

# CTT Express

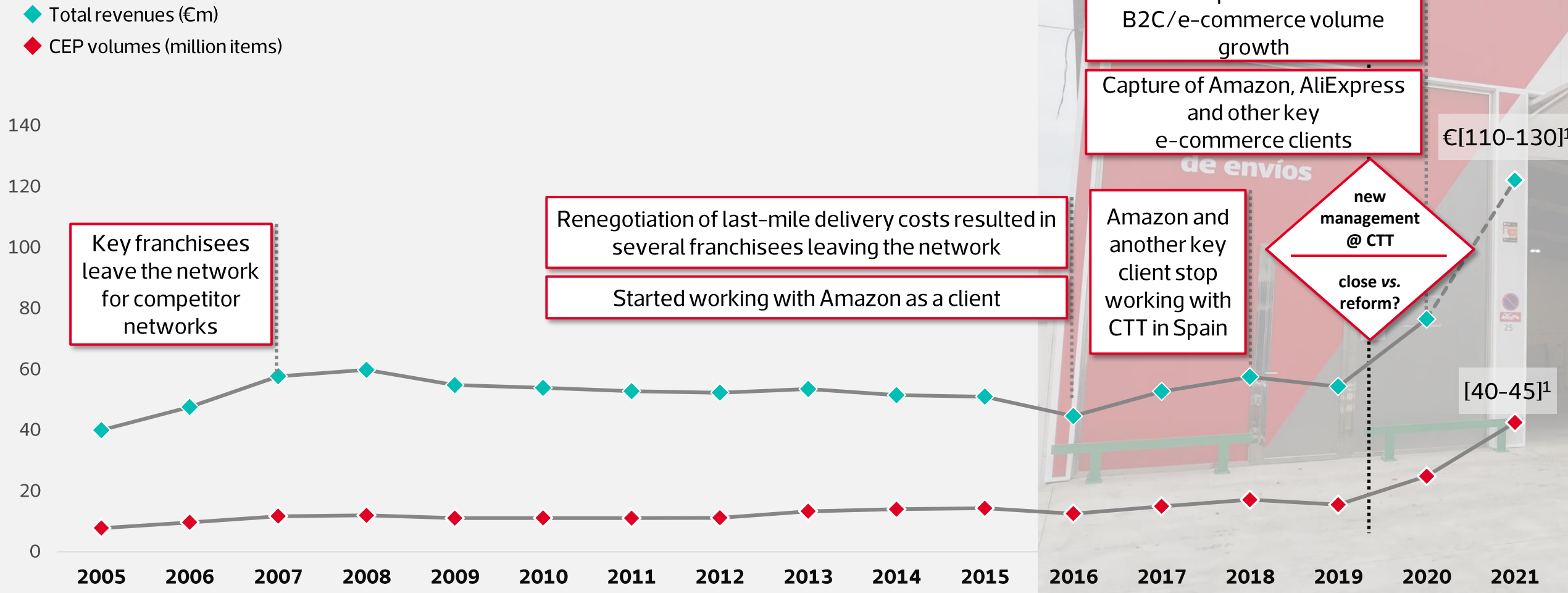
Providing insight over CEP  
operations in Spain

João Bento – CEO CTT

The image features a large, stylized lowercase logo 'ctt' in white, positioned on the right side of a solid red background. The letters are bold and modern, with the 'c' being a simple curve and the 't's having a distinctive shape with a vertical stem and a horizontal top bar.

# Volume in Spain grew more in 2020 alone than between 2005 and 2019

## CTT Express Total revenues and CEP volumes



<sup>1</sup> Interval between a straight line and a seasonalized annualization of the €57m in revenue and 20.4 million objects reported in Spain in 1H21.

# The pandemic impacted the envisaged strategy for Spanish turnaround

## 2019: Main strategic routes

### Operations

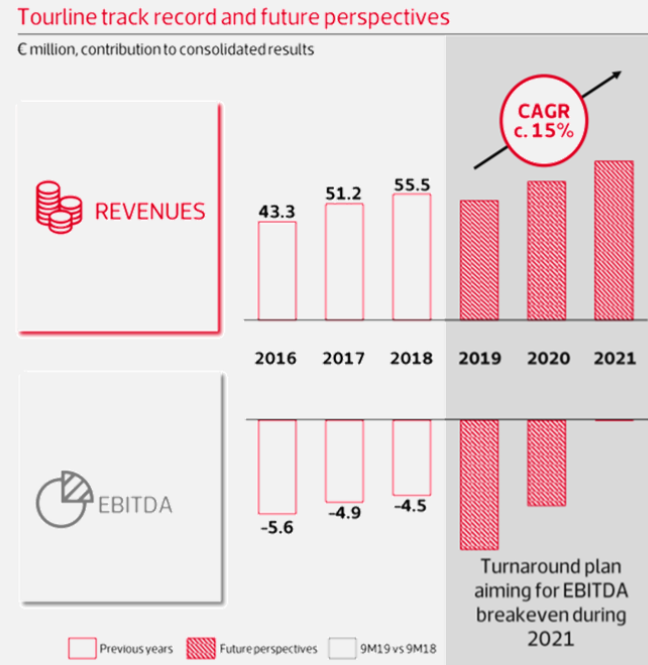
- Expand own operating capacity
  - Sorting facilities
  - Local operating centres
  - Sorting HW
  - Dynamic routing SW

### Commercial

- CRM
- Centrally manage large clients
- Use franchisees for small customers' acquisition
- Develop distinctive D+1 Iberian offer

## CTT committed to cross the EBITDA breakeven threshold during 2021

### REMEMBRANCE



## 2020-21: The pandemic transformed the CEP market in Iberia, considerably changing our path to profitability

- Decline of B2B in line with the economic downturn
- Strong acceleration of B2C leveraged by e-commerce

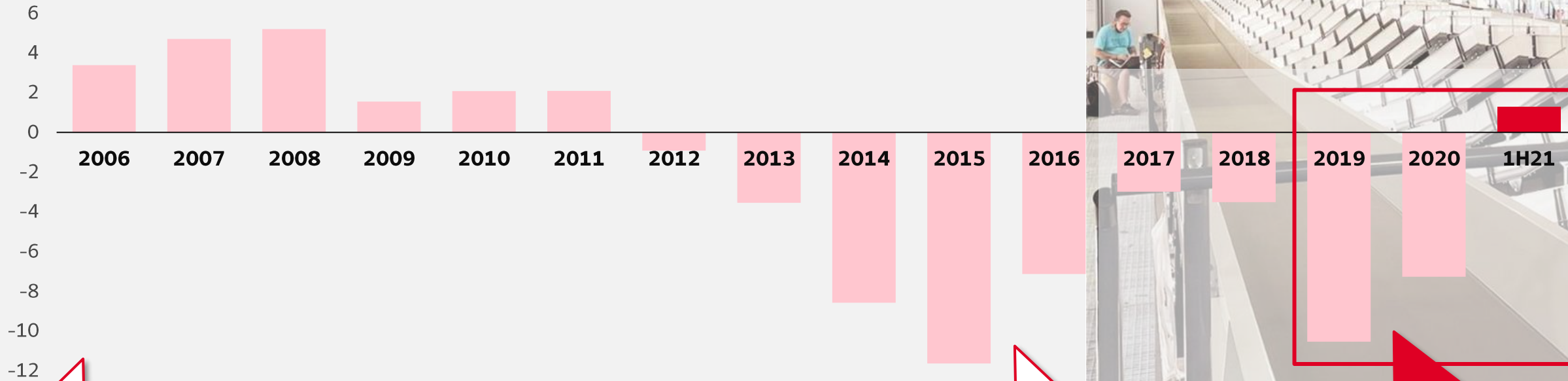
### Impact for CTT Express

- Higher volumes
- More B2C/less B2B
- Anticipation of the deployment of own operations

€12m CAPEX plan for Spain implemented despite pandemic impact

Turnaround driven by market share gain, scale and operational efficiency, resulting in sustained growth and EBITDA breakeven

### CTT Express EBITDA (€m)

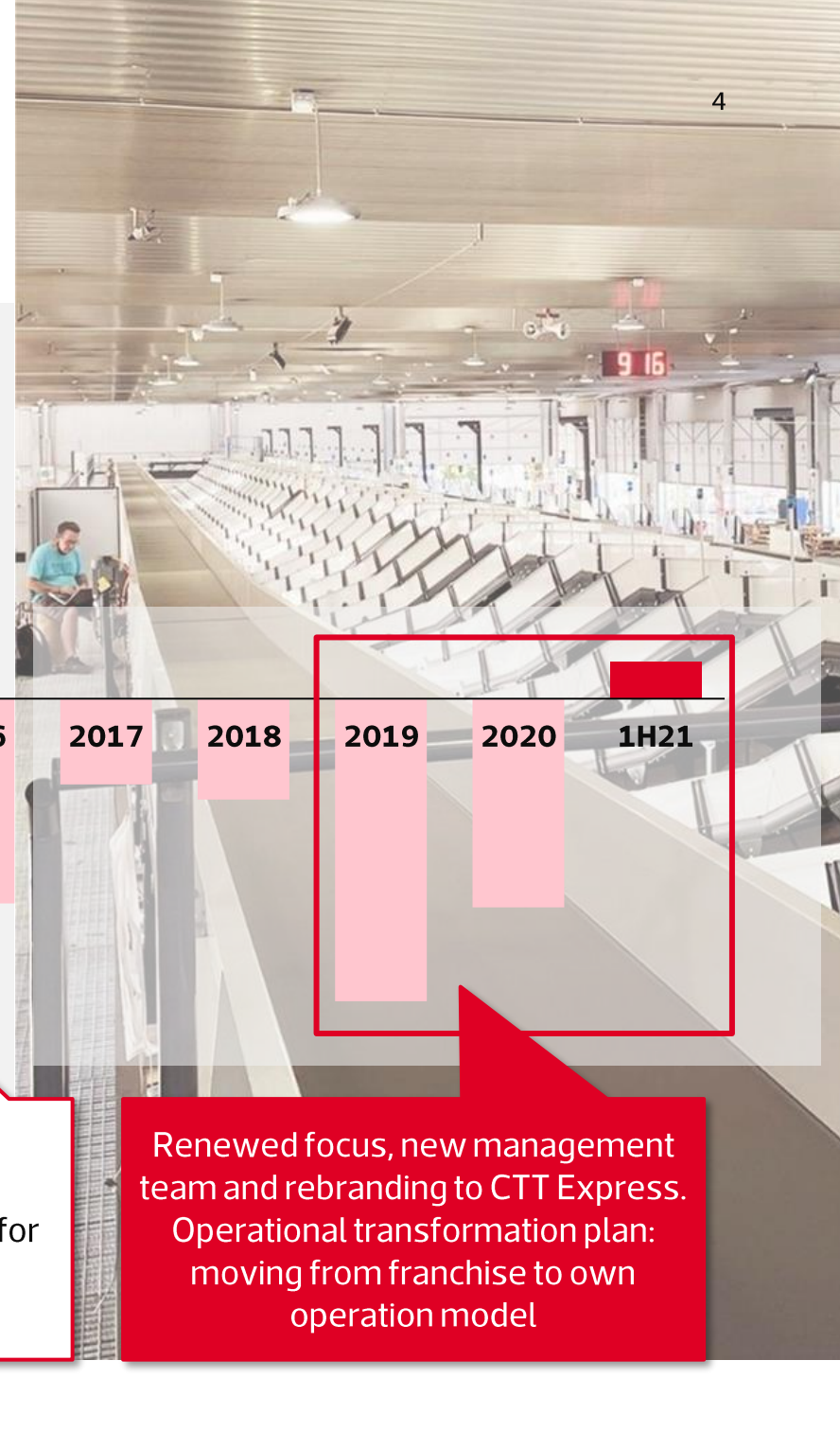


Acquisition of Tourline Express for €28.5m in 2005

Various efforts to integrate Spanish and Portuguese CEP portfolios and align operational standards produce mixed results

CTT announce cost-savings plan for Spain

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



# The transformation occurring in Spain is the result of several successful actions taken by CTT since 2019

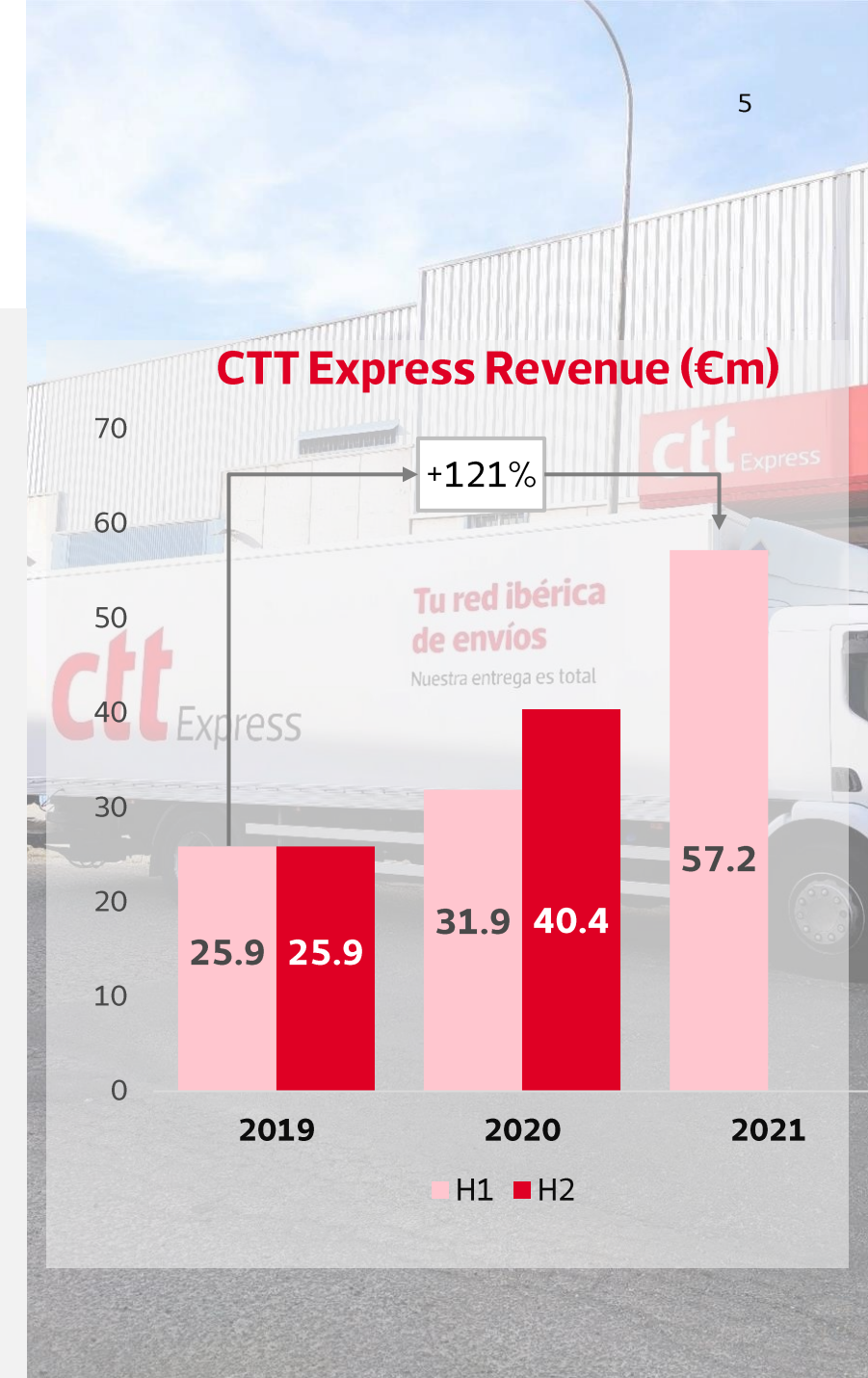
## 2019-21

### Actions already undertaken

- New management team
- Rebranding of Spanish operation
- Focus away from franchise model into own operational model, to maximize growing B2C/e-commerce needs
- Investment in new sorting equipment, new centers and dynamic routing software to improve quality standards and control over distribution
- Capture of large e-commerce retailers in order to improve scale
- Implement a new direct sales management model
- Evolve franchise model/contract focused on sales

### Actions yet to be taken

- Diversify customer base with the acquisition of smaller and more profitable B2B clients
- Continue to reduce operational costs and improve profitability – operational leverage



## An Iberian platform is increasingly important to be competitive both in Portugal and in Spain

### Iberian flows are significantly relevant in Portugal

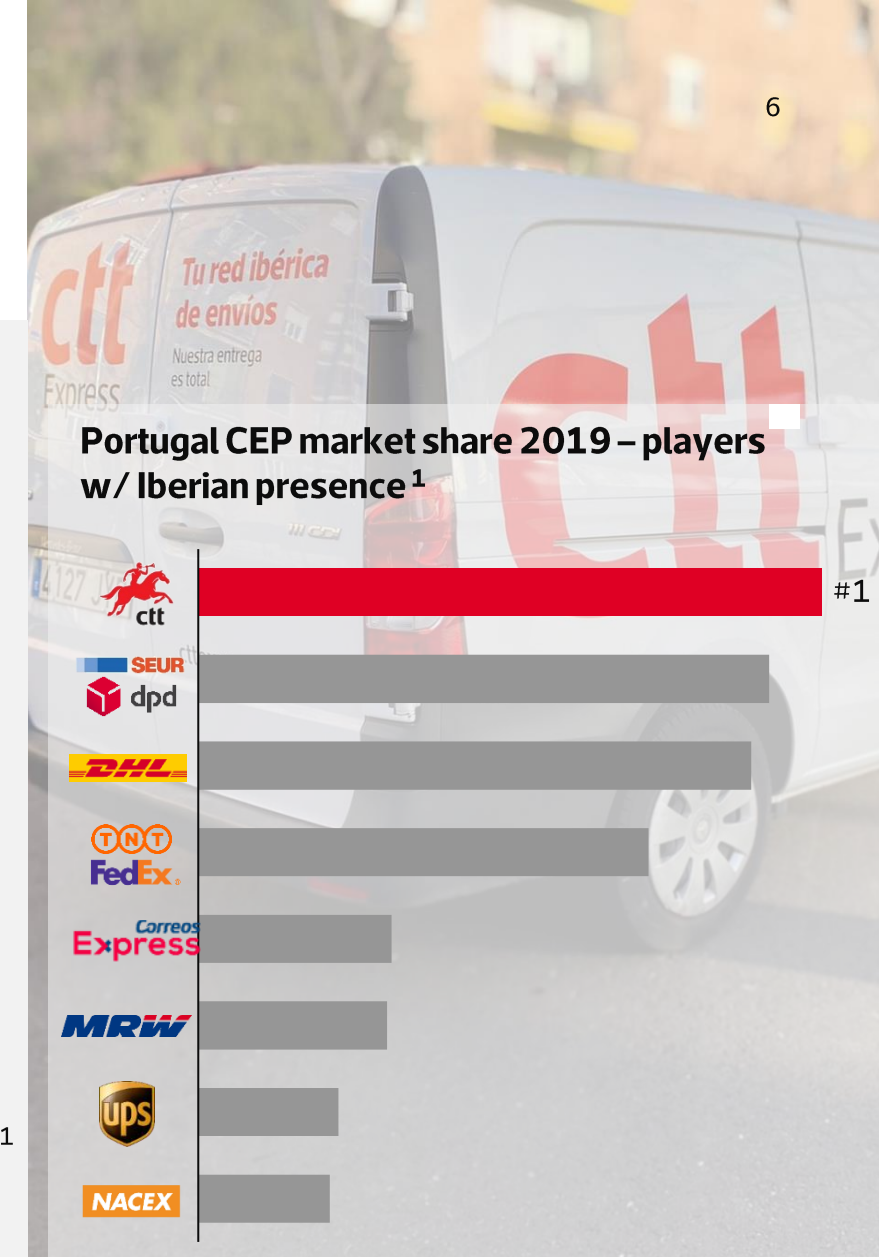
- **29%** of CEP Portuguese international market 2019 (which represent >50% of total CEP market in Portugal)<sup>1</sup>
- **22%** of Portuguese exports in 2020<sup>2</sup>
- **30%** of Portuguese imports in 2020<sup>2</sup>

### Iberian flows are relevant for clients

- **46%** of clients in Portuguese market send items to Spain<sup>1</sup>
- **33%** of clients in Spanish market send items to Portugal<sup>1</sup>

### 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 Spain<sup>1</sup>



Being leader and having access to the most extensive network in Portugal enables CTT Express to be the CEP player in Spain best prepared for cross-border Iberian flows, while further consolidating CTT's leadership position in Portugal

# CTT increasingly provides investor exposure to the e-commerce and parcels market in the Iberian Peninsula

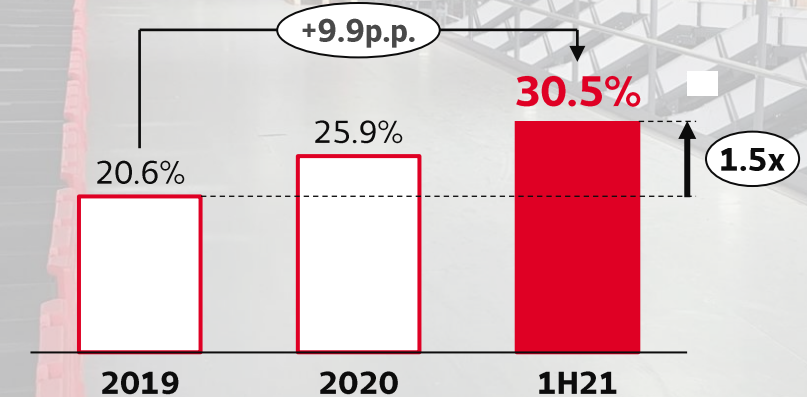
## Transforming a traditional postal player in a full fledged express and parcels operator

- **E-commerce market** has been fostering Express & Parcels growth
- E&P revenues weight increased 9.9p.p. since 2019

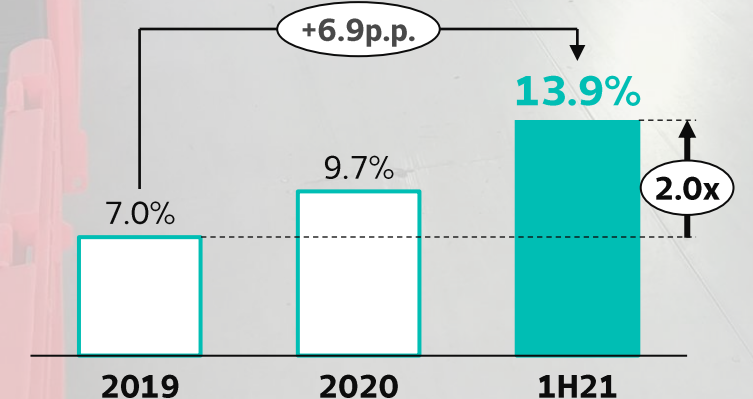
## Growing exposure to Spanish market

- **13.9% of CTT revenues** came from **Spain** in 1H21
- The weight of **Spain doubled** since 2019

### Weight of Express & Parcels in CTT group <sup>1</sup>



### Weight of Spain in CTT group <sup>2</sup>



## Ambition to grow market share and improve profitability

### Commercial strategy and market share ambition:

- Grow in the B2C market with a more efficient delivery network
- Capture B2B market share: outperforming our B2B competitors with a more competitive business model
- Become the company of reference for Iberian flows

### Profitability:

- Scale to enable dilution of structure costs
- Improve pricing dynamics
- Iberian projects to improve productivity

A photograph of a large, modern warehouse interior. The space is filled with rows of shelving units and various equipment. The ceiling is high with industrial lighting. A red arrow points from the text box to the left, towards the warehouse floor.

**Grow to high  
single digit  
market share**

A photograph of a large, modern warehouse interior, similar to the one above. A red arrow points from the text box to the left, towards the warehouse floor.

**Mid-to-high  
single digit  
EBIT margin**