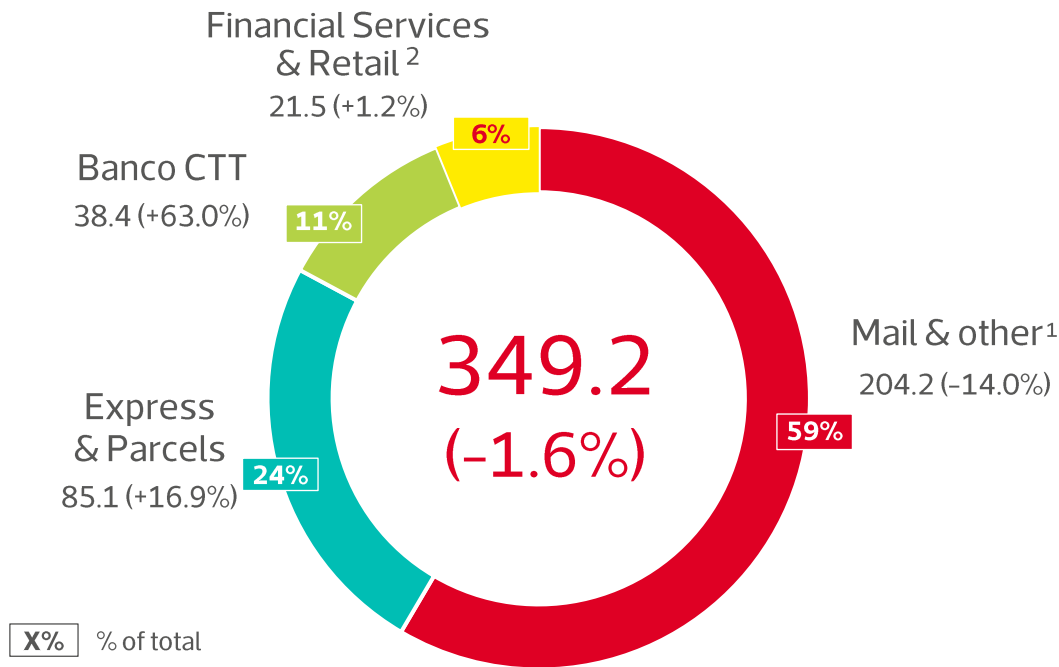
CTT has launched various initiatives and partnerships aiming at fostering the development of the e-commerce ecosystem



Strong performance in the growth levers, led by an acceleration in parcels in 2Q20, was unable to offset the impact of the atypical addressed mail volumes decline on revenues

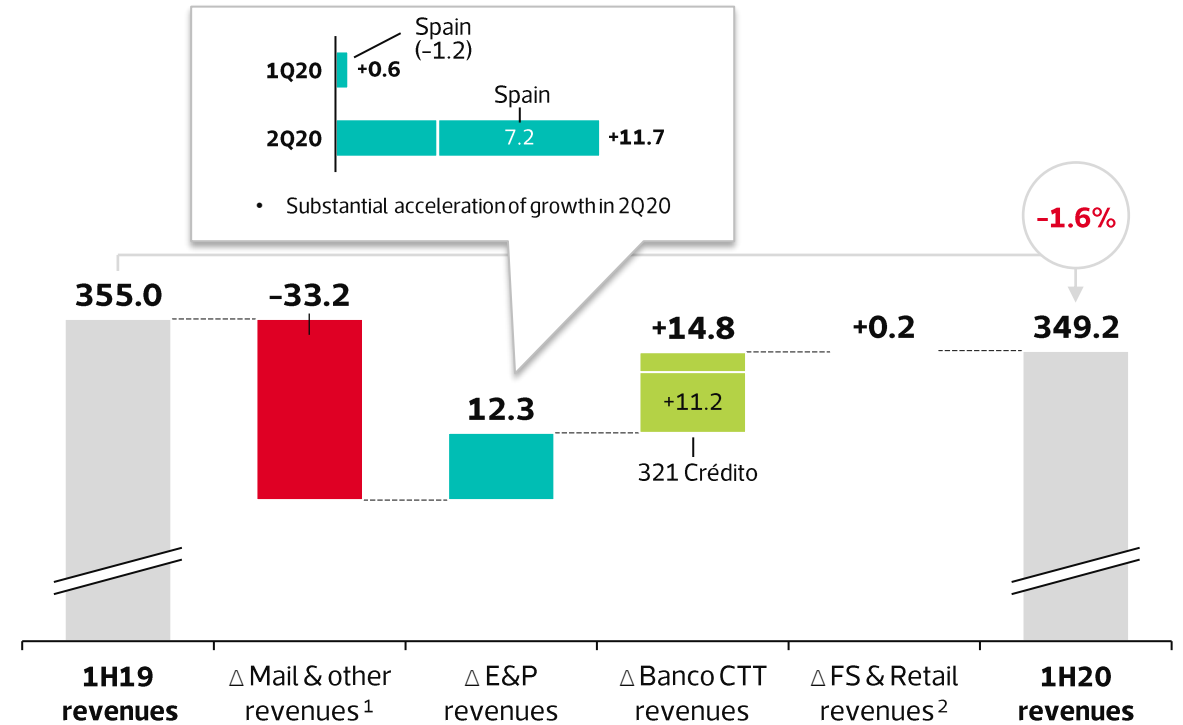
1H20 Revenues

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



Revenues breakdown

€ million; % change vs. prior year



- **Excluding the impact of 321 Crédito** (inorganic in the first four months of 2020), **revenues declined by €17.0m (-4.9%)**, as stellar parcels growth and €5.4m (62.9%) increase in Banco CTT net interest and fees & commissions income were unable to offset the Mail revenues decline, which resulted higher than the one expected at the start of the year, due to COVID-19

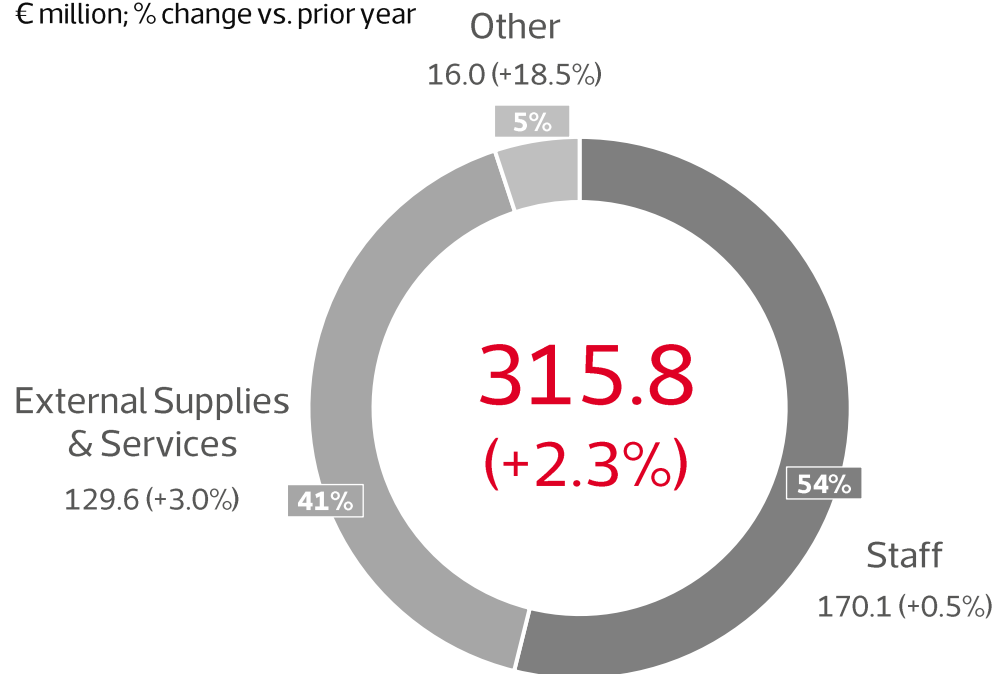
¹ Including Central Structure.

² The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

Efforts to build a more dynamic and growth-oriented business, by investing in the e-commerce ecosystem and providing a lifeline to communities, have brought a short-term increase in costs

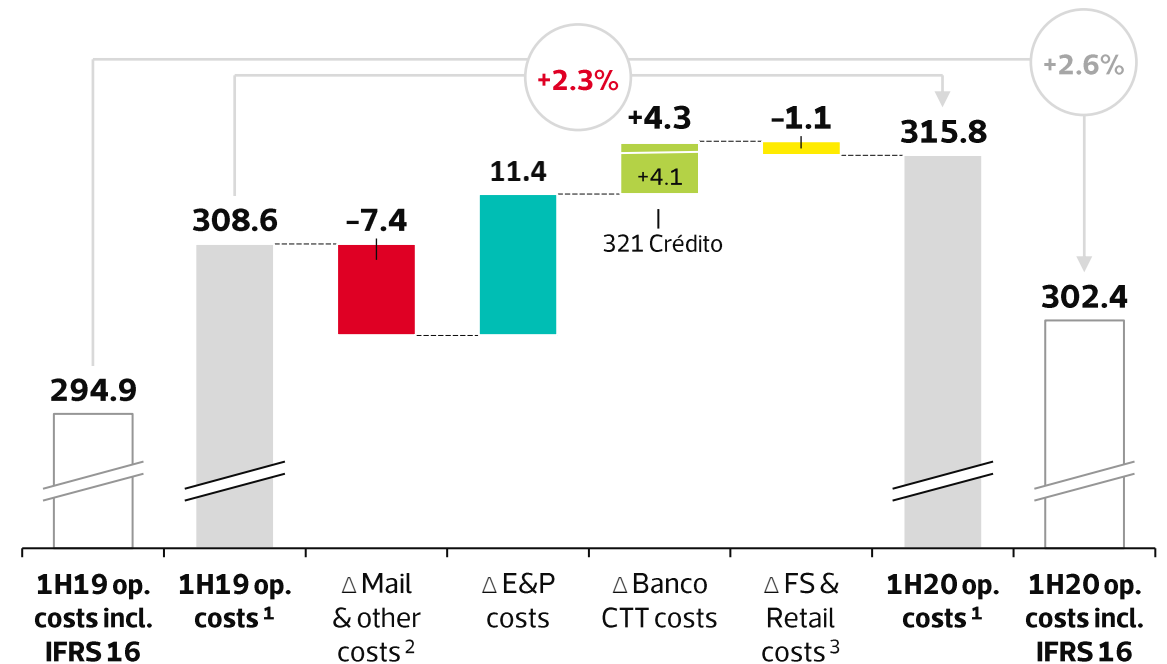
1H20 Operating costs¹

€ million; % change vs. prior year



Operating costs¹ breakdown

€ million; % change vs. prior year



- **Excluding 321 Crédito, a company acquired in May-19, and therefore making the comparison to the 1H19 costs structure more difficult, operating costs increased by €3.1m (1.0%)**
- **Staff costs, excluding 321 Crédito, declined by €0.9m (-0.5%).** Staff healthcare costs decreased €1.8m as the pandemic provoked lower utilization of the healthcare system by the employees. CTT chose not to participate in furlough schemes during the pandemic and instead sought to provide a lifeline to communities and strengthen its relationship with key customers
- **External Supplies & Services & Other costs, excluding 321 Crédito, increased by €4.0m (2.9%),** as the €2.2m reduction in marketing costs was more than offset by the increase in direct sales costs related to the capture of new clients (€2.6m) and the related increase in parcels transport & distribution costs in both Portugal & Spain (€4.5m)

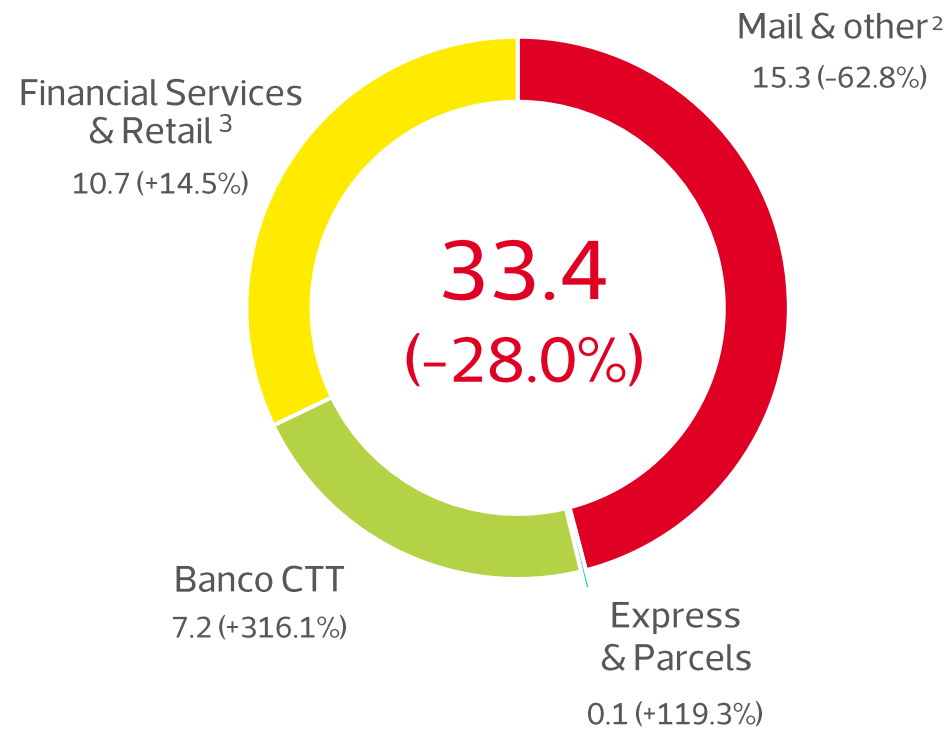
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ² Including Central Structure.

³ The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

EBITDA was affected by the extraordinarily challenging operational environment in Mail in the months of March to May, despite the positive evolution in all remaining business units

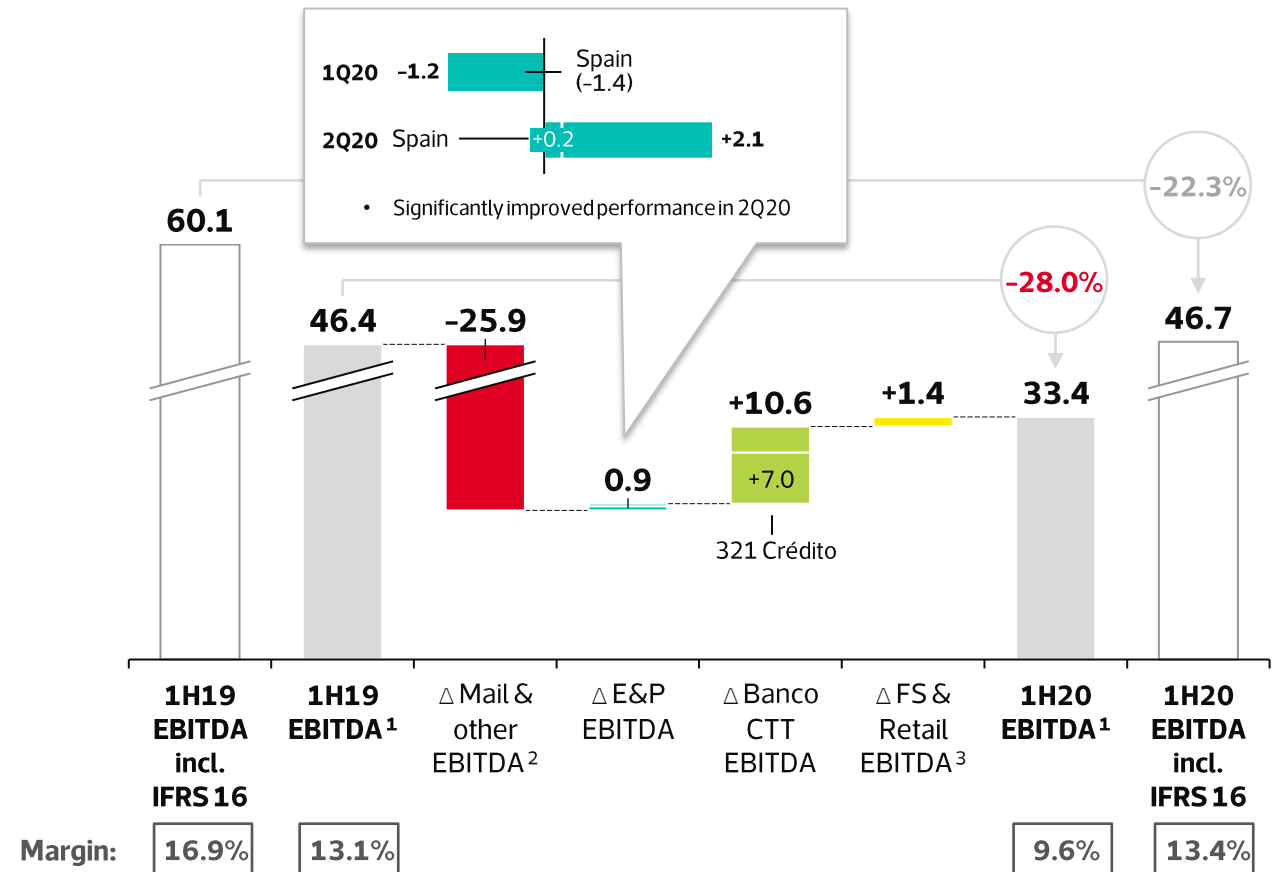
1H20 EBITDA¹

€ million; % change vs. prior year



EBITDA¹ breakdown

€ million; % change vs. prior year



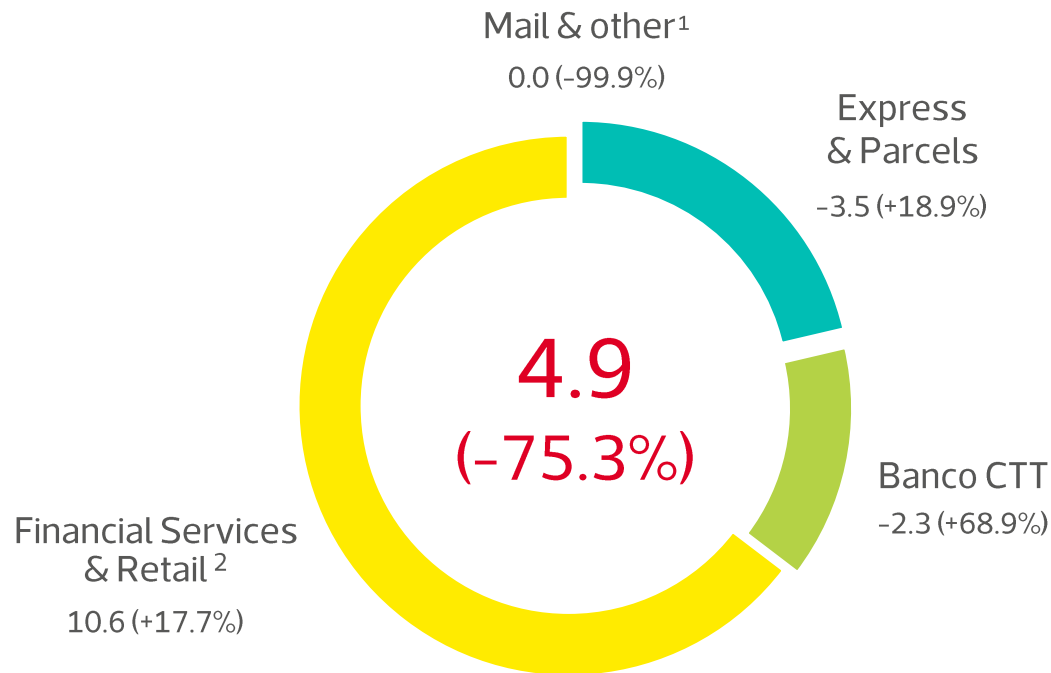
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ² Including Central Structure.

³ The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

Conservative provisioning policy and an increase in depreciation & amortization, stemming from recent growth in Capex, offset the favourable impact of lower specific items on EBIT

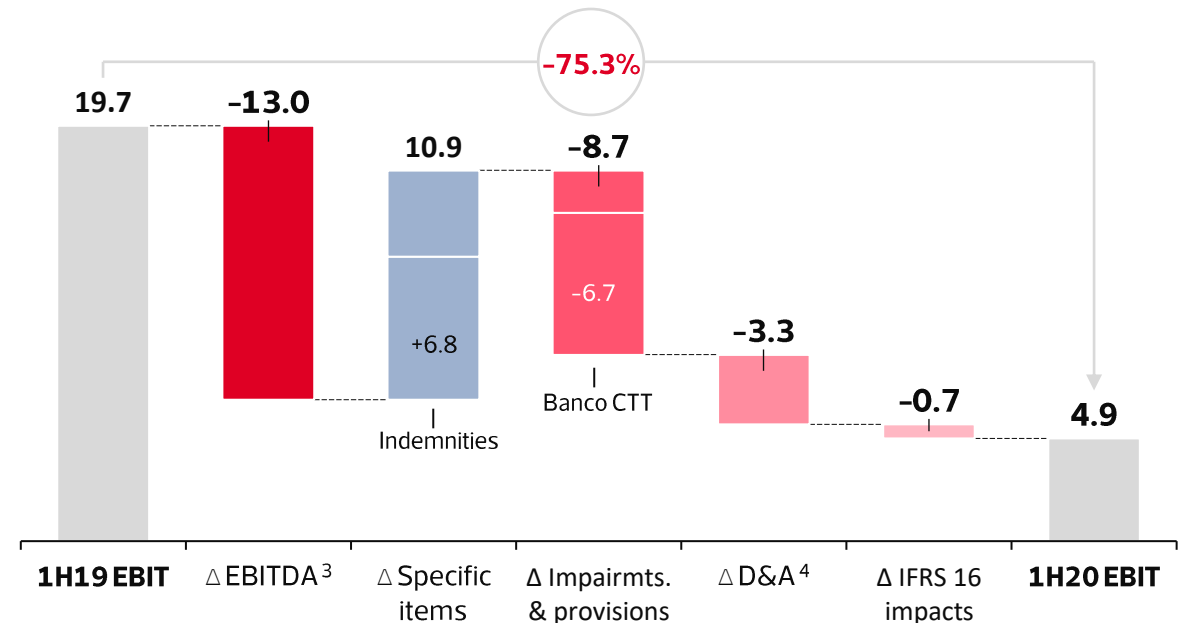
1H20 EBIT

€ million; % change vs. prior year



EBIT breakdown

€ million; % change vs. prior year



- **Specific items decreased by 93.2%** vs. prior year levels and now include mainly small extra expenditures related to the new concession contract negotiation and the COVID-19 pandemic
- **Impairments & provisions were reinforced - including €2.7m in impairments and additional €3.1m in provisions** (forward-looking, based on expected lower future GDP growth and projected increase in unemployment), registered in the 321 Crédito lending book in 2Q20, as a result of Banco CTT's conservative provisioning policy

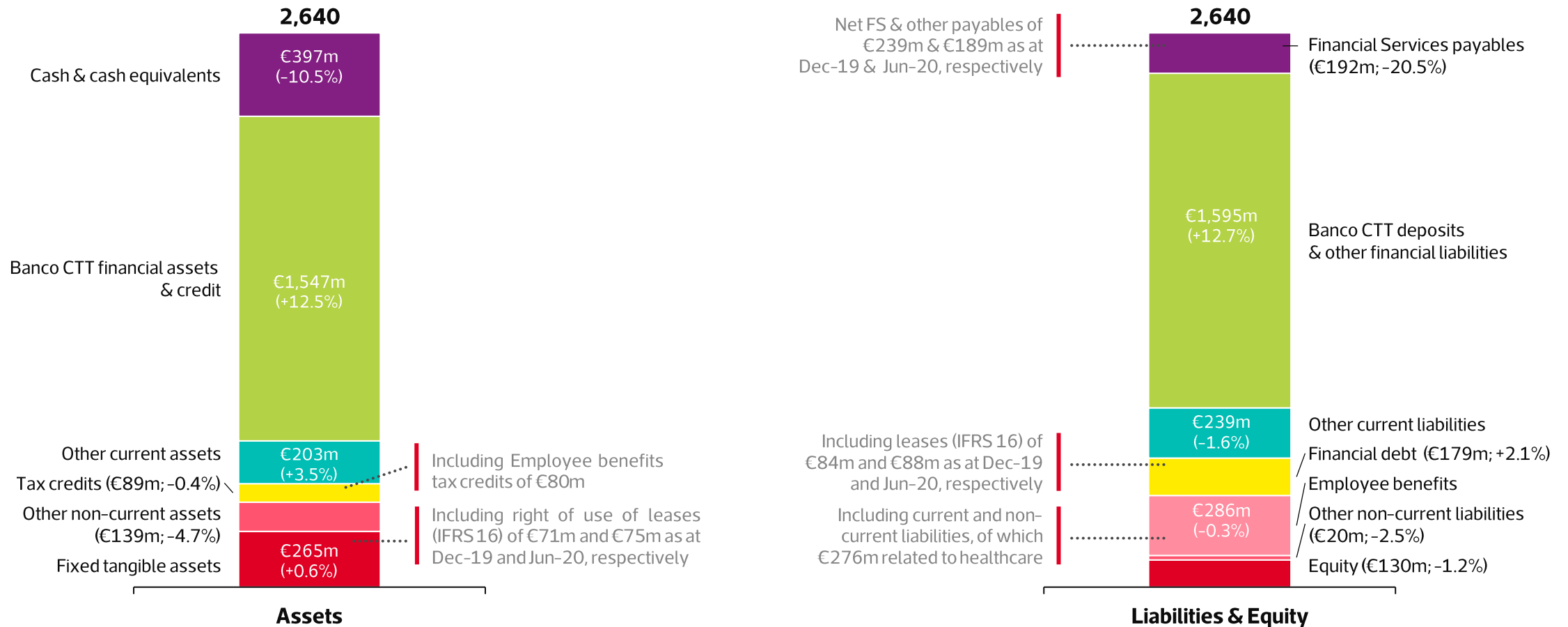
¹Including Central Structure. ²The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

³Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ⁴Excluding IFRS 16 impact

CTT faces the current period of economic uncertainty with a solid Balance Sheet...

Balance Sheet – 30 June 2020

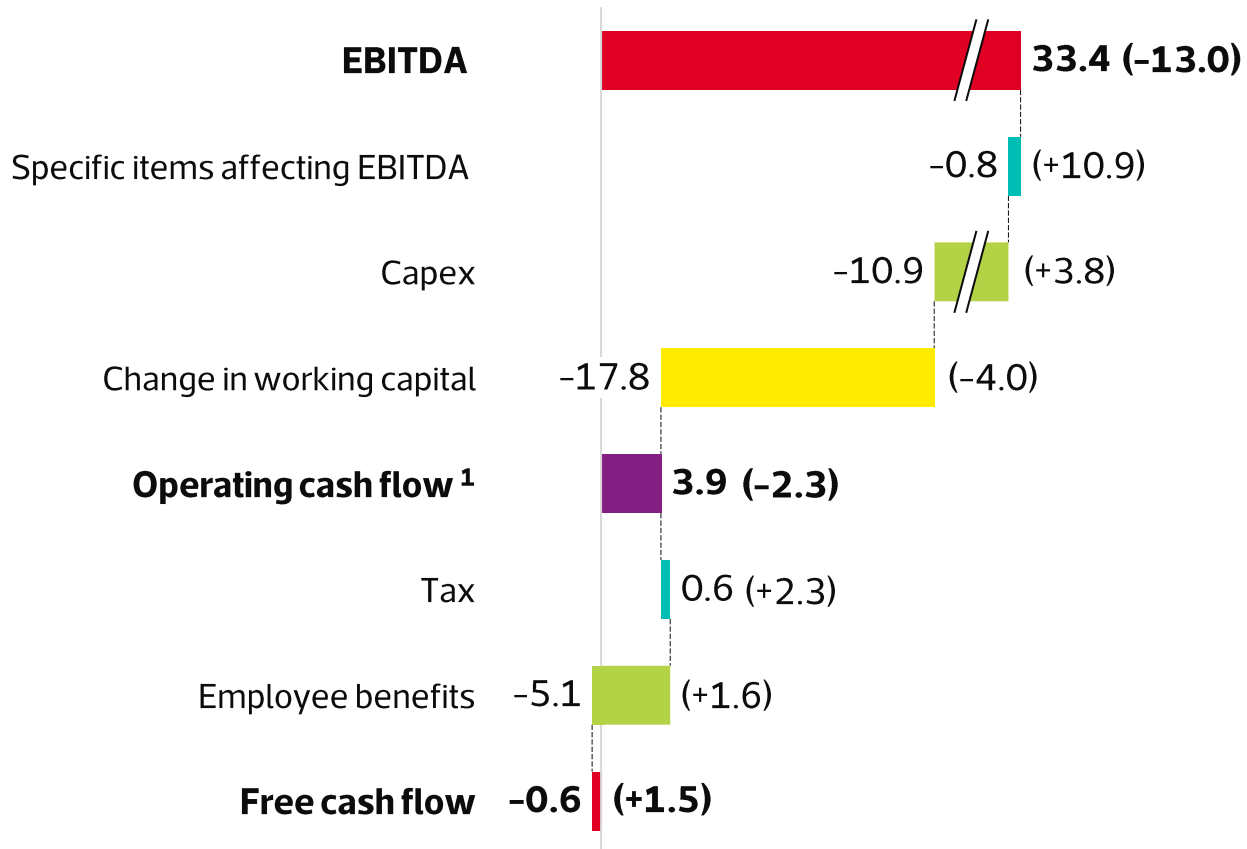
€ million; % change vs. 31 December 2019



...ample liquidity and a low level of net financial debt

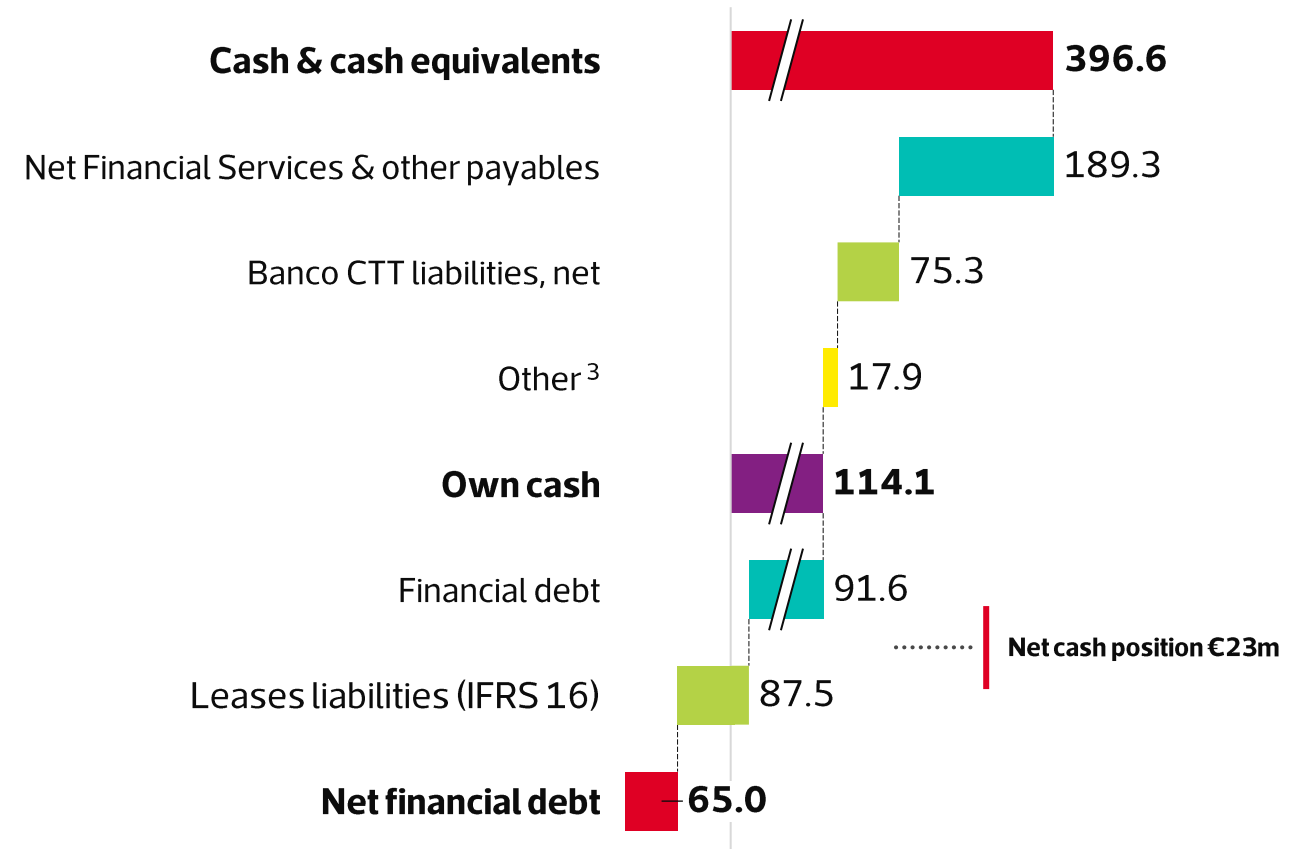
1H20 Cash flow

€ million; impact on cash flow vs. prior year



Net financial debt – 30 June 2020 ²

€ million



¹ The 1Q19 Operating cash flow was restated to be comparable with that of 1Q20. In 2Q19, the methodology of calculating the Operating cash flow was changed, in particular regarding the Change in working capital, which no longer includes one non-cyclical value related to the mobility allowance. ² Does not consider Employee benefits, net. ³ Including €14.2m Banco CTT cash deposits at Bank of Portugal.

FY20 outlook

Assuming gradual recovery of the economy and continued improvement of the pandemic situation, CTT expects that the positive dynamics in its growth levers will endure



- Significant reductions in letter (statements) and advertising mail are expected to lead to **double-digit addressed mail volumes decline for the year**



- Express & Parcels will continue to be the main growth engine, spurred by **fast e-commerce adoption and continued market share gains**



- **Banco CTT is currently well provisioned and capitalized** to face potential challenges in 2H20, assuming a gradual recovery of the economy



- The Portuguese **population's propensity to save has been steadily increasing after the pandemic**, which bodes well for a strong placement of public debt

CTT expects to achieve growth in revenues driven by parcels, more than €90m in EBITDA¹ and more than €30m in EBIT in FY20

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

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