

ODDO BHF Forum Presentation



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1.

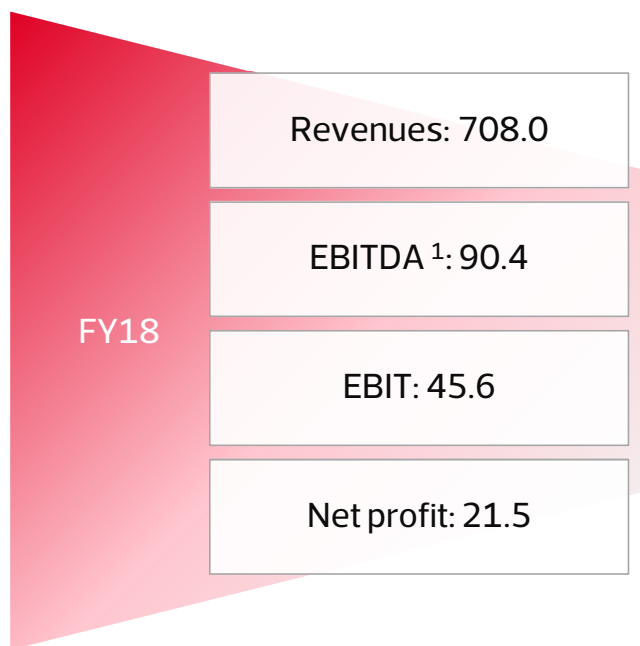
**company
overview**

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



Key financials

€ million



FY18 Revenues breakdown

€ million; % of total

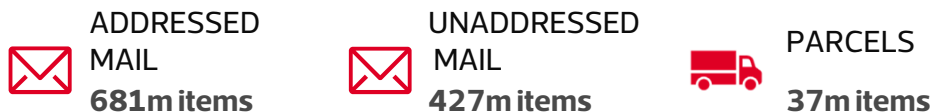
	Revenues	% of total		
Mail (495.1; 69.9%)	Addressed mail	444.6	62.8%	Indisputable market leader
	Transactional	413.1	58.3%	
	Advertising	16.7	2.4%	
	Editorial	14.7	2.1%	
	Unaddressed mail	7.3	1.0%	
	Retail & other	43.2	6.1%	
Express & Parcels (148.9; 21.0%)	Portugal	91.4	12.9%	Economies of scale and market-leading position in Portugal
	Spain	55.5	7.8%	
	Mozambique	2.0	0.3%	
Banco CTT (33.6; 4.7%)	Net interest & commissions	12.9	1.8%	Leveraging on a strong brand and historical track record
	Payments & other	20.7	2.9%	
Financial Services (26.8; 3.8%)	Savings & insurance	18.9	2.7%	
	Money orders & other	7.8	1.1%	

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

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



LAST-MILE LOGISTICS PLAYER...



...WITH GROWING FINANCIAL SERVICES BUSINESSES






Based on two unique networks...



RETAIL NETWORK

-  **2,762** HUMAN RESOURCES
-  **2,383** ACCESS POINTS
of which: **538 OWNED**
-  **4,349** PAYSHOP AGENTS

DISTRIBUTION NETWORK

-  **6,445** HUMAN RESOURCES
of which: **4,467 MAILMEN & WOMEN**
-  **230** POST DELIVERY OFFICE
and: **2 SORTING CENTRES**
-  **+3,600** OPERATIONAL FLEET

...and a trusted brand




1st PLACE
PSI20 company with best reputational evaluation
Fourth consecutive year




Note: Figures as at 31 December 2018.

Strategy: transform the postal business and continue to develop the Express & Parcels and Banco CTT growth levers



 **Mail**





Preserve the value of the Mail business, improve profitability and reinforce quality of service

 **Express & Parcels**





Consolidate positioning as an integrated Iberian CEP operator and leverage on the e-commerce growth trend

 **Banco CTT**



Develop an innovative and fast-growing banking player focused on simplicity, transparency and proximity

 **Financial Services**



Strengthen the retail network's capacity, focusing on the customer experience and convenience, ensuring the proximity to the population

TRANSFORMATION

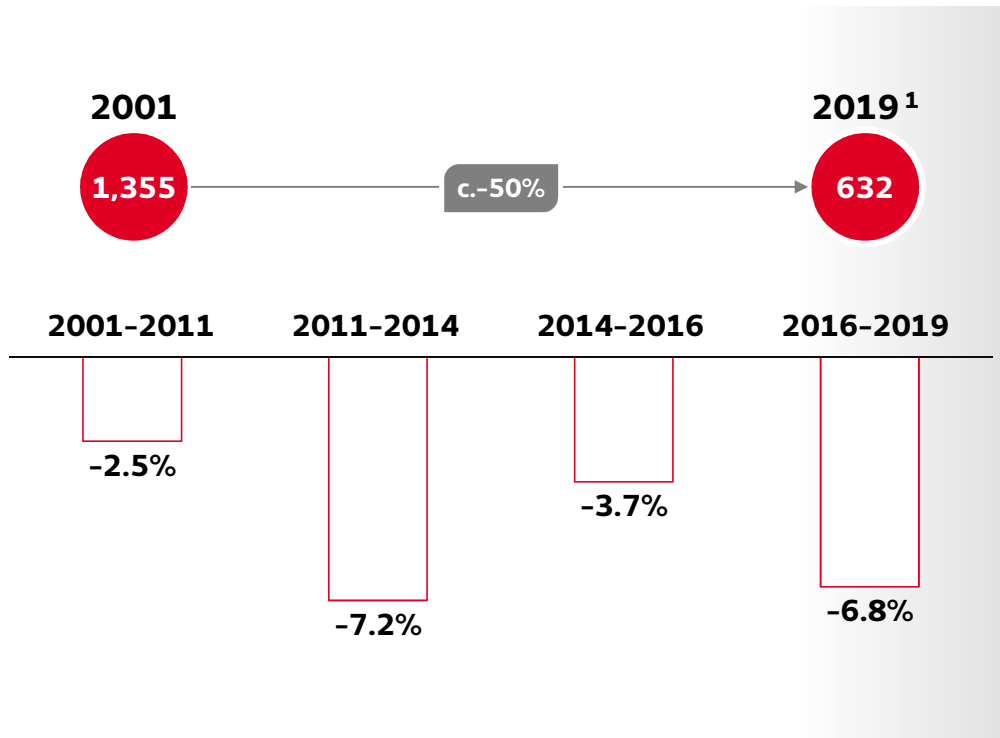
GROWTH

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



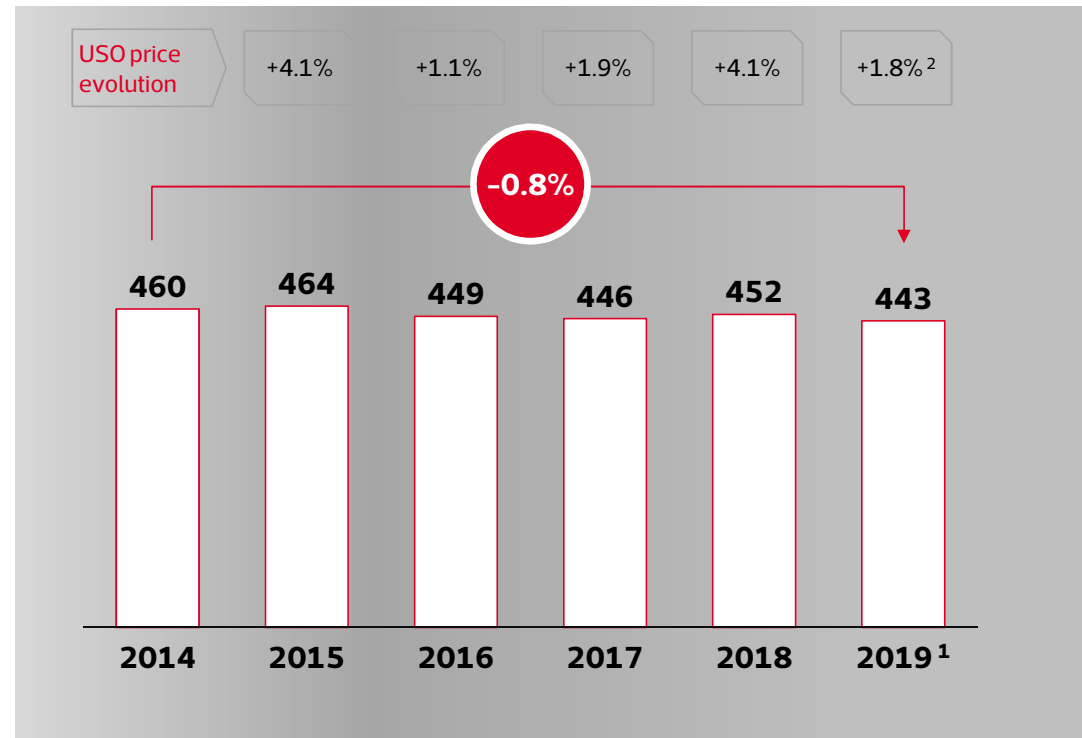
CTT addressed mail volumes

Million items; CAGR (%)



CTT addressed & unaddressed mail revenues

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



¹ Last 12 months, ending September 2019.

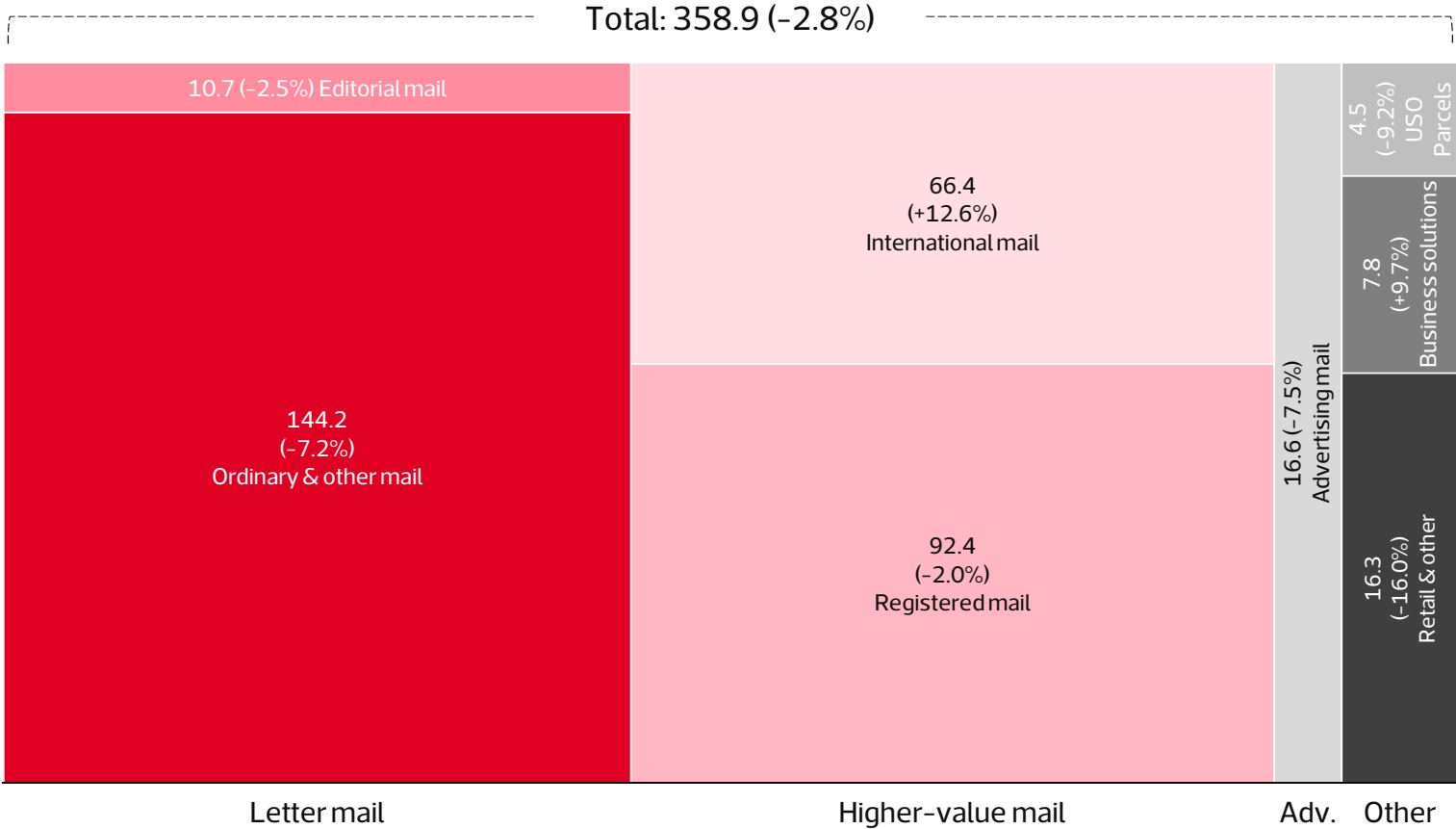
² 9M18 vs. 9M19 change.

In 2019, mail benefited from positive mix effect and the one-time impact of legislative elections



9M19 Mail revenues

€ million; % change vs prior year



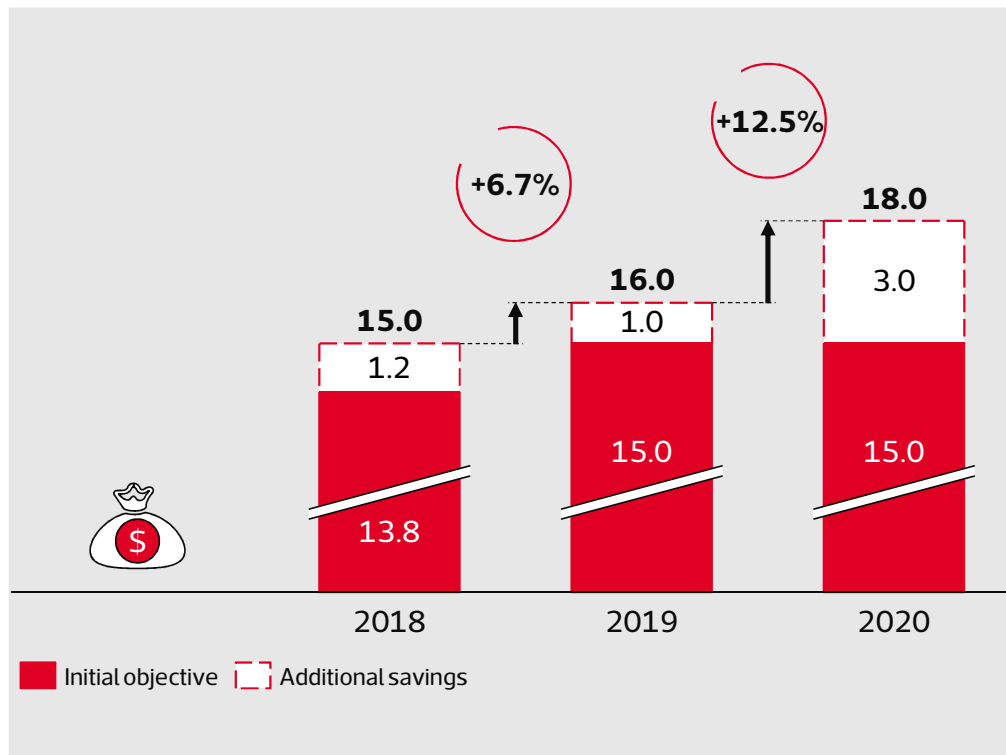
Solid performance of higher-value mail (+€5.5m) and 1.8% effective price increase in the period were unable to fully offset the declines of letter (-€11.2m) and advertising (-€1.4m) mail revenues. Legislative elections contributed positively (+€5.3m) to 3Q19 revenues

The successful execution of the Operational Transformation Plan and newly implemented measures allow us to upgrade the overall costs savings ambition



Operating costs savings ¹

€ million; % change vs prior year



- ✓ **€15.1m of FY19 operating costs savings secured** (vs €15.0m initial objective)
- ✓ **€13.8m of the costs savings secured already visible** through the P&L in 9M19
- ✓ **FY19 operating costs savings target increased to €16.0m & FY20 target to €18.0m** (from €15.0m)

¹ Excluding Specific items & IFRS 16 impacts.

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 online¹

past 12 months, 2018



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

E-commerce growth²

2013-17 CAGR (%)



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

¹ Eurostat data

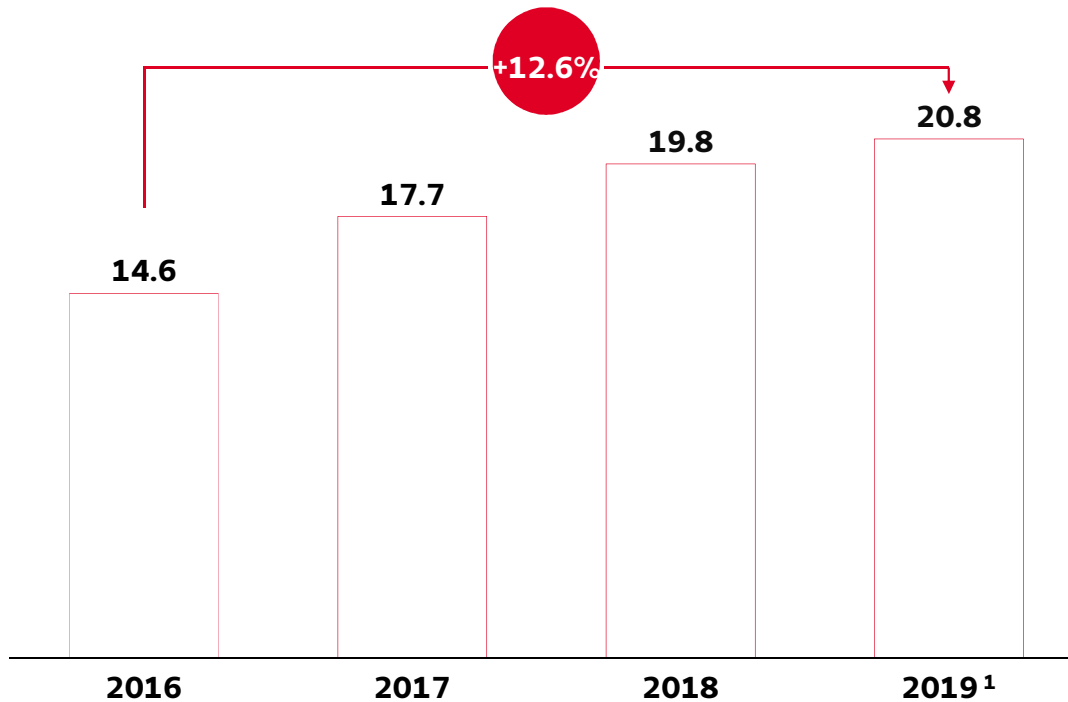
² WIK – Development of Cross-border E-commerce through Parcel Delivery

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 (%)



¹ Last 12 months, ending September 2019.

Initiatives for e-commerce ecosystem expansion



A convenient, flexible and responsive app for those who buy and sell online. CTT e-segue 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



The Spanish Courier, Express & Parcels (CEP) market is disproportionately larger than the Portuguese one

- The Spanish CEP market size is 8 times the Portuguese one ¹ (population is 5 times bigger ² and the economy 6 times ²)
- The Spanish CEP market is growing faster than the Spanish economy (6% 2014-2017 CAGR) ¹



Significant upside potential exists, driven by e-commerce

- The Spanish CEP market has enjoyed significant B2C growth in recent years (19% 2015-2017 CAGR) ¹, one of the highest in Europe
- Spain is still lagging in e-commerce penetration when compared to peers with only 53% of internet users making at least one purchase online vs. 60% EU average ³



Relevant presence in Spain is important to protect CTT's business in Portugal

- Cross-border Iberian flows are significant (c. 30% of the Portuguese international CEP market ¹) and are growing for both Portugal and Spain
- Increasing trend of centralisation of operations and logistics centres in Spain for Iberian companies

¹ 2017 figures (Source: Studies conducted by 3rd parties for CTT. Same source for B2C growth).

² 2018 figures (Source: Trading Economics).

³ 2018 figures (Source: Eurostat).

Tourline's gradual recovery was halted in 2019 by the loss of a key account and cost pressures, prompting a change of management and the launch of a new turnaround plan

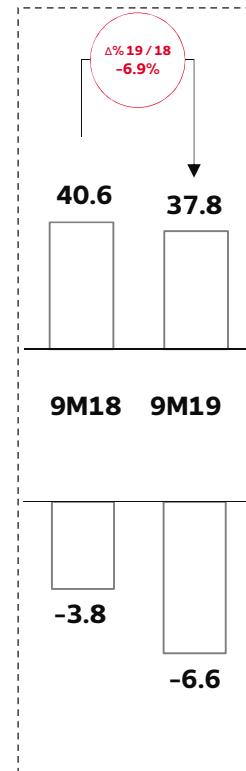
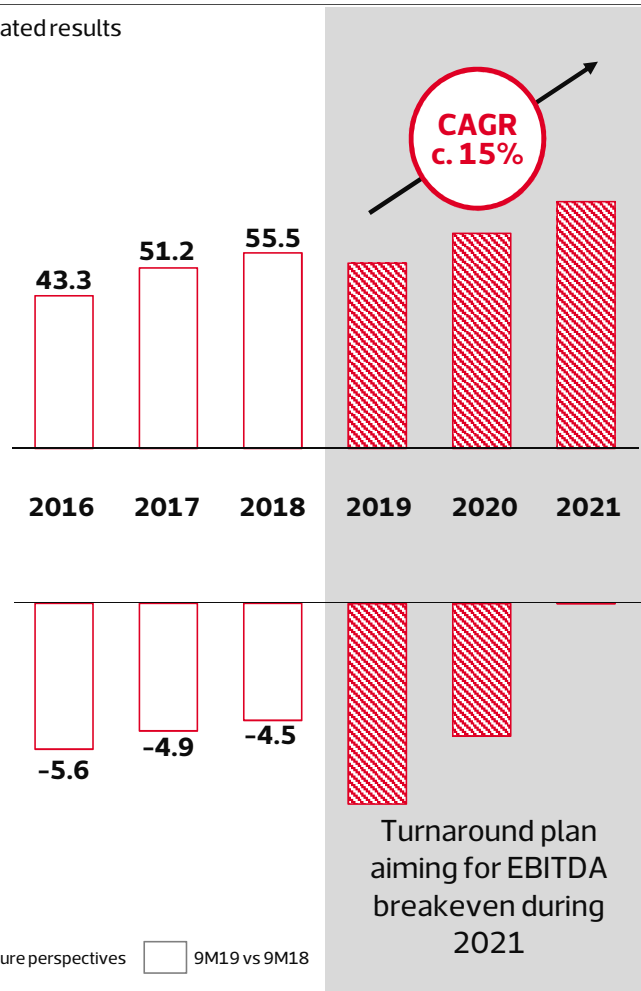


Tourline track record and future perspectives

€ million, contribution to consolidated results



REVENUES



- The previous strategy had started to exhibit a gradual recovery trend...
- ... which was halted in 2019 by the loss of a key account and by the increase of the minimum wage in Spain
- The new management team has deep local and sector knowledge and experience in turnaround processes
- The new strategy focuses on organic B2C growth and targets EBITDA breakeven during 2021

Previous years
 Future perspectives
 9M19 vs 9M18

The new turnaround plan is aiming for strong organic B2C growth and profitability enhancements, driven by operational efficiency measures



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

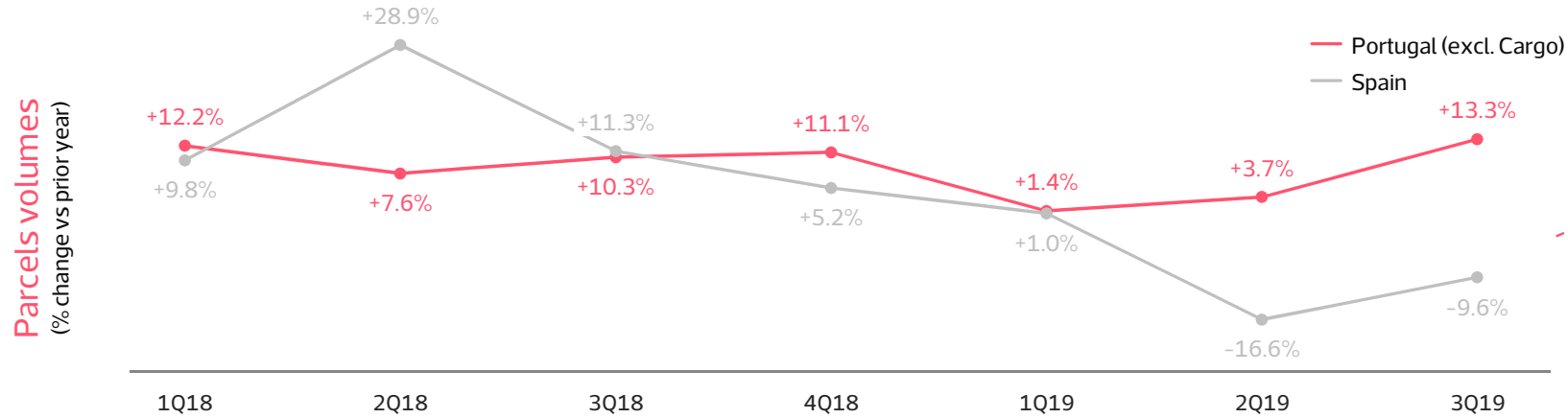
- Reinforce the quality of service in **distribution; reduce breakage and loss**
- **Revamp the brand image and awareness**

Internal reorganisation

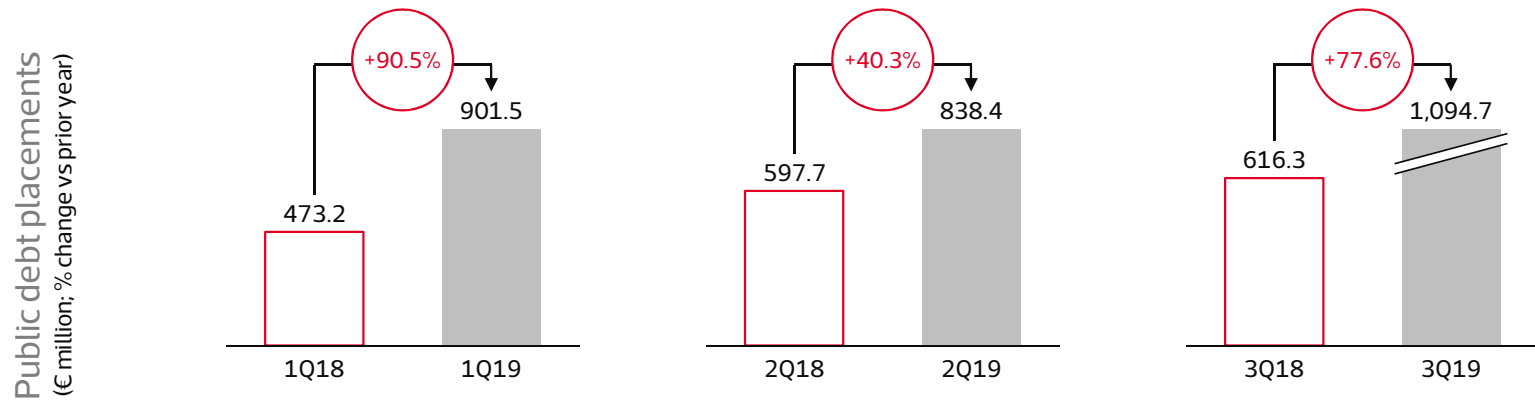
- Improve the **management information systems**
- Increase **regional focus**
- **Strengthen operations coordination** with Portugal

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

Parcels volumes recovered strongly in Portugal after a slow start to the year; the growth in public debt certificates placements accelerated



Portugal parcels volumes registered double-digit growth in 3Q19, after a slow start to the year. Despite the improvement vs 2Q19, Spain continued to be impacted by the full loss of a large customer (excluding that effect, volumes would have grown by +9.6% in 9M19)



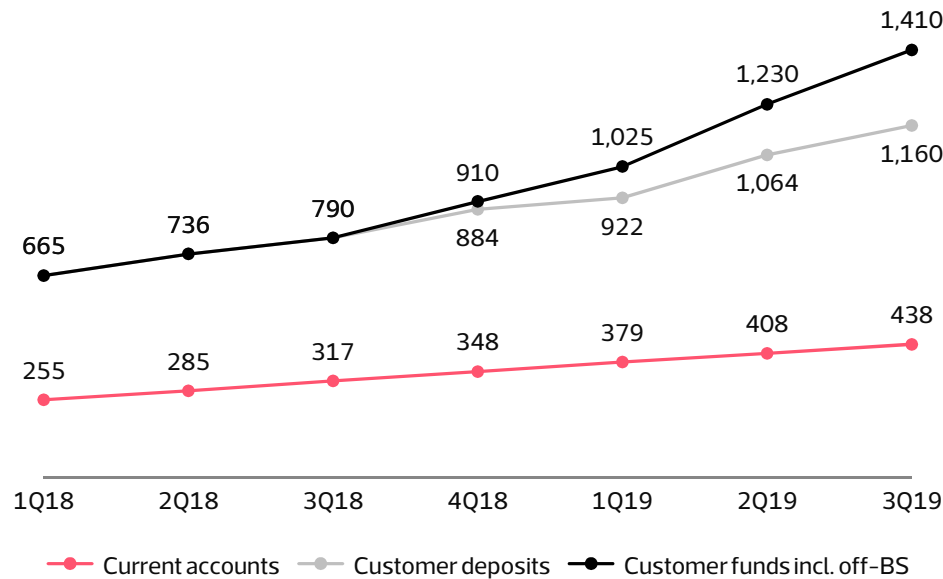
Public debt product placements growth accelerated, already from a higher base in 3Q19, reaching €2.8bn in 9M19

Banco CTT has an attractive mass market value proposition and strong potential to build a growing and profitable business



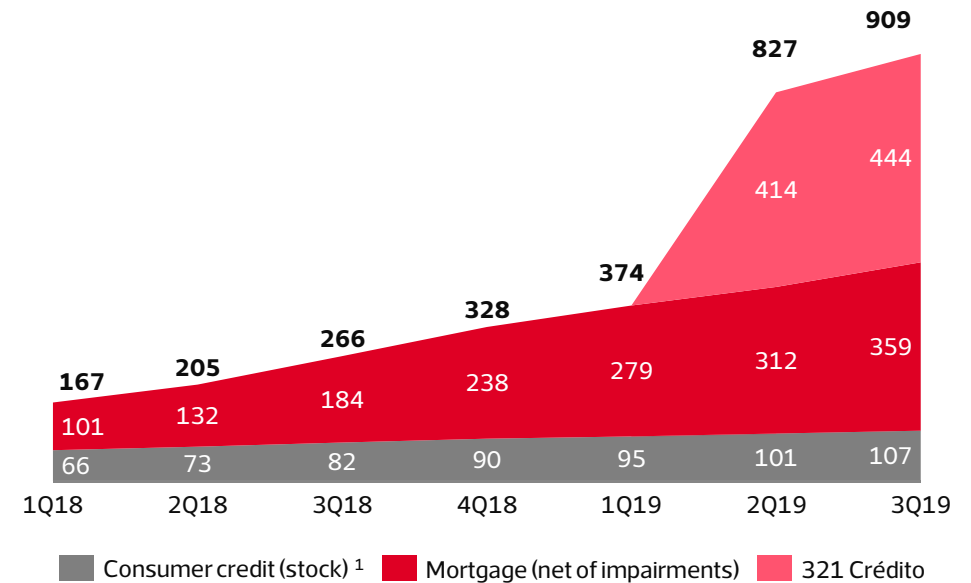
Current accounts & customer funds

Number of current accounts (thousands); Customer funds (€ million); cumulative



Credit to clients

Total; € million; cumulative



- **Rapid customer acquisition** (~10k clients / month since the bank's inception in Mar-16), with a bias towards young and highly digital customers
- **Seamless integration with partners for sale of specialised products:** off-Balance Sheet customer funds (retirement funds) reaching €250m only 10 months after launch & stock of off-Balance Sheet consumer credit¹ now standing at €107m
- **Loan-to-deposit ratio improved from 17% in March 18 to 69% in September 19**, after the successful integration of 321 Crédito



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




2.



9M19 financials

Solid 3Q19 performance, driven by Banco CTT, Financial Services and the one-time impact of elections on Mail



- 
Addressed mail volumes decline of -7.6% (vs -10.3% in 1H19), benefiting from elections
- 
€15.1m of FY19 operating costs savings secured (vs €15.0m target), with €13.8m of these savings visible through the P&L in 9M19. FY19 target increased to €16.0m

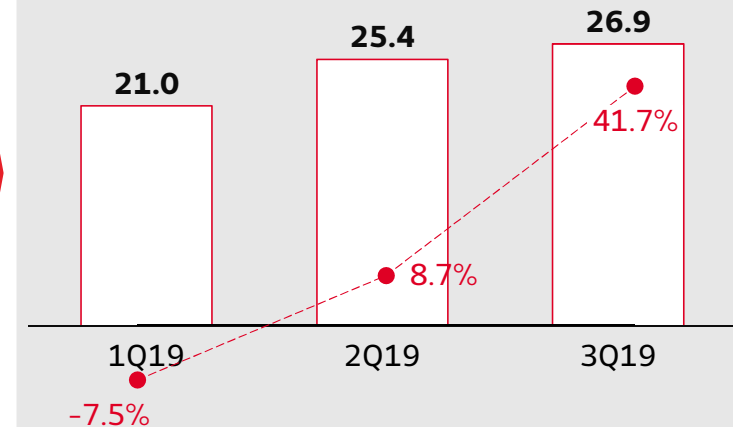
- 
Express & Parcels volumes recover in Portugal (+13.9%), after a slow start to the year
- 
 New contract signed with Amazon for the delivery of parcels in Portugal
- 
 Spanish parcels business underperforming - **new turnaround plan is being announced**

- 
 Landmark quarter for **Banco CTT¹ as it achieves EBITDA breakeven 4 years after launch**, with the successful integration of 321 Crédito
- 
 Rapid customer acquisition (c. 10k / month) and bias towards young & digital clients

- 
 Considerable Financial Services EBITDA margin improvement by virtue of the **growth acceleration of public debt certificates placements in the quarter (+77.6%)**, already from a high base

EBITDA²

€ million; % change vs prior year



¹ Banco CTT business unit which includes Banco CTT, 321 Crédito and Payshop.

² Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

Key financial indicators registered further acceleration of the improvement trends observed in 2Q19



Key financial indicators

€ million; % change vs prior year

	Year-to-date			Quarter		
	9M18	9M19	Δ%	3Q18	3Q19	Δ%
Revenues	524.8	539.6	+2.8%	169.7	184.6	+8.8%
Operating costs ¹	459.8	466.3	+1.4%	150.7	157.7	+4.6%
EBITDA	65.0	73.3	+12.7%	19.0	26.9	+41.7%
EBITDA including IFRS 16	89.9	93.7	+4.2%	27.2	33.6	+23.5%
Specific items	20.5	16.0	-21.8%	3.2	4.3	+33.8%
EBIT	26.6	34.2	+28.7%	8.5	14.5	+71.1%
Net profit	11.4	22.9	+99.7%	4.0	13.9	+245.1%
Operating cash flow	1.9	23.7	>>	7.6	17.5	+130.9%

Positively impacted by a one-time corporate tax refund of €6.8m as a result of a favourable Tax Authority decision on the deduction of the tax loss on CTT Expresso's sale of Tourline in 2016

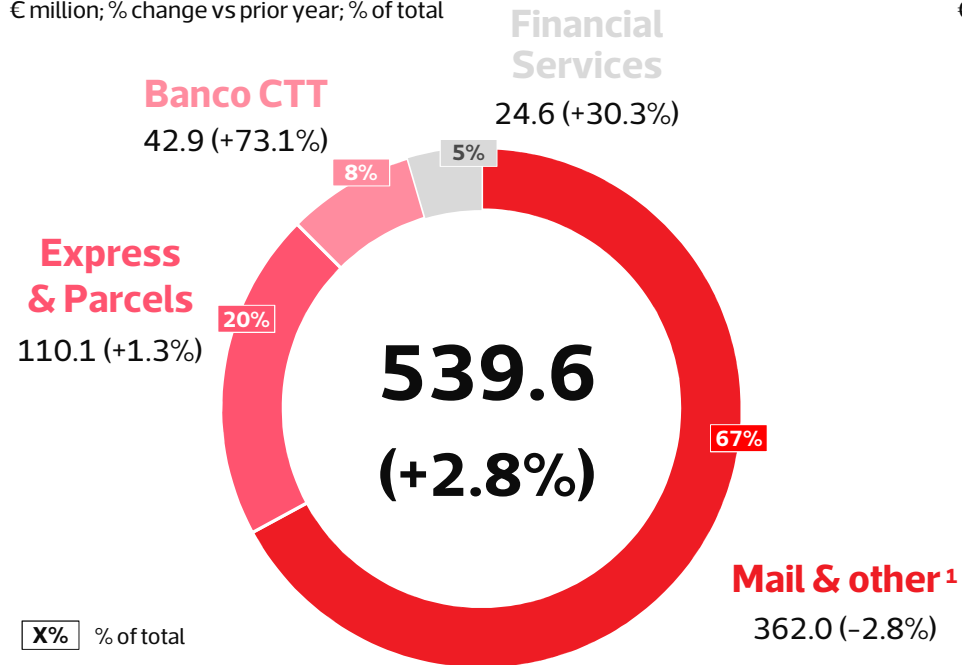
¹Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

Revenues returned to growth, underpinned by strong organic and inorganic evolution in Banco CTT and solid performance in Financial Services



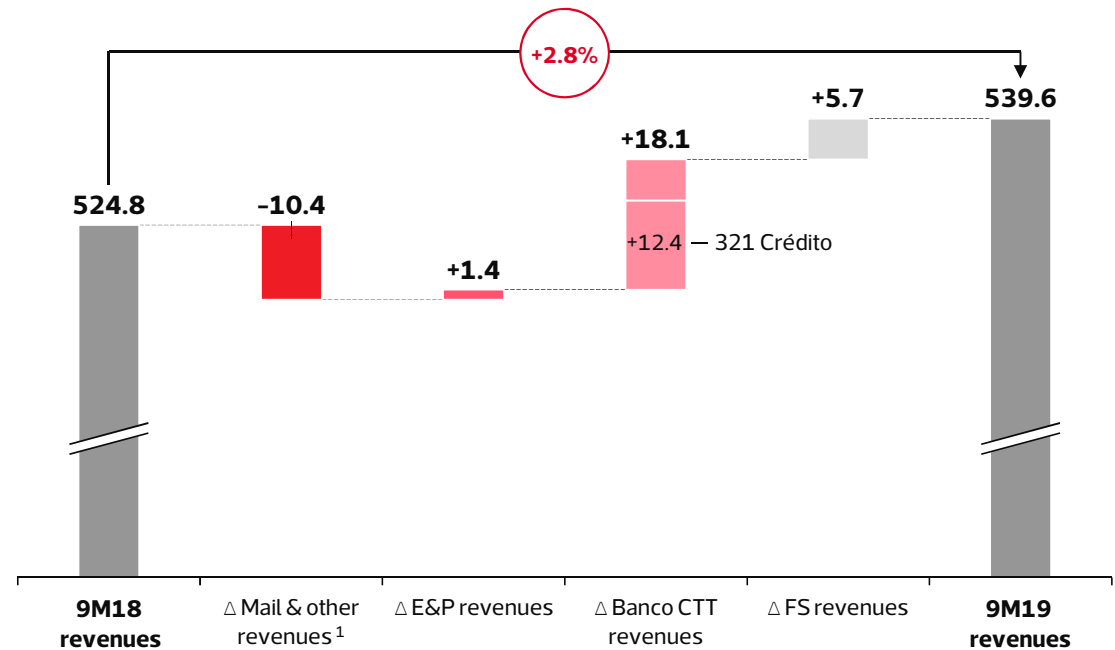
9M19 revenues

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



Revenues breakdown

€ million; % change vs prior year



- **Positive mix effect in Mail and 1.8% effective price increase in the period** unable to offset the addressed mail volumes decline of -9.5%
- **Express & Parcels revenues recovered in 3Q19 in Portugal**, on the back of 13.9% volumes growth; Spain affected by the loss of a large customer with -€6.1m impact year-to-date
- **Strong increase in Banco CTT business unit revenues**, driven by net interest margin (+€3.6m), fees & commissions income (+€2.6m) and inorganic growth
- **Robust pace of public debt certificates placements (€2.8bn, +68.0%)**, driving high double-digit Financial Services revenues growth

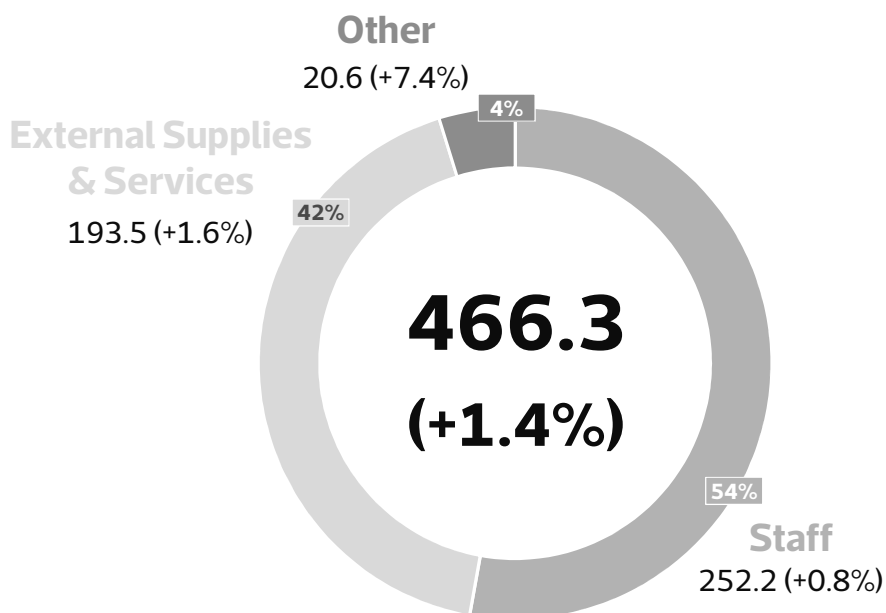
¹ Including Central Structure.

Operating costs, excluding the inorganic contribution of 321 Crédito, were practically flat



9M19 operating costs¹

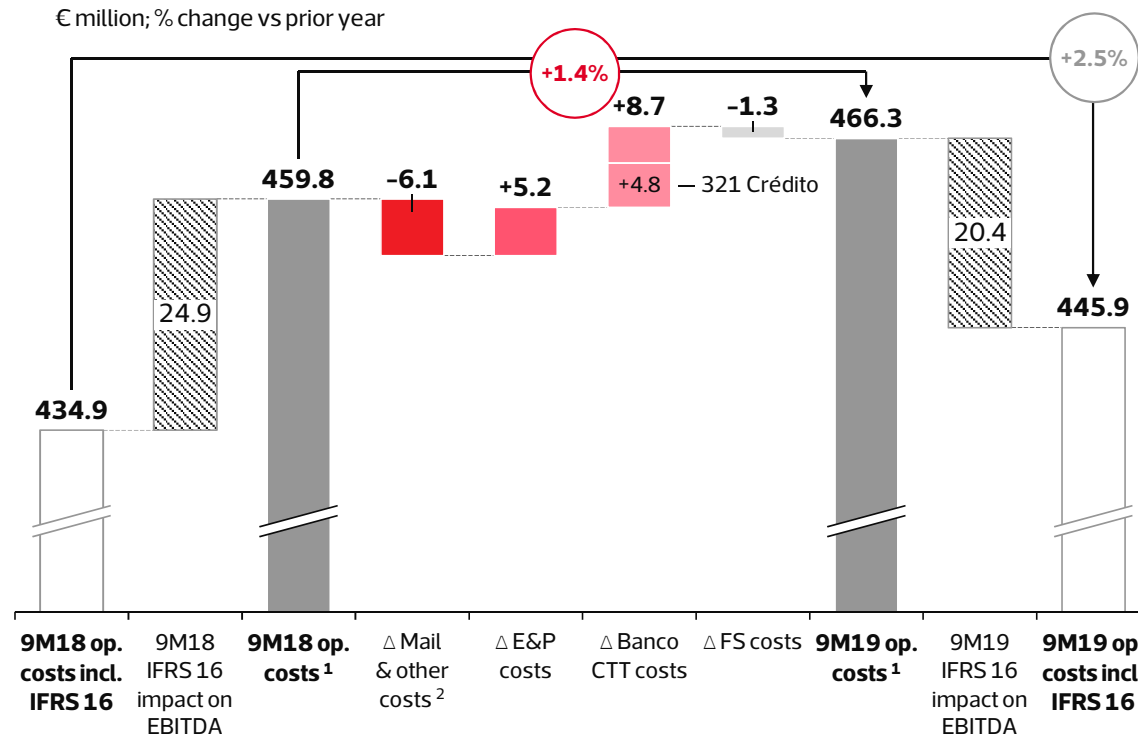
€ million; % change vs prior year; % of total



X% % of total, excluding IFRS 16 impact

Operating costs breakdown

€ million; % change vs prior year



- **Staff costs**, excluding 321 Crédito, were practically flat (-€0.2m, -0.1%), as savings from negotiated exits (-€6.1m) were offset by new admissions in growth areas, salary increases negotiated with unions and seasonal temporary hiring
- **ES&S costs**, excluding 321 Crédito, grew by €1.1m (+0.6%), as reductions in facilities & fleet costs (-€5.8m) only partially offset increases in transport & distribution costs related to parcels volumes growth in Portugal (+€3.7m) and international mail operators due to elections (+€1.8m), & the incremental costs related to the new regulatory measures (+€1.2m)

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

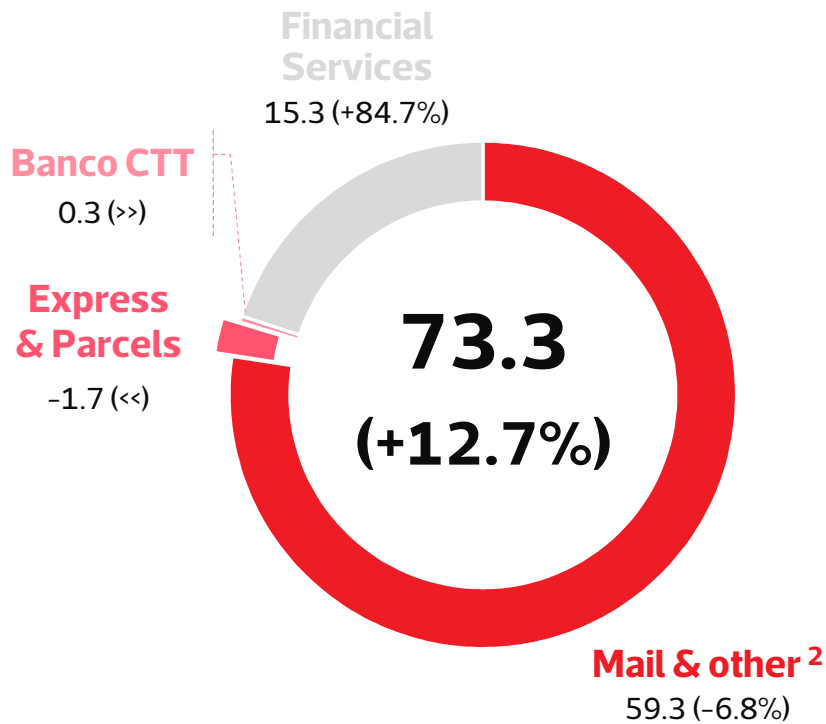
² Including Central Structure.

Double-digit EBITDA growth underpinned by banking & financial services – Banco CTT achieves breakeven with the inorganic contribution of 321 Crédito



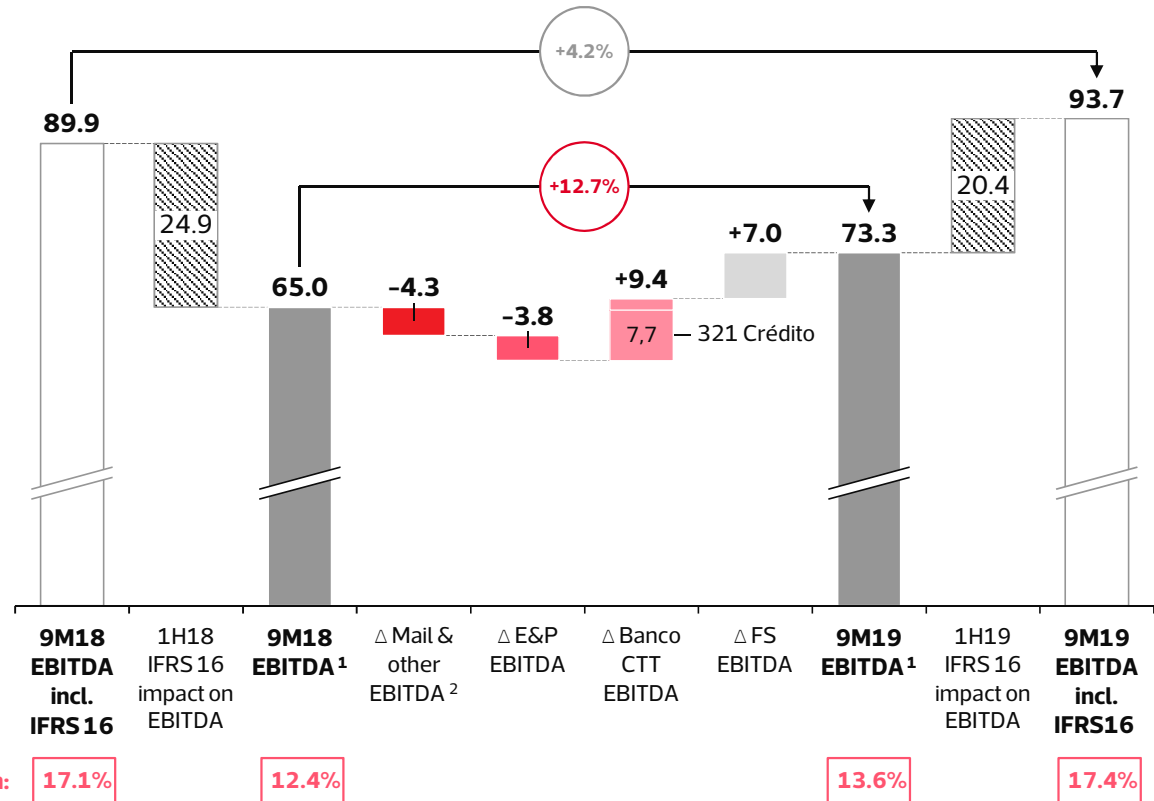
9M19 EBITDA¹

€ million; % change vs prior year



EBITDA breakdown

€ million; % change vs prior year



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

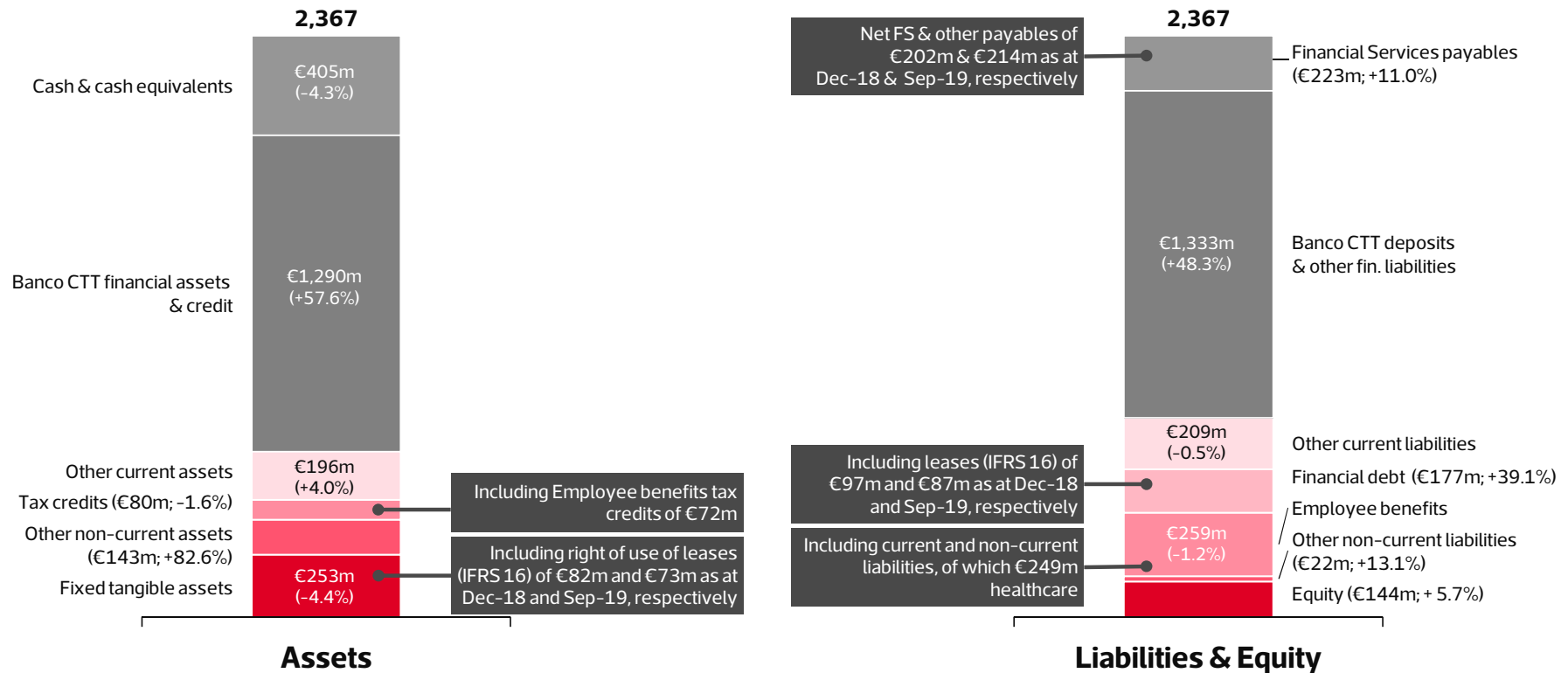
² Including Central Structure.

The Balance Sheet reflects the successful expansion of Banco CTT business unit, already representing two thirds of total assets



Balance Sheet – 30 September 2019

€ million; % change vs 31 December 2018

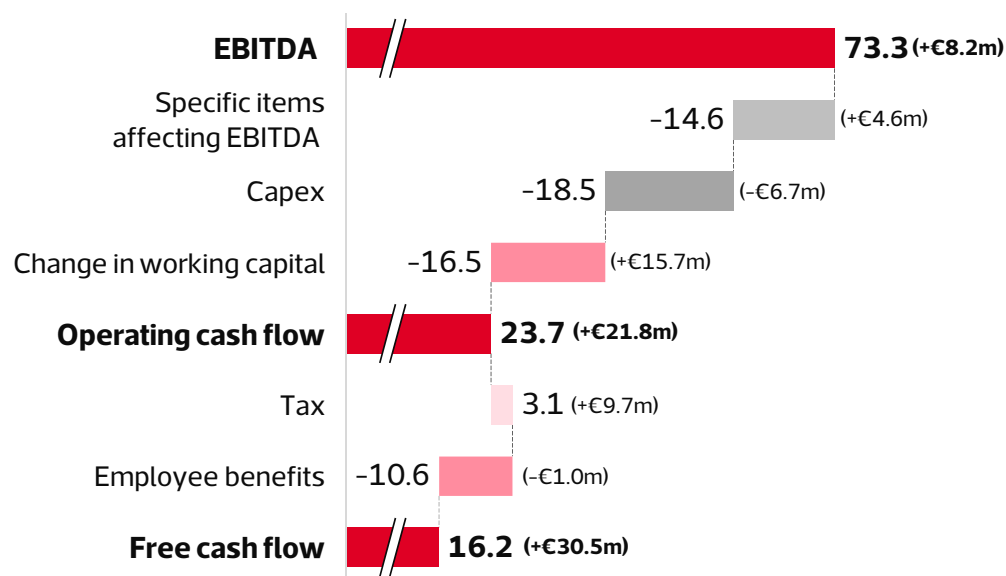


Positive net cash position, excluding leases liabilities and net employee benefits



Cash flow

€ million; impact on cash flow vs prior year



Net financial cash (debt) ¹

€ million

(+) Cash & cash equivalents	405
(-) Net Financial Services & other payables	214
(-) Banco CTT liabilities, net	78
(-) Other	14
(=) Own cash	99
(-) Financial debt	91
(=) Net cash position	9
(-) Leases liabilities (IFRS 16)	87
Net financial cash (debt) ¹	(78)

¹ Does not consider Employee benefits, net.

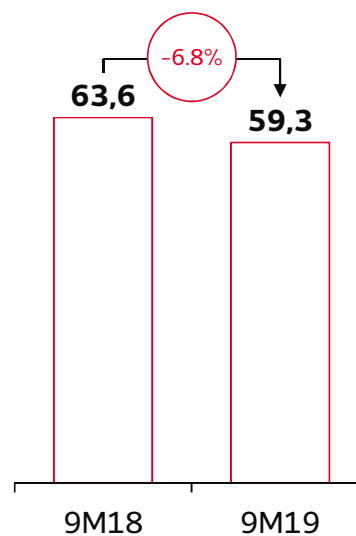
9M19 Mail & other revenues

€ million; % change vs prior year

- Transactional	€303.0m (-1.8%)
- Advertising	€16.6m (-7.5%)
- Editorial	€10.7m (-2.5%)
- Business Solutions	€7.8m (+9.7%)
- USO Parcels	€4.5m (-9.2%)
- Retail & other	€16.3m (-16.0%)
Total	€358.9m (-2.8%)

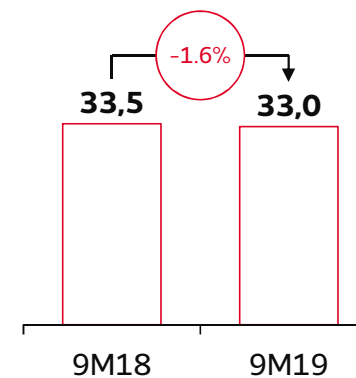
EBITDA ¹

€ million



EBIT ²

€ million



Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
9M19	N / D	467.0	405.9	35.6	25.5	376.5
vs 9M18	+1.8%	-9.5%	-8.8%	-17.3%	-7.5%	+18.8%

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

² Including Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

Express & Parcels



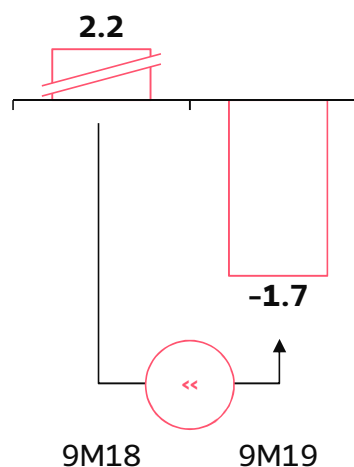
9M19 E&P revenues

€ million; % change vs prior year

- Portugal	€70.5m (+5.9%)
- Parcels	€52.9m (+8.3%)
- Cargo	€9.5m (-2.5%)
- Banking network	€5.0m (+5.9%)
- Logistics	€2.3m (+5.1%)
- Other	€0.8m (-25.4%)
- Spain	€37.8m (-6.9%)
- Mozambique	€1.7m (+16.5%)
Total	€110.1m (+1.3%)

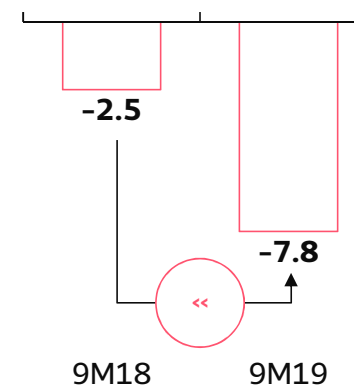
EBITDA ¹

€ million



EBIT ²

€ million



E&P volumes by region (m items)

Metric	Total	Portugal	Portugal (excl. Cargo)	Spain	Mozambique
9M19	27.1	15.5	13.2	11.6	0.04
vs 9M18	-0.1%	+7.5%	+6.3%	-8.7%	-9.7%

+9.6% excl. loss of key account

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

² Including Specific Items & IFRS 16, depreciation, amortisation, impairments and provisions.

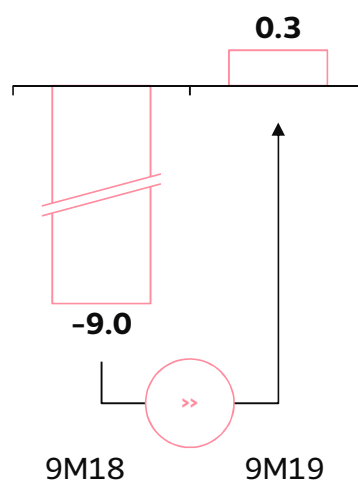
9M19 Banco CTT revenues ¹

€ million; change vs prior year

- Net interest income	€9.1m (+€3.6m)
- Interest income	€9.7m (+€3.7m)
- Interest expense	-€0.6m (-€0.1m)
- Fees & commissions income	€6.0m (+€2.6m)
- Own products	€3.8m (+€1.2m)
- Consumer credit & insurance	€2.3m (+€1.4m)
- Payments & other	€15.3m (-€0.5m)
- 321 Crédito	€12.4m (+€12.4m)
Total	€42.9m (+€18.1m)

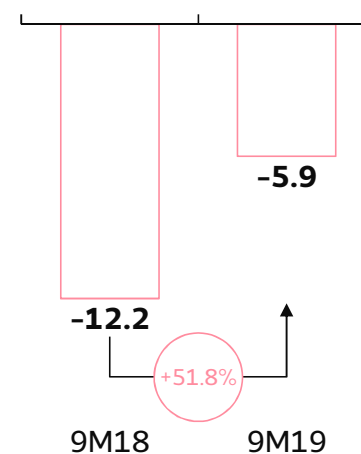
EBITDA ²

€ million



EBIT ³

€ million



Selected Banco CTT Balance Sheet indicators

Metric (Consolidated)	Assets (€m)	Cash & equivalents	Investments	Credit to clients (net of impairments)	Customer deposits (€m)	Equity (€m) / CET 1 (%) ⁴
30-Sep-19	1,558.3	193.5	447.9	803.8	1,160.4	191.9 / 17.3%
vs 31-Dec-18	+55.6%	-25.6%	-1.4%	+224.0%	+31.3%	+114.4% / +5.8 p.p.

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for 9M18).

² Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

³ Including Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

⁴ Fully implemented.

Financial Services



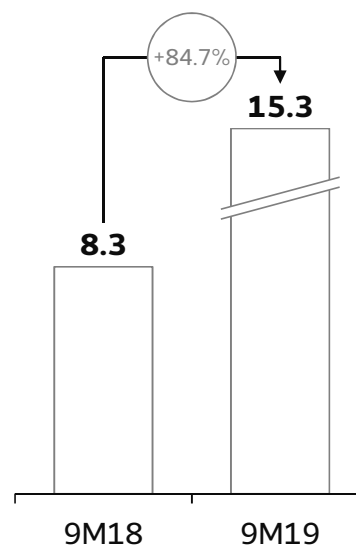
9M19 Financial Services revenues ¹

€ million; % change vs prior year

– Savings & Insurance	€19.3m (+50.9%)
– Payments	€0.9m (-0.9%)
– Money orders	€4.1m (-11.0%)
– Other	€0.2m (-54.7%)
Total	€24.6m (+30.3%)

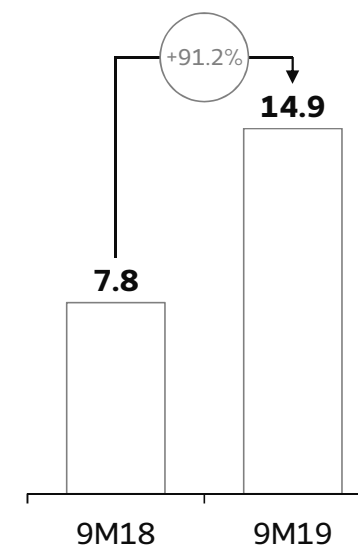
EBITDA ²

€ million



EBIT ³

€ million



FS volumes by type

Metric	Savings & insurance flows (€bn)	Placements	Redemptions	Money orders (m ops)
9M19	3.6	3.0	0.6	10.9
vs 9M18	+37.6%	+65.8%	-24.9%	-3.3%

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for 9M18).

² Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

³ Including Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

3.

appendix

Income statement



€ million	Reported		Reported with Banco CTT under equity method ¹	
	9M18	9M19	9M18	9M19
Revenues	524.8	539.6	513.3	510.4
Operating costs	459.8	466.3	435.9	434.0
EBITDA (excl. IFRS 16 impact)	65.0	73.3	77.4	76.4
IFRS 16 impact:	24.9	20.4	24.3	20.0
EBITDA (incl. IFRS 16 impact)	89.9	93.7	101.7	96.4
Depreciation, amortisation, impairments & provisions	42.9	43.4	39.8	38.1
of which, IFRS 16 impact:	19.4	16.4	18.9	16.0
Specific items	20.5	16.0	19.8	14.7
EBIT	26.6	34.2	42.1	43.6
Net financial income / (costs)	-7.3	-7.3	-7.3	-7.3
of which, IFRS 16 impact:	-3.2	-2.8	-3.2	-2.8
Associated companies - gains / (losses)	0.1	-0.6	-12.2	-8.3
Earnings before taxes (EBT)	19.4	26.3	22.7	28.0
Income tax for the period	7.9	3.4	11.2	5.2
Non-controlling interests	0.0	0.0	0.0	0.0
Net profit attributable to equity holders	11.4	22.9	11.4	22.9

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for 9M18).

Balance Sheet



€ million	CTT		With Banco CTT under equity method ¹	
	31-Dec-18	30-Sep-19	31-Dec-18	30-Sep-19
Non-current assets	1,108.1	1,638.6	486.6	575.1
Current assets	746.3	728.4	456.9	437.1
Assets	1,854.5	2,367.0	943.5	1,012.2
Equity	135.9	143.6	135.9	143.6
Liabilities	1,718.6	2,223.4	807.6	868.5
Non-current liabilities	364.3	499.0	363.5	408.0
Current liabilities	1,354.3	1,724.4	444.1	460.5
Equity and Liabilities	1,854.5	2,367.0	943.5	1,012.2

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for 2018).

Cash flow



€ million	Reported			With Banco CTT under equity method ¹		
	9M18	9M19	Δ 19 / 18	9M18	9M19	Δ 19 / 18
EBITDA	65.0	73.3	8.2	77.4	76.4	-1.0
Specific items affecting EBITDA	19.3	14.6	-4.6	18.6	13.3	-5.2
Capex	11.7	18.5	6.7	7.3	15.3	7.9
Change in working capital	-32.2	-16.5	15.7	-33.0	-15.7	17.4
Operating cash flow	1.9	23.7	21.8	18.5	32.2	13.7
Tax	-6.6	3.1	9.7	-11.8	5.3	17.1
Employee benefits	-9.6	-10.6	-1.0	-9.6	-10.6	-1.0
Free cash flow	-14.3	16.2	30.5	-2.9	26.9	29.7
Debt (principal + interest)	-6.1	59.1	65.2	-6.1	59.1	65.2
Dividends	-57.0	-15.0	42.0	-57.0	-15.0	42.0
Financial investments	-	-114.4	-114.4	-25.0	-113.6	-88.6
Changes to the consolidation perimeter	-	6.8	6.8	-	-	-
Net change in own cash	-77.5	-47.3	30.1	-91.0	-42.7	48.3
Δ Liabilities Financial Services & other & Banco CTT (net)	-98.7	22.8	121.6	22.9	11.8	-11.1
Δ Other	-24.8	6.3	31.1	0.0	0.0	0.0
Net change in cash	-201.0	-18.2	182.8	-68.2	-30.9	37.3

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for 9M18).

Specific items



€ million

	Specific items	
	9M18	9M19
EBIT excluding Specific items	47.1	50.2
Specific items	20.5	16.0
Revenues	-0.1	-0.6
Staff costs	16.0	10.0
ES&S & other op. costs	3.4	5.2
Provisions	1.1	-
Impairments and D&A	0.1	1.4
EBIT	26.6	34.2

Of which €8.9m of indemnities related to negotiated staff exits

Of which €4.7m of M&A costs & strategic studies: €1.3m related to the 321 Crédito acquisition, €1.6m related to the Operational Transformation Plan and €1.5m related to new regulatory measures

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