

# Partnership with DHL for e-commerce in Iberia

December 2024



**ctt**

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## TRANSACTION HIGHLIGHTS

1

### Transformational milestone in becoming a full-fledged e-commerce logistics player

- JV with aiming to lead last mile in Iberia with more than €1.25Bi in revenues (2024E) and daily capacity of >1m shipments
- Access to additional cross border import and export flows originating from DHL's bet in consolidating the *day defined products* market
- Combination of Tier1 brand with competitive B2C operation will fuel penetration in large Iberian accounts
- Full suite intercontinental offer
- DHL B2B business in Iberia (~€300m/year, 75% of total sales) will enable a natural source of diversification as CTT is primarily exposed to B2C

2

### Key financial terms

- Implicit valuations are aligned with Transaction Multiples and DCF of both companies
- CTT Espresso valued at €482m enterprise value, DHL Parcel Iberia at €106m and DHL Parcel Portugal at €12m
- 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 I transaction amounts to c.€69m<sup>1</sup> assuming debt free/cash free basis
- Post completion of this Transaction<sup>2</sup>, CTT will have a leverage ratio (measure by net debt to EBITDA) below 2.0x

3

### Significant value creation

- Strong value creation for shareholders through visible synergies (>€35m run-rate at EBIT level)
- The proposed transaction structure aligns incentives to execute the Business Plan and protects CTT from the execution risk

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### Next steps

- The transaction is subject to customary closing conditions, including applicable regulatory approvals
- The transaction is expected to close in 2H25
- Both Parties will grant each other options to increase, in the future, their mutual shareholdings in the respective companies up to a stake of 49%

# Complementary and synergic business models to underpin profitability



BUSINESS OVERVIEW

## CTT Expresso

## DHL Parcel Portugal

## DHL Parcel Iberia (Spain)

Competitive B2C e-commerce operation with full geographic D+1 coverage of Iberia

>130m parcels delivered per year (3Q24 LTM)

Trusted specialist for domestic and international parcel delivery with exposure mainly to B2B

~50m parcels delivered

Revenues  
2023

€341m

€385m

EBIT  
2023

€20m

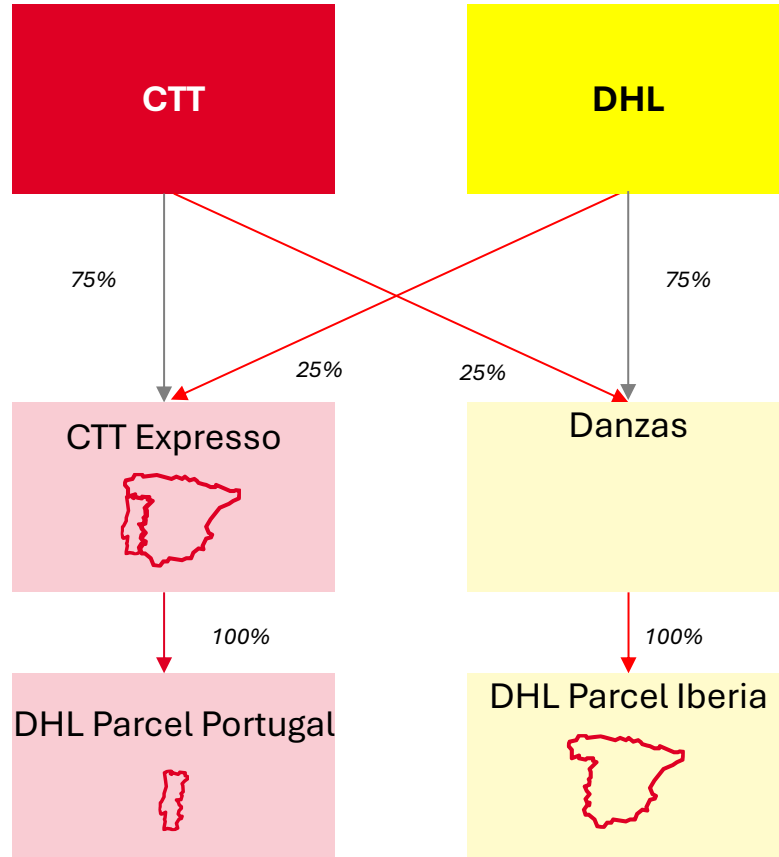
€8m

EBIT margin  
2023

5.8%

# Partnership structure to maximise focus on execution

## TRANSACTION STRUCTURE



### 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 €69<sup>1</sup>m assuming debt free/cash free<sup>2</sup>**

### Call Option scheme (exercise following close of FY27 accounts)

- CTT and DP International are granted options, upon the fulfilment of certain conditions<sup>3</sup> related with operational performance, to increase their minority stakes up to 49%.

<sup>1</sup>May be adjusted at closing; <sup>2</sup>This amount does not consider the acquisition of Cacesa by CTT Expresso; <sup>3</sup>Trigger: 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

# Creating the most comprehensive pick-up and delivery network in Iberia



STRATEGIC RATIONALE

## Value levers

### 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

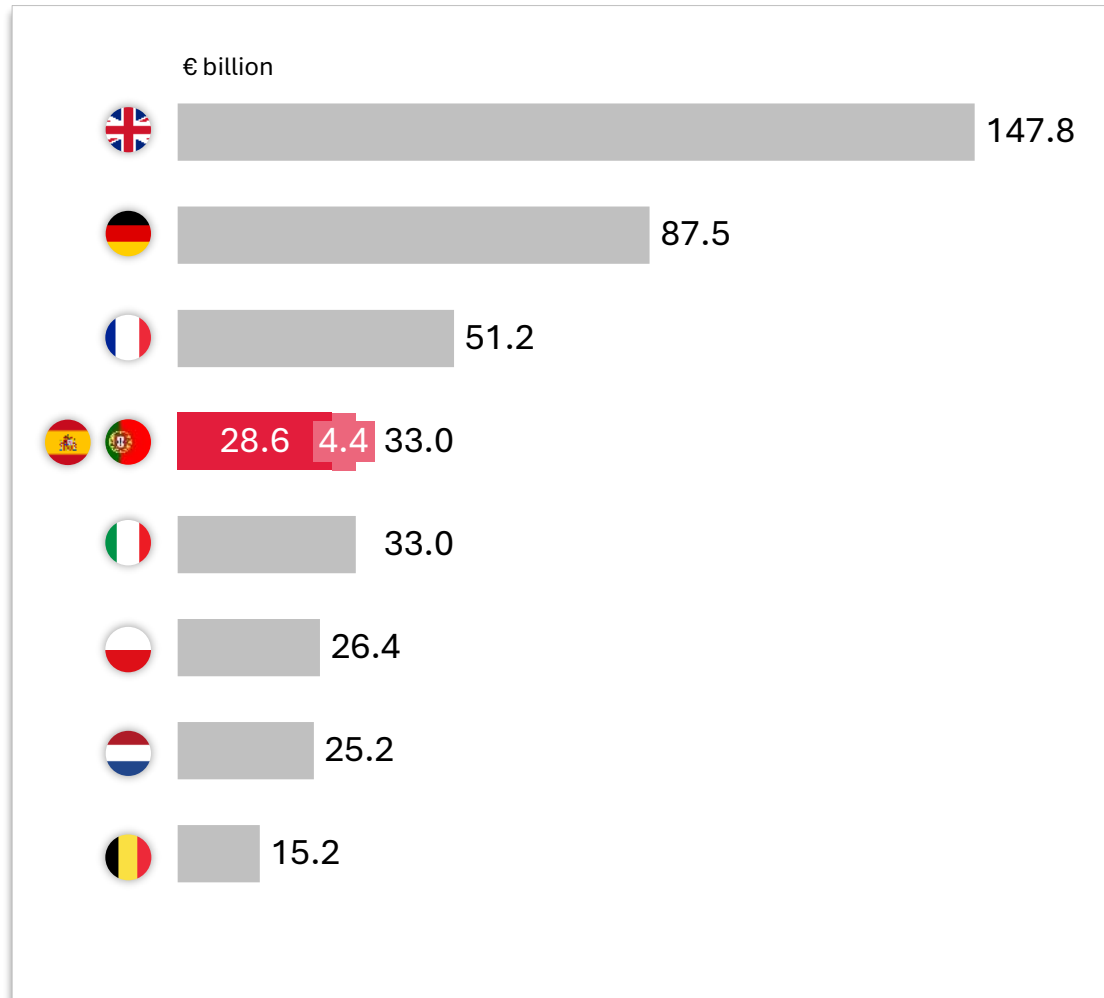
### High Complementarity

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

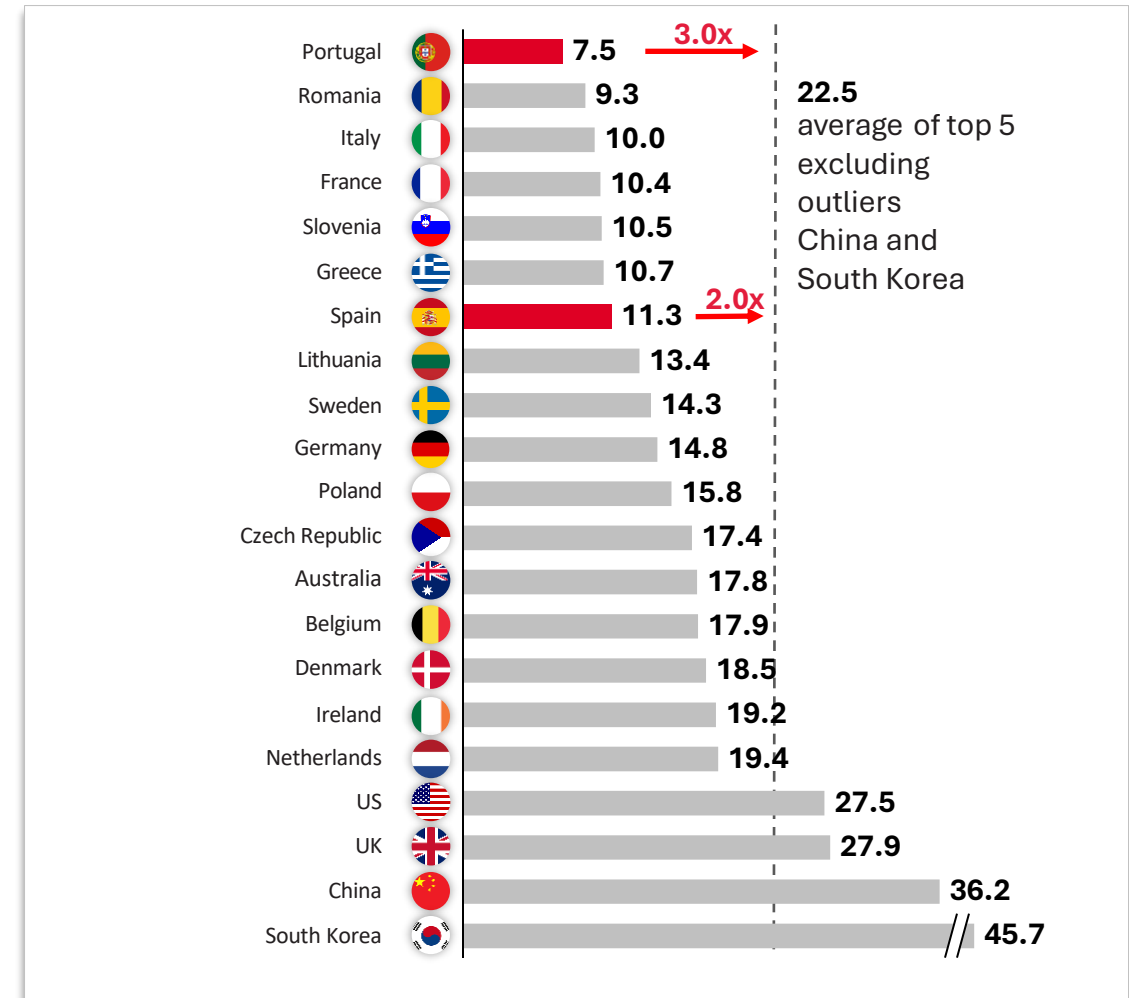
STRATEGIC RATIONALE

Iberia is the 4<sup>th</sup> 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, %



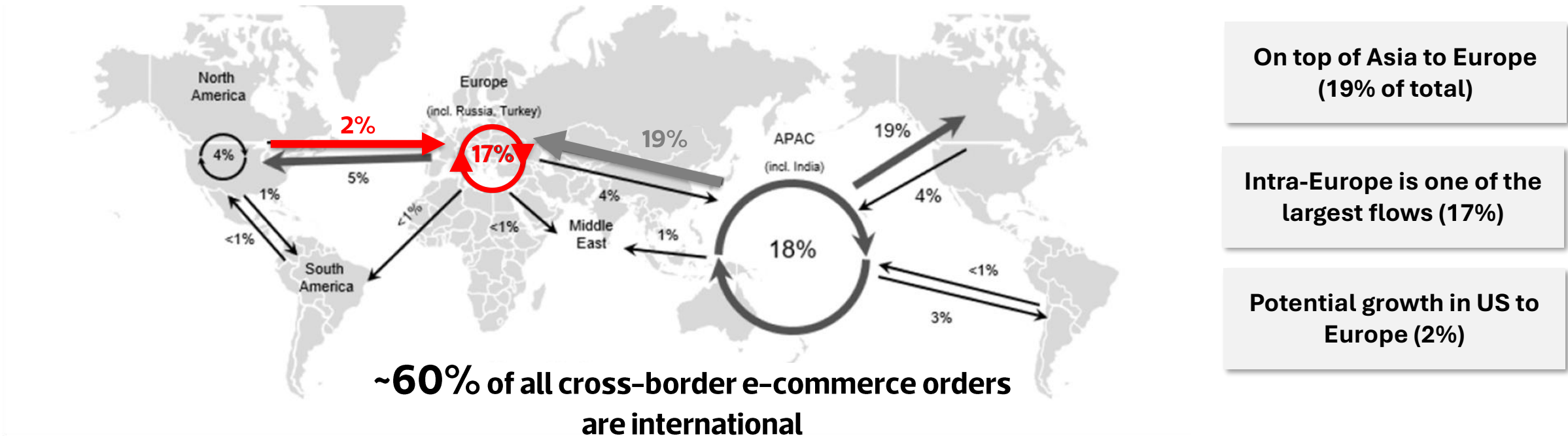
<sup>1</sup>Source: Euromonitor International, 2023 data

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

# Doubling the market opportunity with access to new cross-border flows

STRATEGIC RATIONALE

**~8.2bn orders annually**



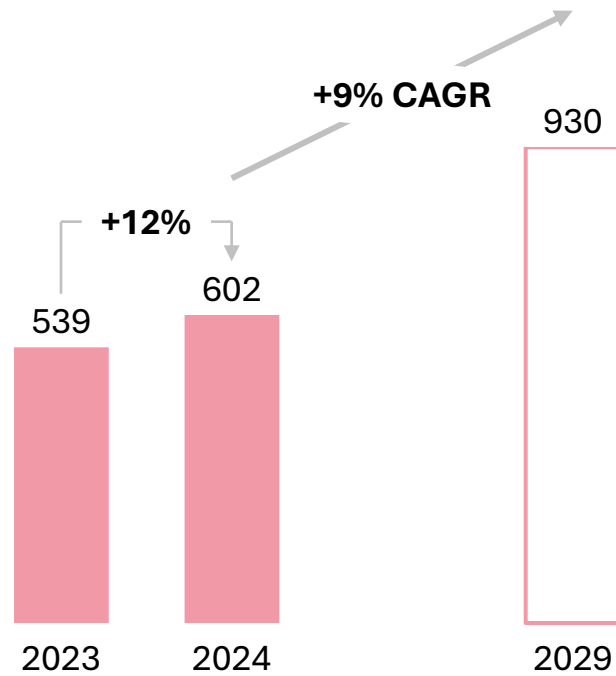


# New cross border opportunity to be a key growth driver

STRATEGIC RATIONALE

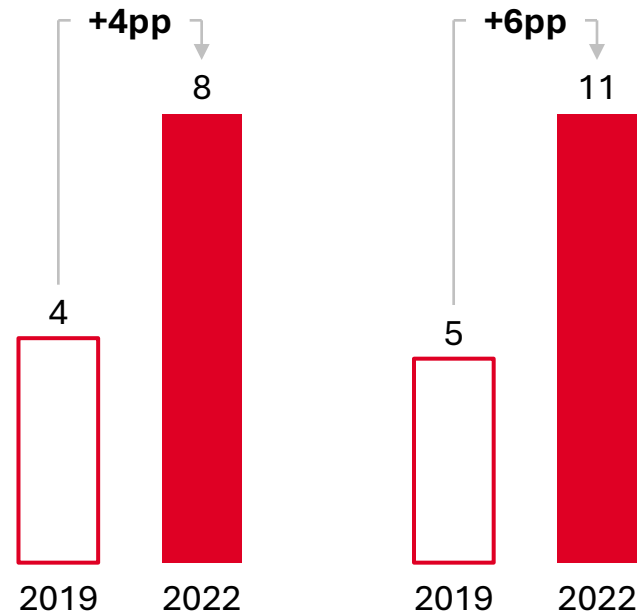
## E-commerce volumes in Europe

Revenues; € billions



Europe

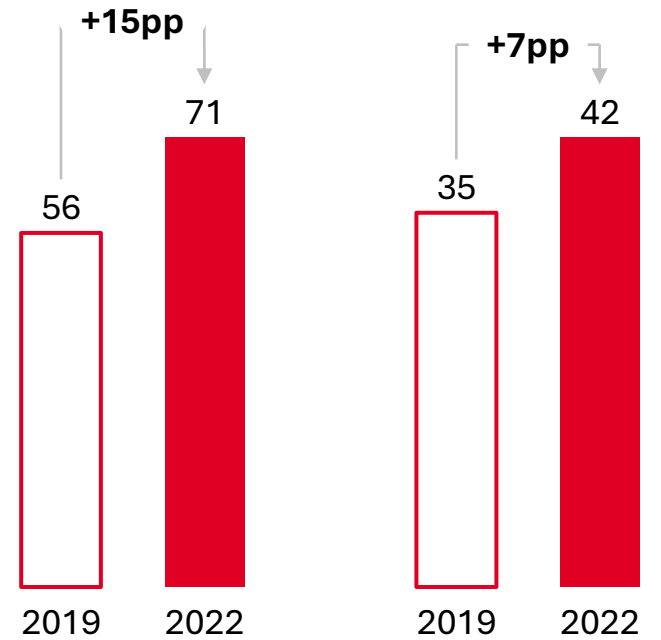
## E-commerce as % of total retail sales



Portugal

Spain

## Cross border as % of total e-commerce



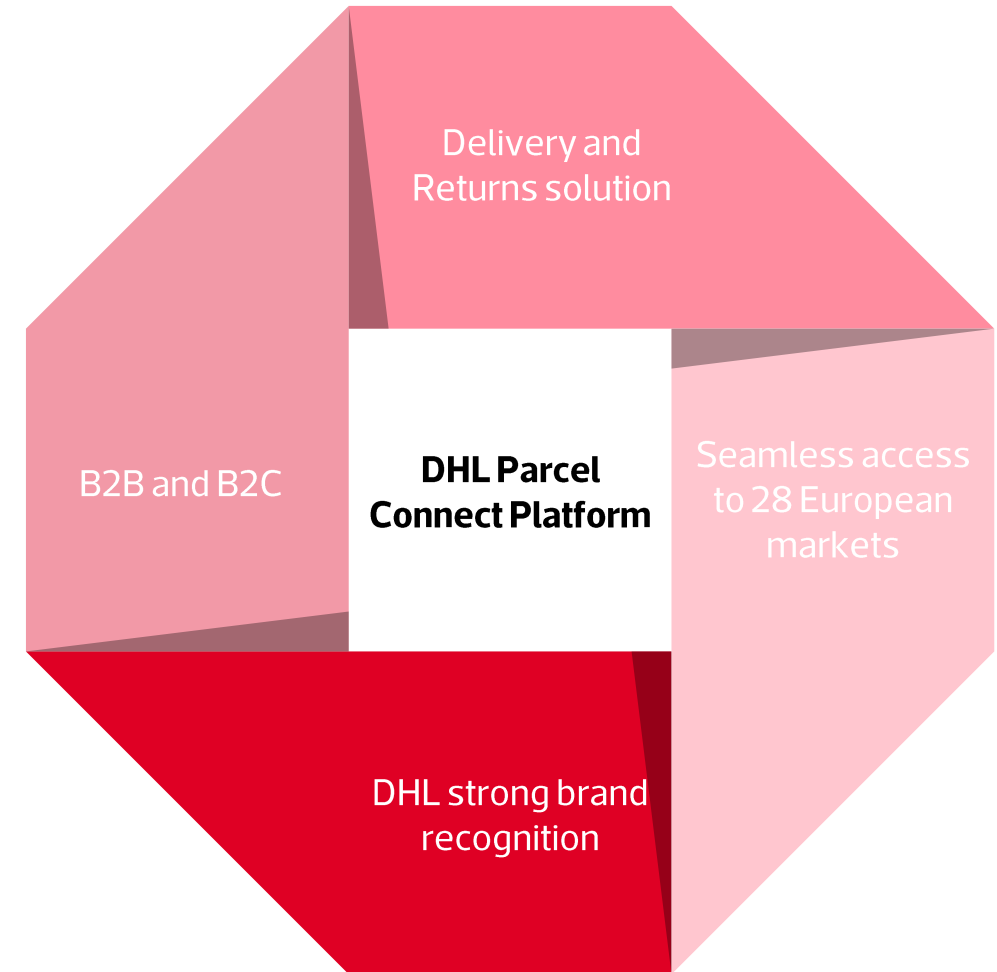
Portugal

Spain

# Competitive last mile operation with Tier1 brand



STRATEGIC RATIONALE



**Operating efficiency combined with global footprint**

# Iberian JV fully equipped to provide exceptional quality service

JV ASSETS<sup>1</sup>

Strong brand recognition in Portugal and Spain



~150m Parcels delivered



>1m shipments of daily processing capacity



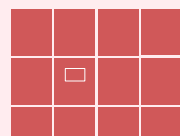
>3,300 employees



~23,000 PUDOs



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



29 hubs



330 depots



# Generate synergies and pursue Iberian e-commerce growth opportunities

## KEY TAKEAWAYS



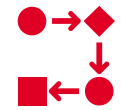
**Diversification towards B2B business**



**Access to additional cross-border import and export flows**



**Opportunity to attract larger accounts in Spain due to stronger brand recognition**



**Full suite intercontinental offer**



**Relevant operational synergies**



**Significant cash inflow that will support further growth and shareholder remuneration**



**Option to further expand the partnership**

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We make our path fully  
committed to deliver

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