

**We go further
to bring
the world**

closer.

ROADSHOWS AND CONFERENCES 9M20



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**We
go further
in**
Ambition

We go further to bring the world closer.



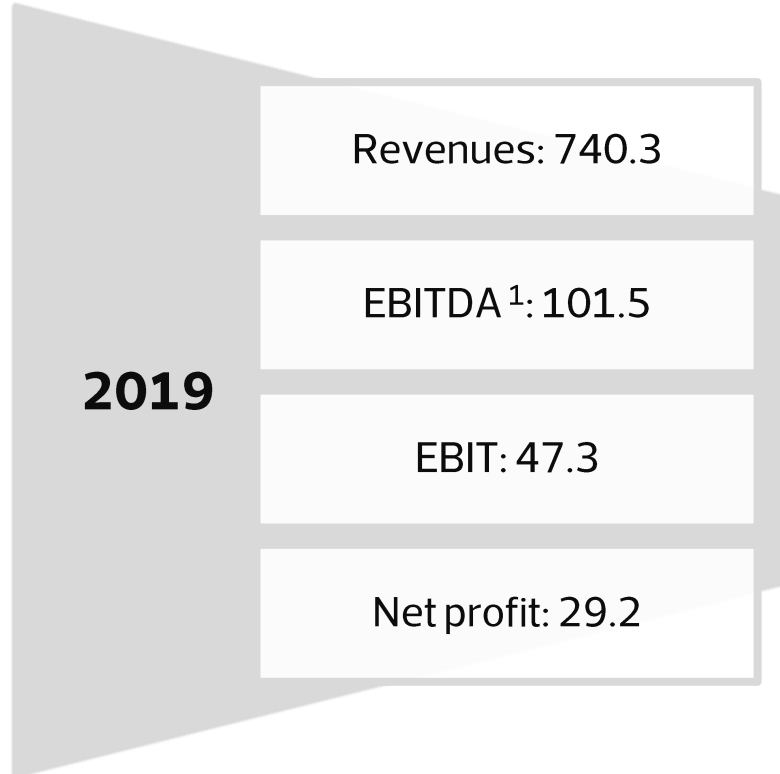
01

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

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

² Including 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**

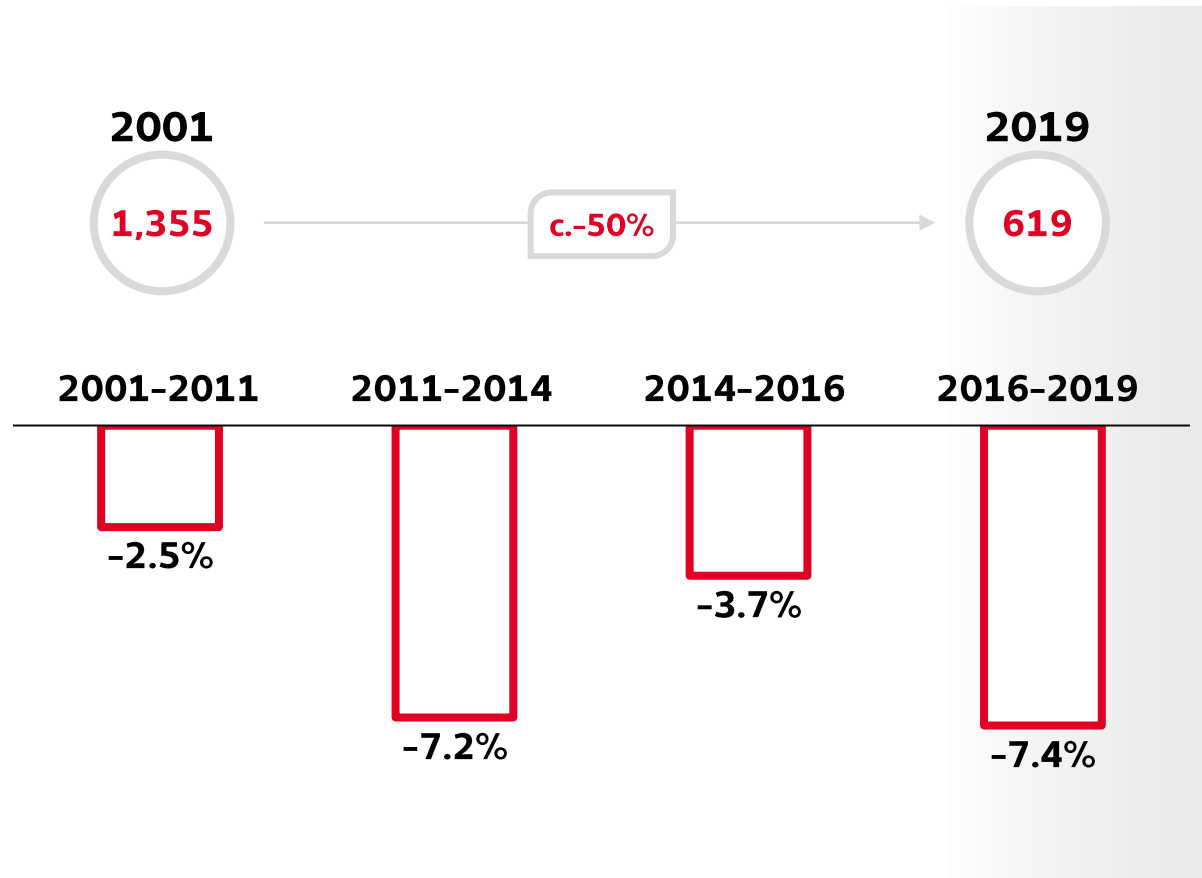


**3,804
Operational Fleet**

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

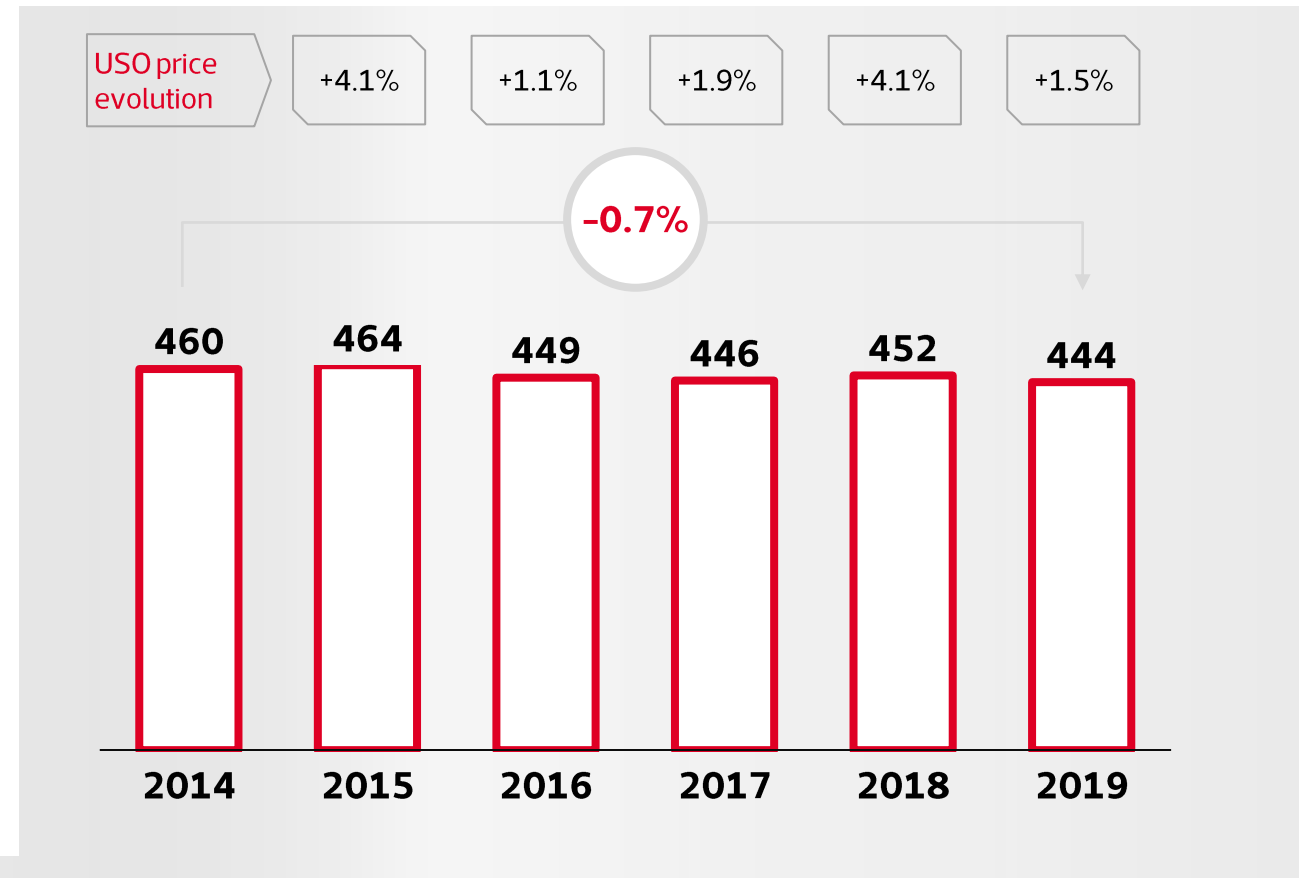
CTT addressed mail volumes

Million items; CAGR (%)



CTT addressed & unaddressed mail revenues

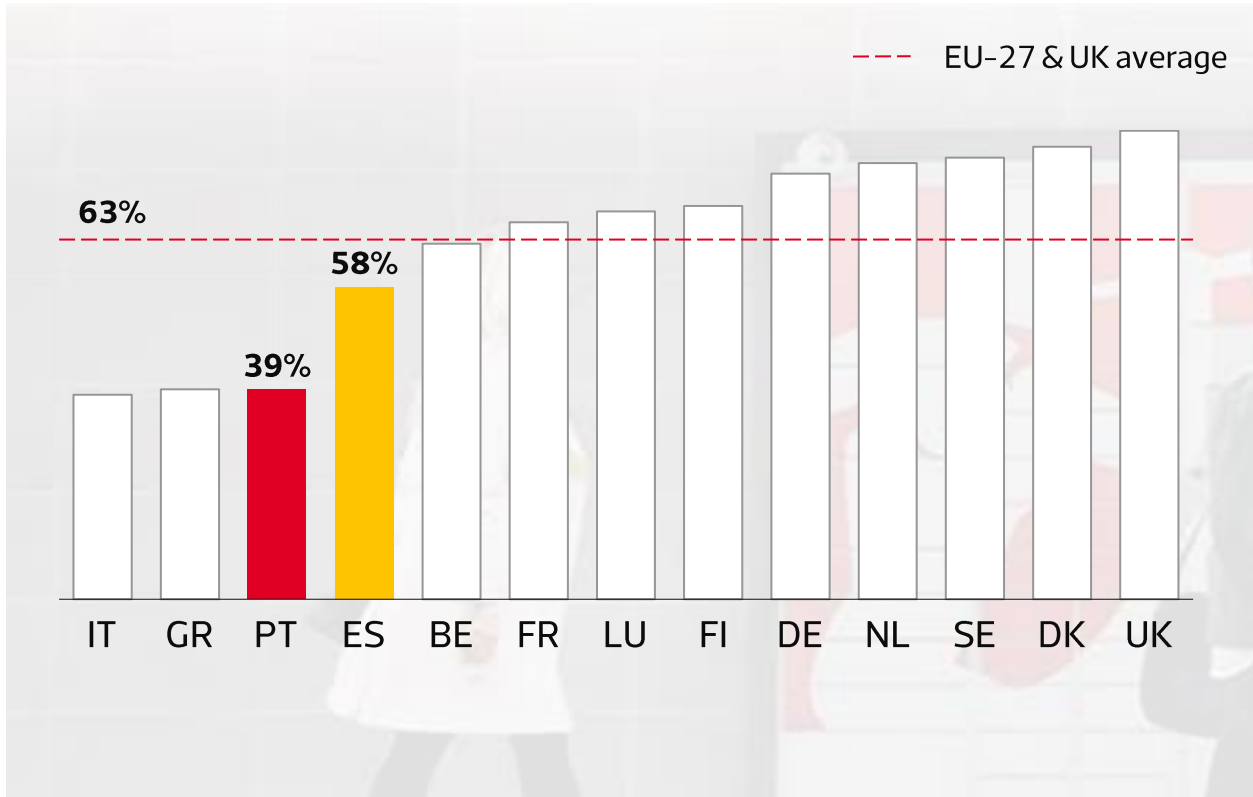
€ million; CAGR (%); price change vs. prior year



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

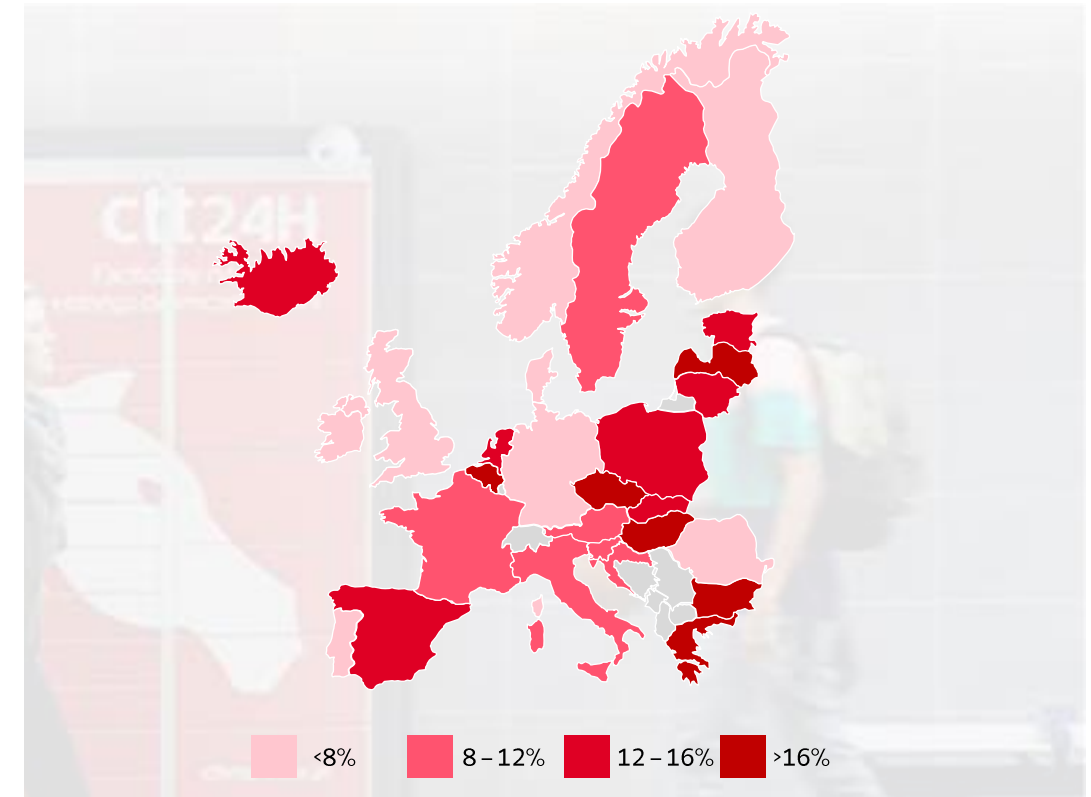
2019



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

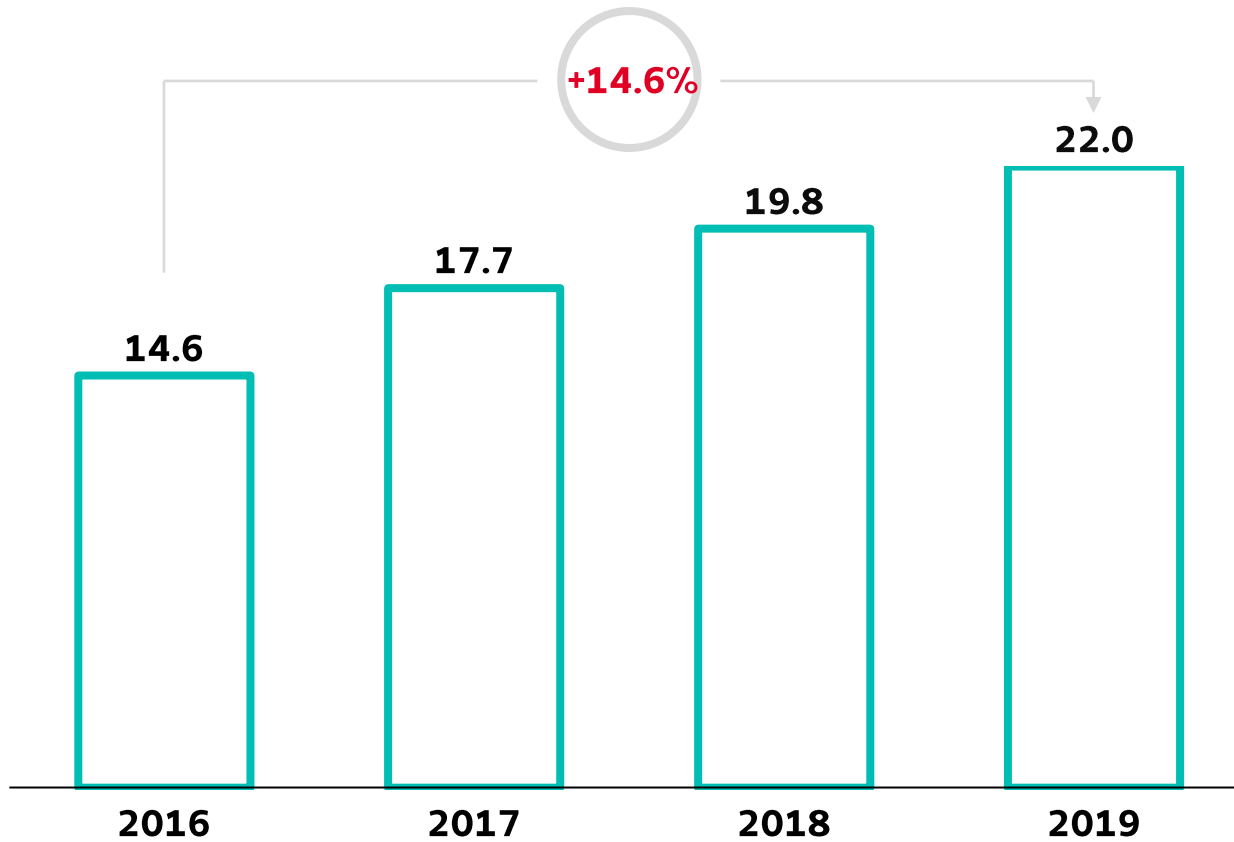
¹ Eurostat data

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 (%)



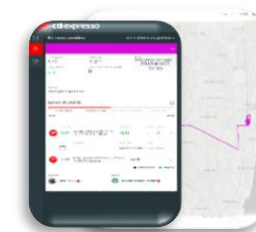
Initiatives for e-commerce ecosystem expansion

ctt e-segue



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

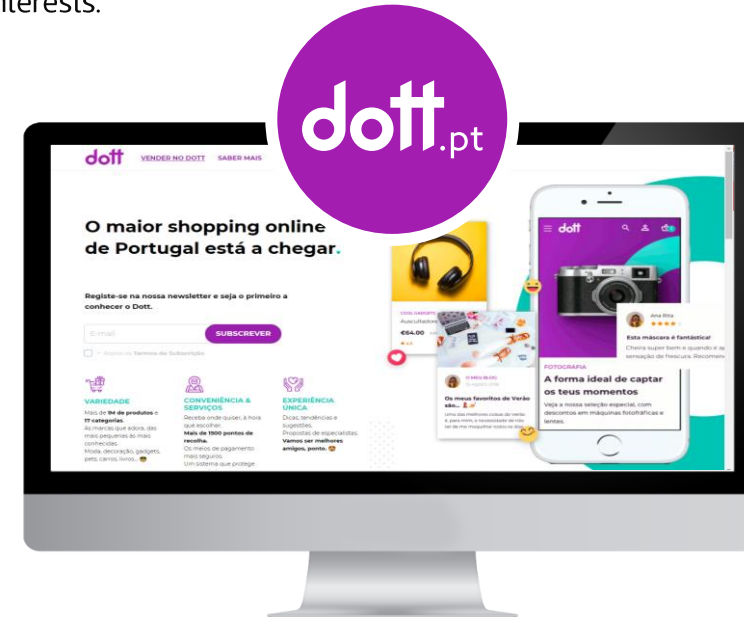


Same-day delivery within 2h

PARCEL LOCKERS



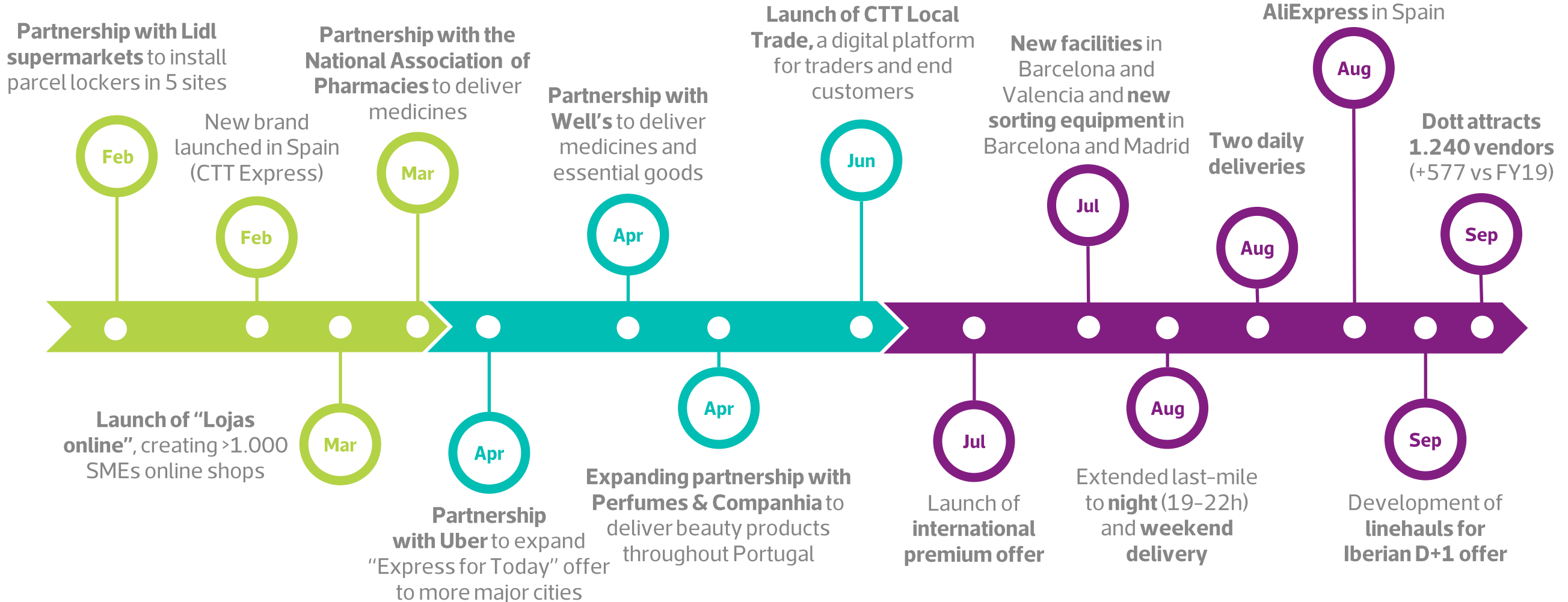
24h available lockers



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

Taking a leadership role in e-commerce

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



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
with**
Confidence

We go further to bring the world closer.



02

3Q20
highlights



Quarter marked by slow recovery of mail volumes and sustained strong growth in parcels



€185.1m | Revenues

+0.3% yoy

+3.3% excl. elections

€24.3m | EBITDA ¹

-9.6% yoy

-2.7% excl. elections

€12.4m | EBIT

-14.6% yoy

-1.6% excl. elections

Revenues return to growth, despite the challenging comparison effect (€5.3m impact of the legislative elections on 3Q19 revenues)

Addressed mail volumes decline 14.2%, excluding elections, as the structural pressures are **exacerbated by the COVID-19 pandemic**

Express & Parcels volumes receive a **strong boost from e-commerce**, increasing **35.8%**, while investments drive market share gains

Banco CTT returned to positive Net profit in the quarter, as revenues growth remains robust, despite stricter lending standards

The **steady recovery of retail activity** continues. 9M20 public debt placements exceed the prior year's strong performance

The COVID-19 pandemic is accelerating the diversification away from mail into parcels and banking

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

Double-digit revenues increase and path to solid profitability in the growth levers still not counteracting the declines in the legacy businesses

Mail & other

Revenues	EBITDA ¹	EBIT
€106.6m (-8.0%)	€12.3m (-31.2%)	€4.6m (-55.7%)

- Partnership with the Portuguese Institute of Records and Notary to deliver (online) **citizen cards to the homes of the Portuguese people**, utilizing the digitalization of the economy to increase mail volumes

Express & Parcels

Revenues	EBITDA ¹	EBIT
€46.4m (+24.5%)	€0.9m (+199.1%)	-€0.6m (+82.3%)

- “Green delivery” partnership with **Nespresso** for customers orders to be delivered by electric vehicles
- Lockers 24 offer** as an effective answer to the “last-mile” delivery challenge



Banco CTT

Revenues	EBITDA ¹	EBIT
€21.3m (+10.4%)	€5.4m (+47.1%)	€2.7m (+95.5%)

- Partnership with BNP Paribas to provide **factoring solutions for SMEs, with no capital requirements for CTT**
- Payshop **digital wallet offer for municipalities** to manage cashless payments in schools

Financial Services & Retail

Revenues	EBITDA ¹	EBIT
€10.8m (-11.0%)	€5.7m (-8.5%)	€5.7m (-7.8%)

- Reopening of 7 post offices in 3Q20 (20 in total), **reinforcing the proximity to the population** and the commitment to public service
- Launch of a new store concept** with 24h self-service

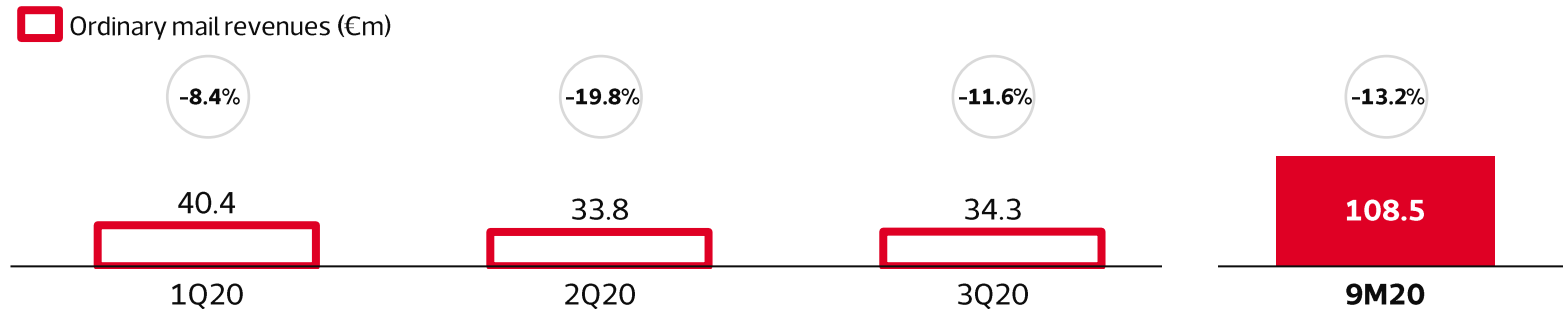


Growth levers

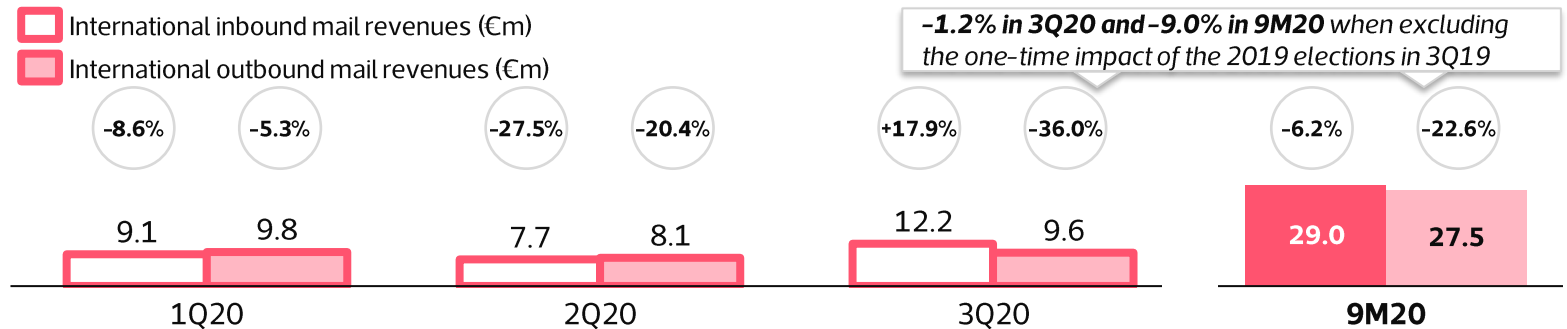
¹Excluding Specific items & IFRS 1.6 impacts, depreciation, amortization, impairments and provisions.

Lower-than-expected mail recovery when freight and lockdown restrictions were lifted, while Business Solutions revenues are growing rapidly

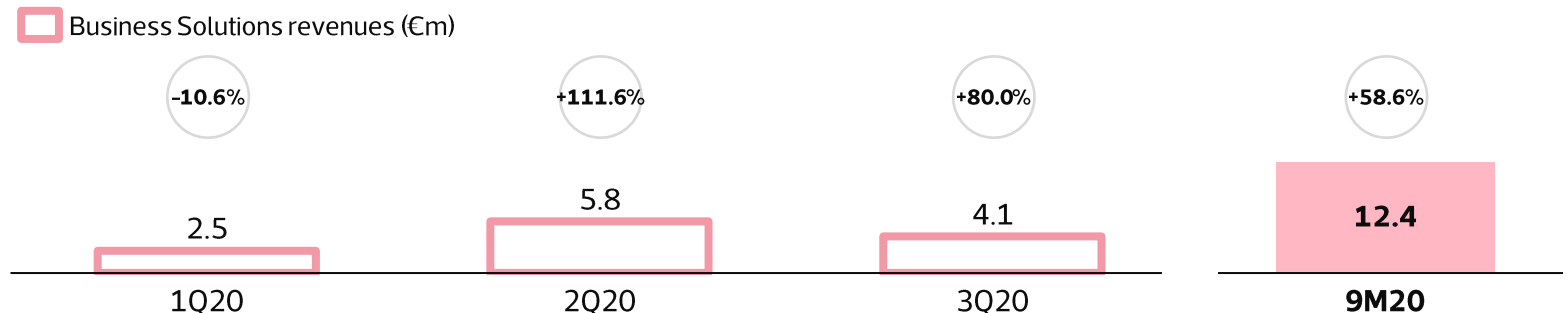
- Lower-than-expected ordinary mail recovery in 3Q20, pressured by the reduced activity of contractual clients such as banking and insurance, telecommunications, utilities and public administration



- International inbound mail revenues grew in 3Q20, as freight activity normalized. International outbound mail 3Q20 comparison impacted by the one-time effect of elections in 3Q19 (1.5m items)



- Business Solutions revenues growing rapidly in 9M20 as a result of the intense commercial drive introduced in this segment, achieved through several new partnerships



The build-up of our Iberian Express & Parcels platform continues, with the goal to consolidate the market leadership position in Portugal and increase scale in Spain

Building an Iberian platform

I. Continued investment in logistics infrastructure

New backup facilities in Lisbon & Oporto, new facilities in Barcelona & Valencia (13,500 m²)

II. Increasing processing capacity and dynamic routing

New equipment in Madrid & Barcelona with capacity to sort up to 15k parcels / hour

III. Launch of new cross-border Iberian linehauls D+1 product offer

Made possible by the investment in infrastructure and sorting capacity

Widening the product portfolio in Portugal

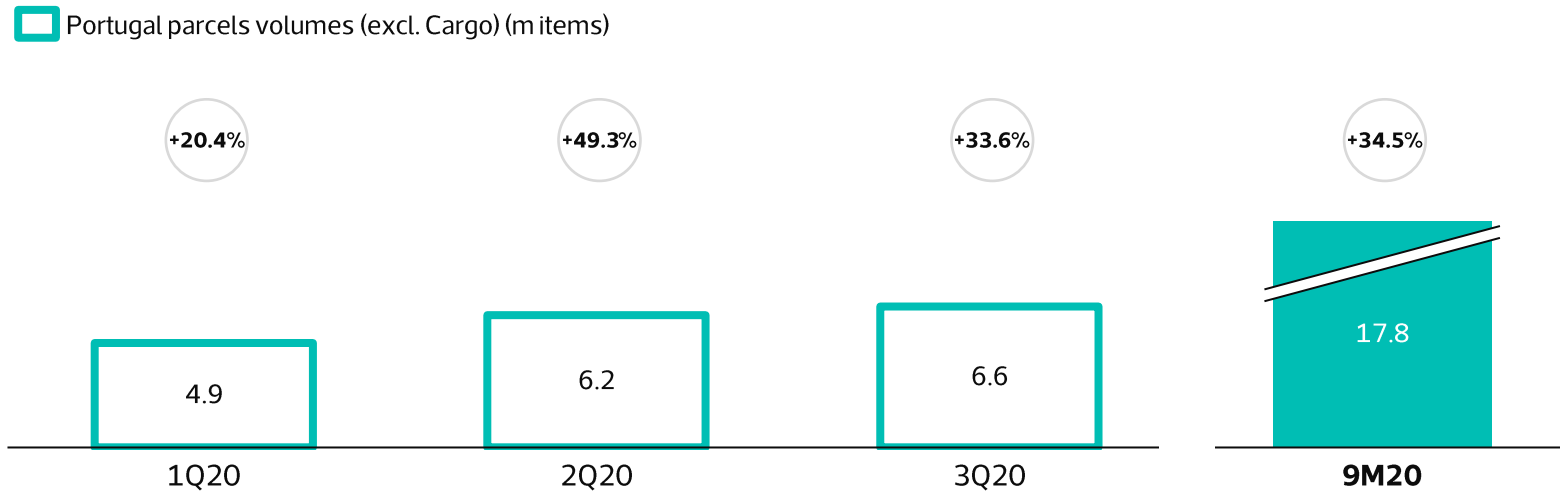
- Launch of a **premium international product offer**
- **Two-man deliveries** for furniture and home appliances, a rapidly growing market segment
- **Same-day delivery**, boosting capacity for the peak season
- **Evening delivery** (7 pm – 10 pm) and **Saturday delivery**
- **Cargo turnaround** to transform into a fully-fledged packet to pallet provider (domestic cargo market worth >€100m)

Aligning capabilities with clients' needs in Spain

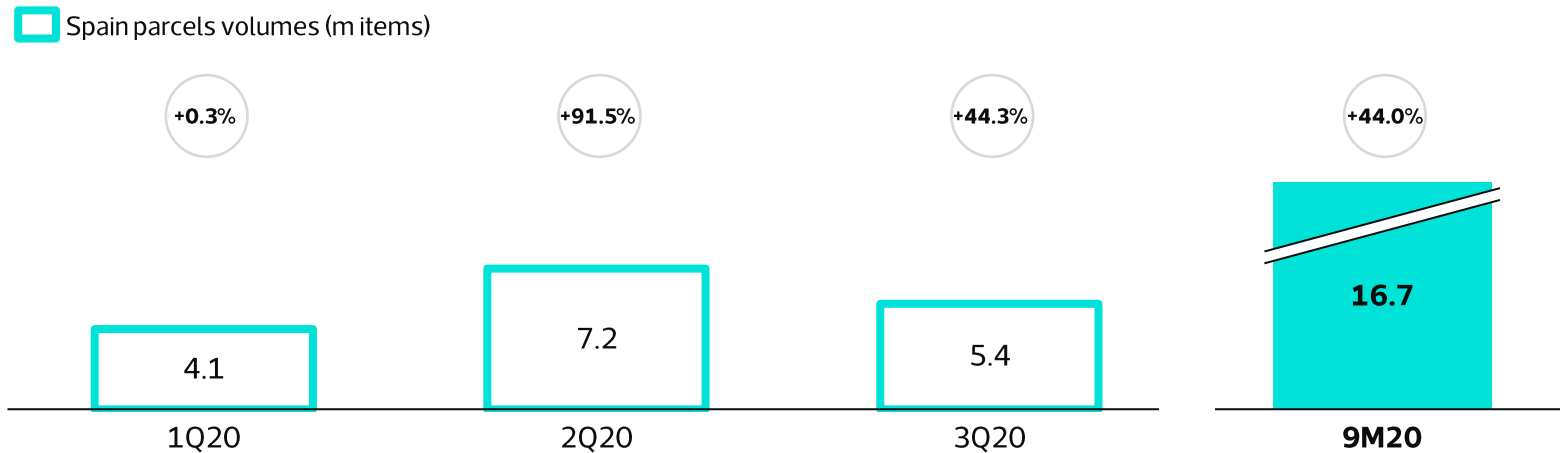
- **Seizing the opportunity to gain scale with customer acquisition of large e-tailers** such as Amazon and AliExpress with expected c. 60k parcels / workday boost on volumes
- **Increased own sales & distribution** (vs. franchisee) to 52% & 70% of total in 3Q20 (from 43% & 35% in 3Q19), respectively, **to align capabilities with clients' e-commerce needs** (led to temporary increase in unit costs)
- **Unit costs have begun to decline** since Sep-20, and are **expected to continue their downward trajectory in 4Q20 and in 2021**, as volumes from newly acquired clients are starting to **increase network scale**, while the improved share of own sales & distribution **boosts operational leverage**

The stellar growth in parcels volumes continues, as CTT investments in e-commerce meet clients' rapidly evolving needs, spurred by the pandemic

- Parcels volumes in Portugal continued to grow strongly to record levels with CTT increasing its domestic market share, as e-commerce received a boost from the pandemic. Dott.pt marketplace reached 170k registered users (+13% vs. 2Q20). Agreement with >1,300 SMEs online shops



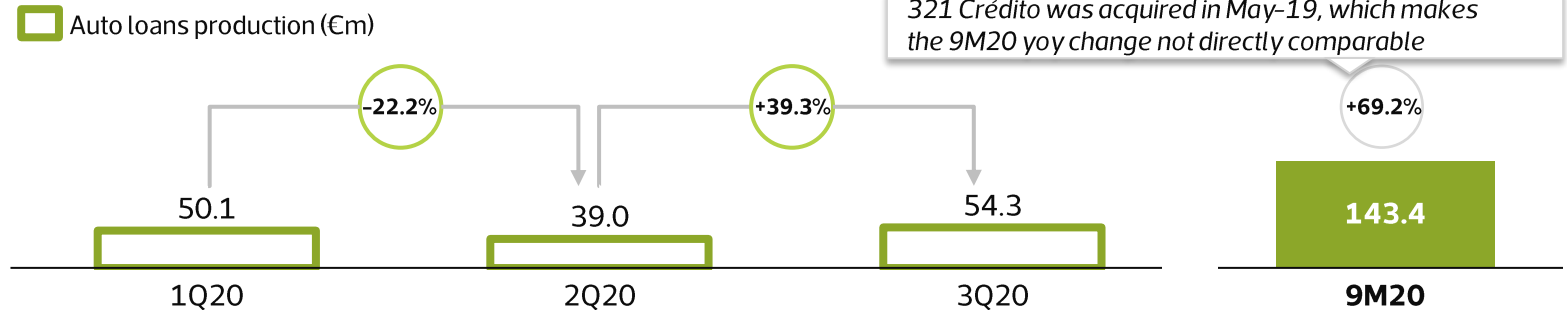
- Despite easing down from very high levels in 2Q20, Spanish parcels stellar growth continued in 3Q20. The recapture of Amazon as a client in Sep-20 will provide an impulse in the subsequent quarters



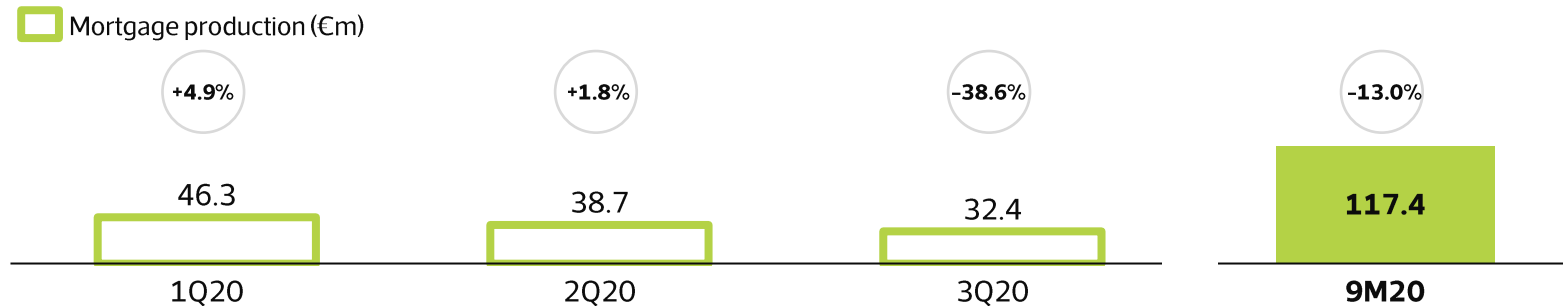
xx% % change vs. prior year

Credit activity remained resilient, especially in auto, despite the stricter lending standards

- Auto loans production, impacted by the closure of auto dealerships as non-essential businesses during the lockdown, recovered strongly in 3Q20, as demand for used cars remained robust



- Mortgage production declined in 3Q20, due to the change in focus from mortgage to auto credit, in order to maximize risk-adjusted return on capital



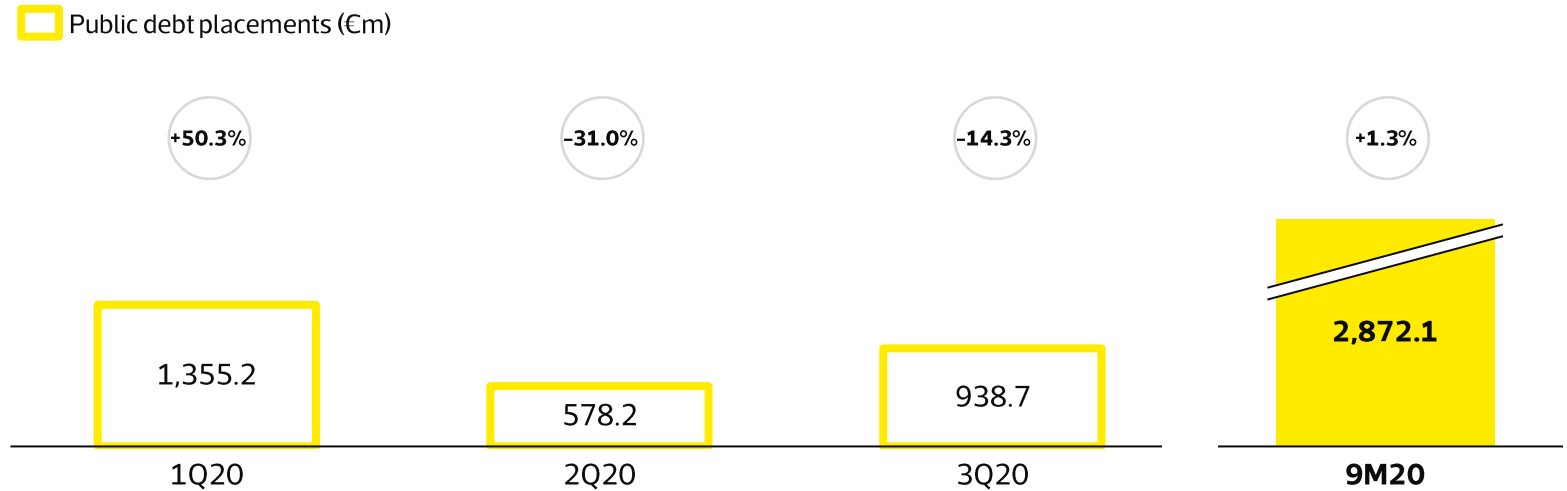
- Customer deposits continued to grow in 3Q20, despite the introduction of new debit card commissions in 2Q20



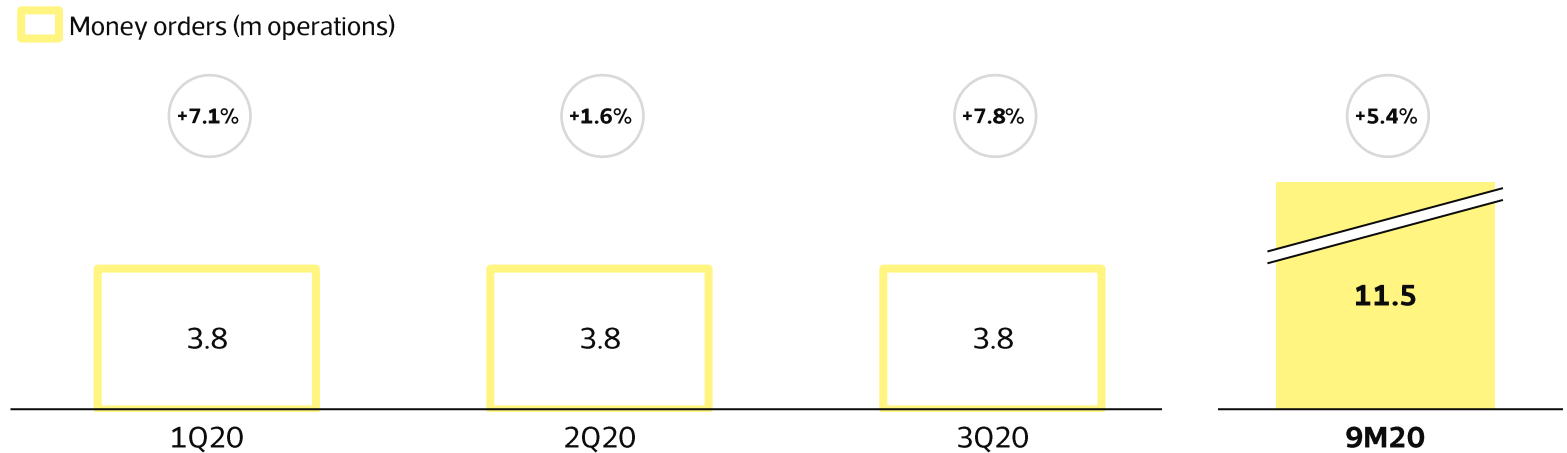
xx% % sequential quarterly change
 xx% % change vs. prior year

The growth of Financial Services volumes, despite the challenging operational environment, reflects CTT's proximity to the population and its continued commitment to public service

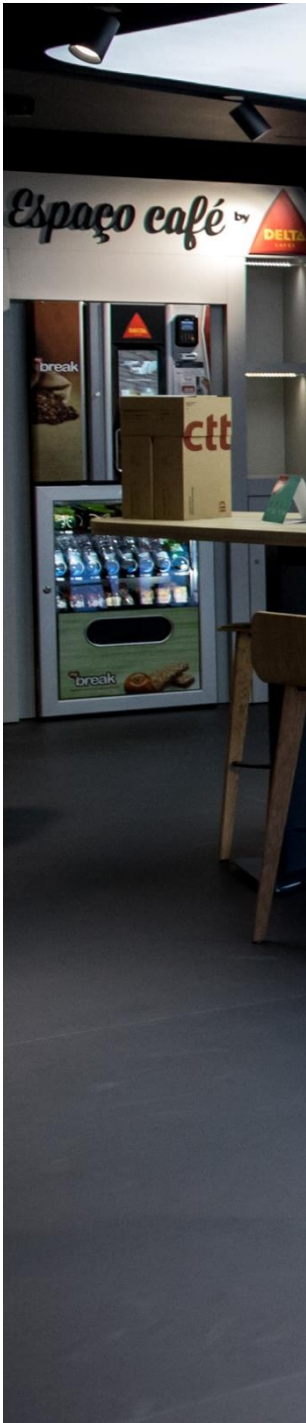
- The gradual recovery in public debt placements continued (€14.2m / day in 3Q20 vs. €6.1m / day in Apr-20) with 9M20 sales exceeding the prior year's strong performance



- In 3Q20, CTT partnered with the Government in distributing the Stabilization Supplement to 75k workers in layoff, by money order



xx% % change vs. prior year



**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.

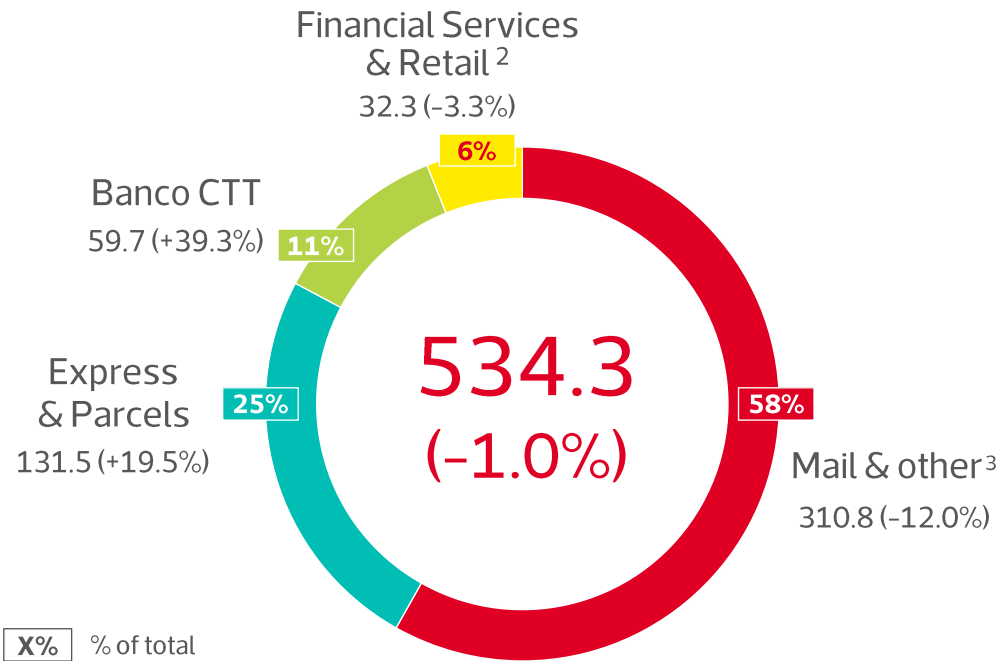
Going further to be closer.



Lower mail revenues exert pressure on results, heading into the seasonally strong fourth quarter

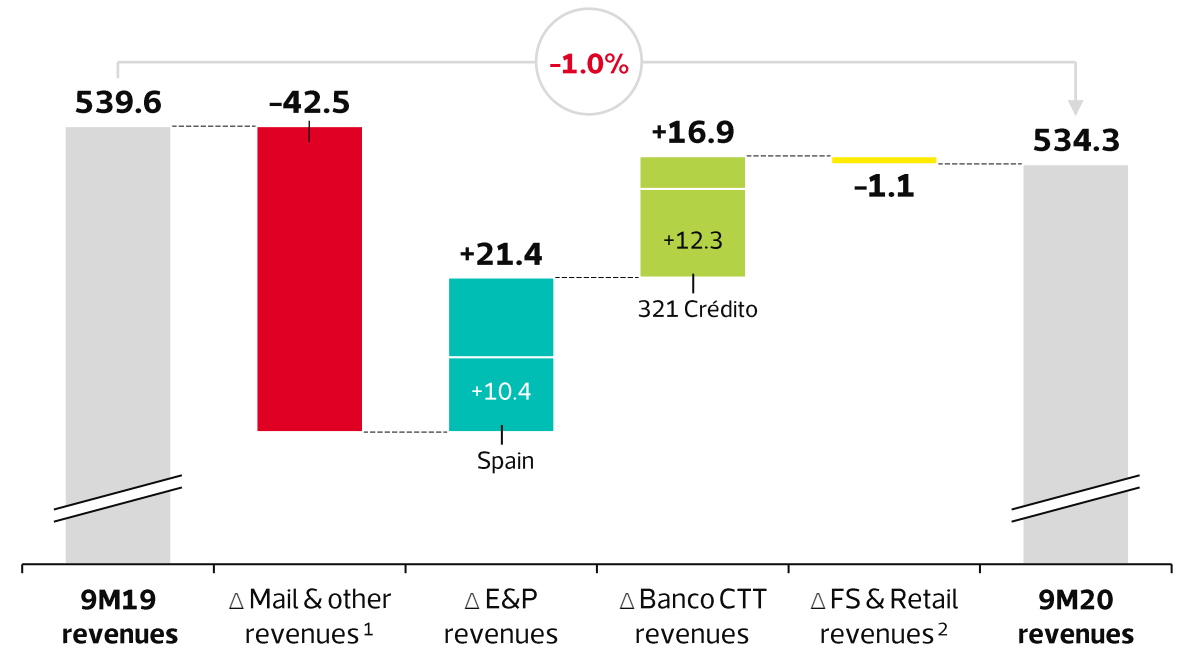
Revenues ¹

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



Revenues breakdown

€ million; % change vs. prior year



- **Excluding the 321 Crédito effect** (inorganic in the first four months of 2020) and **the one-time impact of elections** (€5.3m) in 3Q19, revenues declined by €12.3m (-2.4%), as strong growth in Express & Parcels and Banco CTT was unable to offset the declines in the legacy businesses, exacerbated by the pandemic

¹ Excluding specific items.

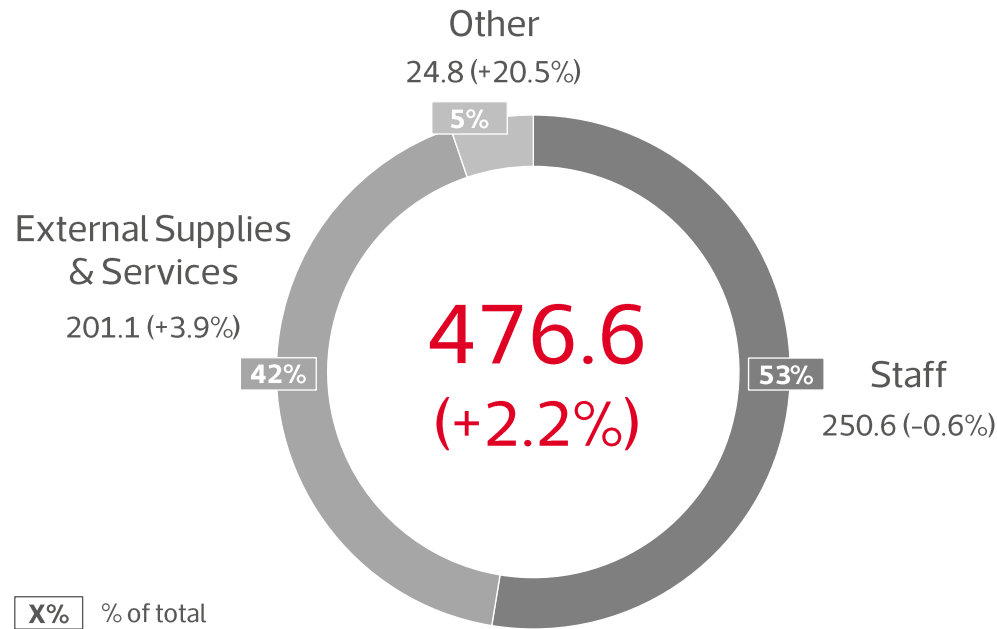
² The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 9M19 throughout the presentation).

³ Including Central Structure.

The growth of parcels volumes and the 321 Crédito integration are the main drivers behind the increase in operating costs

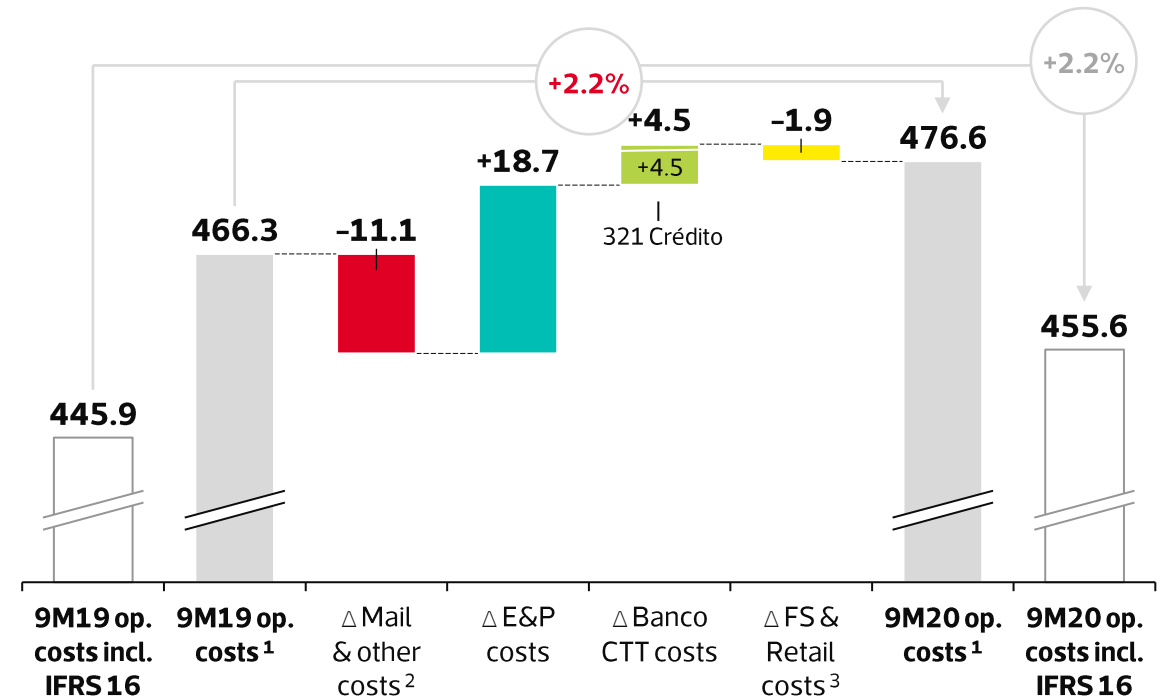
Operating costs¹

€ million; % change vs. prior year



Operating costs¹ breakdown

€ million; % change vs. prior year



- **Staff costs, excluding 321 Crédito**, declined €3.3m (-1.3%). Healthcare costs decreased €2.2m (-25.3%), as the pandemic caused **€1.8m lower utilization of the healthcare plan by employees**
- **External Supplies & Services, excluding 321 Crédito**, increased by €6.2m (3.2%), as **reductions in terminal dues (€3.1m) and marketing costs (€2.5m)** were more than offset by the **€10.2m increase in parcels transport & distribution costs**, as a result of higher volumes
- **Other costs, excluding 321 Crédito**, increased by €3.0m (15.2%), as a result of the **direct costs of launching new businesses & partnerships (€4.7m)**

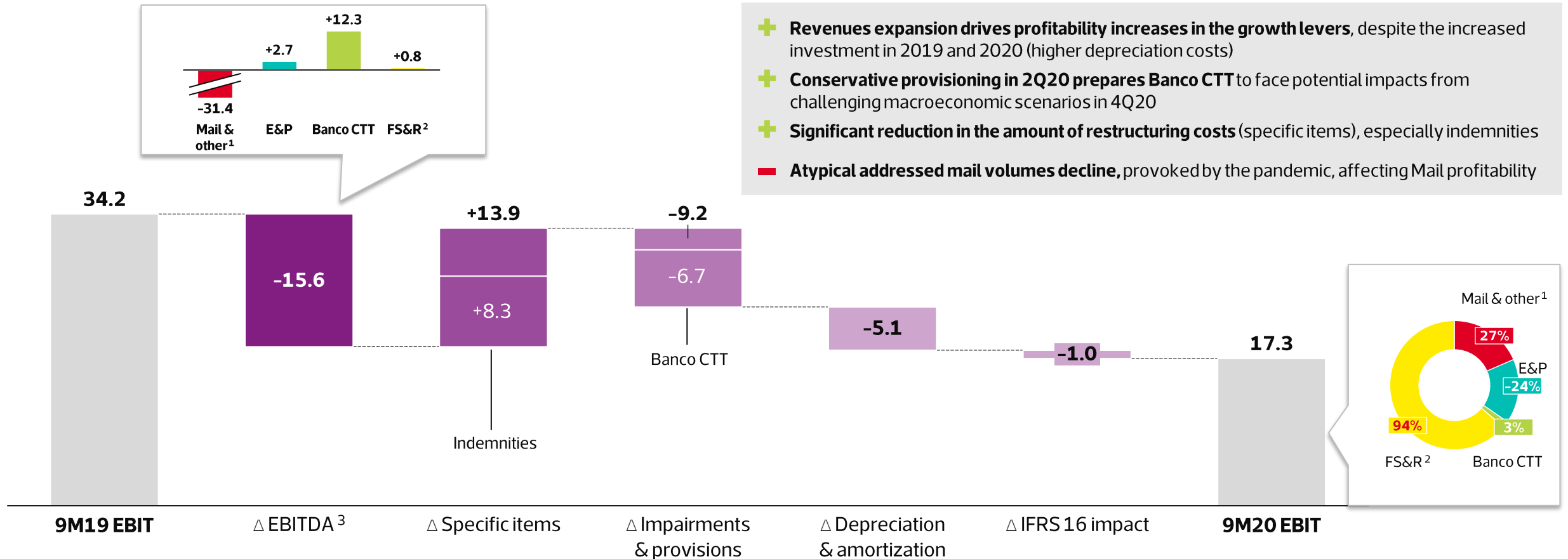
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ² Including Central Structure.

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 9M19 throughout the presentation).

The unprecedented business disruption in Mail, as a result of the pandemic, and the uncommon level of provisions at Banco CTT, weigh on profitability

EBIT

€ million

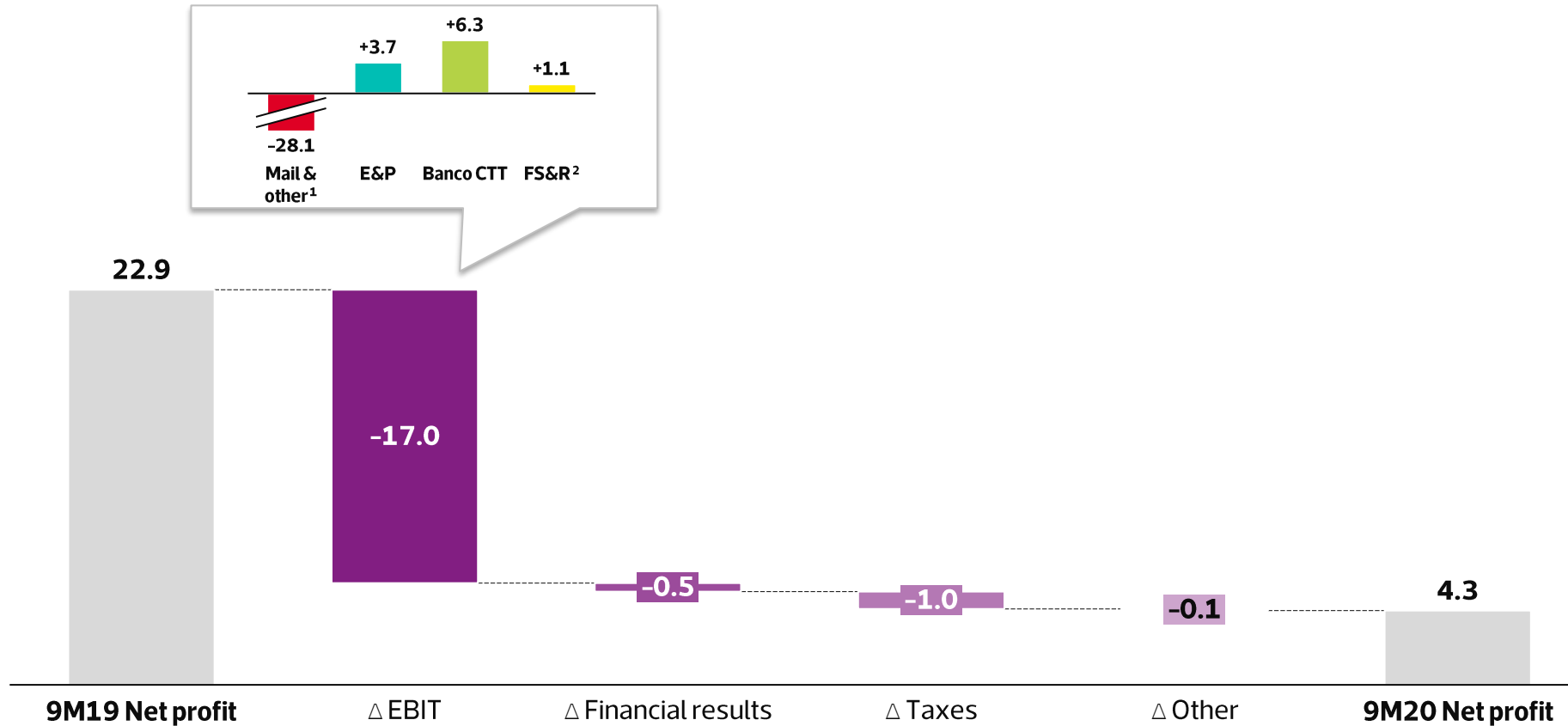


¹ Including Central Structure. ² The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 9M19 throughout the presentation).

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

Net profit impacted by the negative evolution of Mail EBIT, while profitability increases in the remaining business units

Net profit
€ million



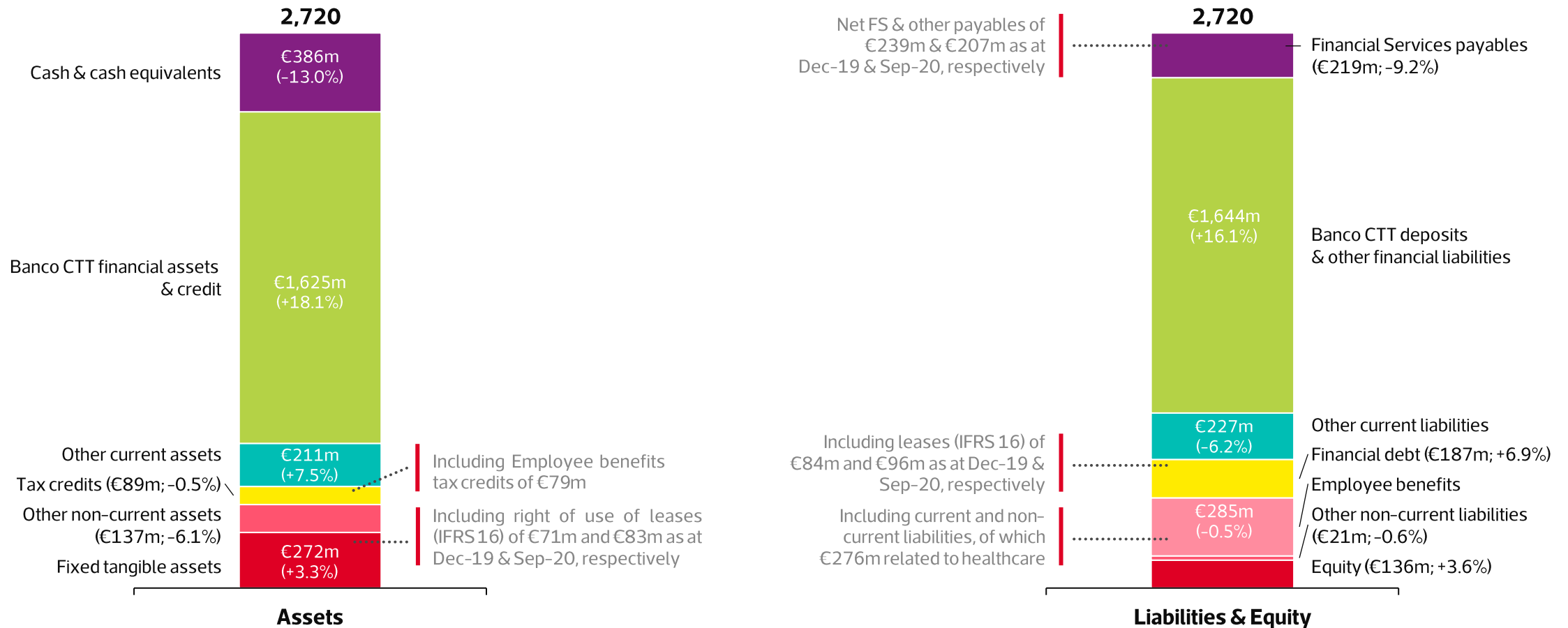
- + 2019 Net profit positively impacted by a one-time corporate tax refund of €6.8m as a result of a favorable Tax Authority decision on the deduction of the tax loss on CTT Expresso's sale of Tourline in 2016, hence tax expenses are not directly comparable between periods
- The severe business interruption in Mail during the lockdown and the subsequent slow recovery of addressed mail volumes weighs on profitability, given the largely fixed cost base

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 9M19 throughout the presentation).

The ever-increasing relevance of Banco CTT to the Group results is reflected in the consolidated Balance sheet

30 September 2020 Balance sheet

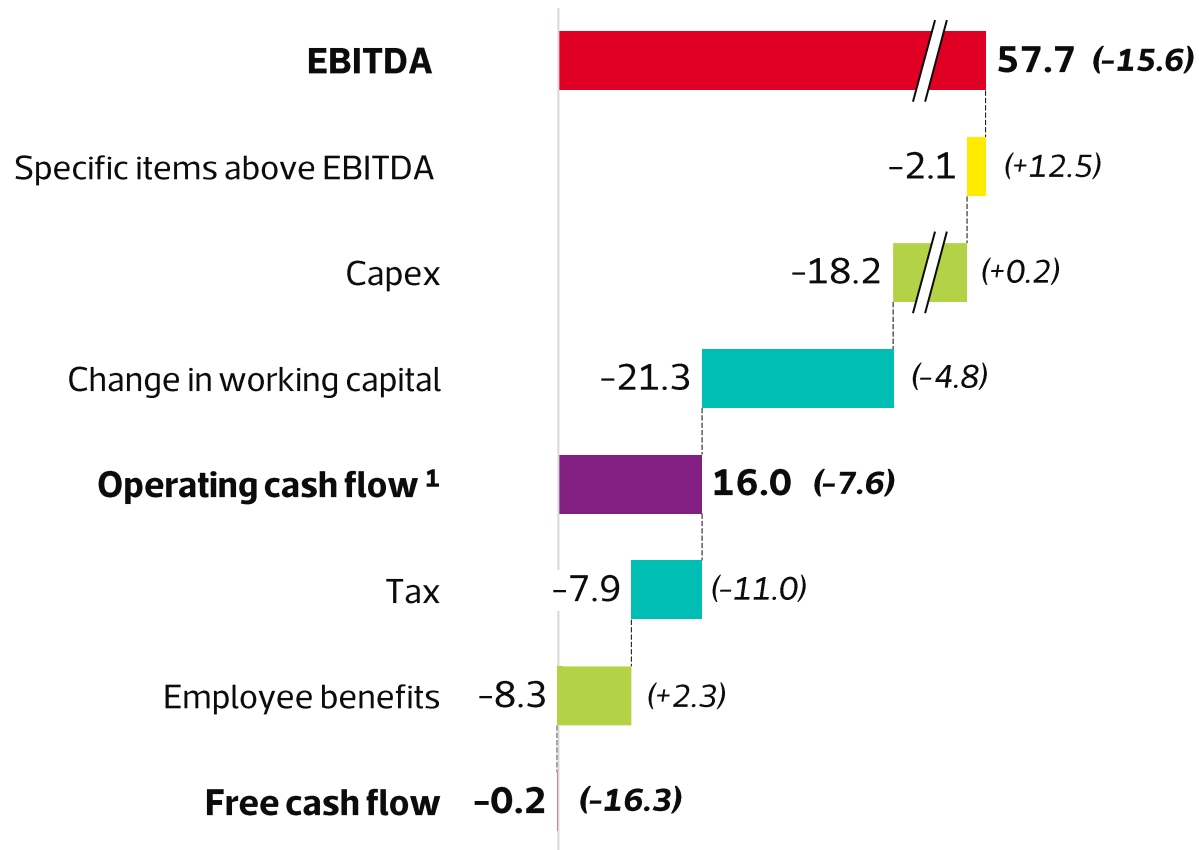
€ million; % change vs. 31 December 2019



Liquidity and net financial debt remain stable

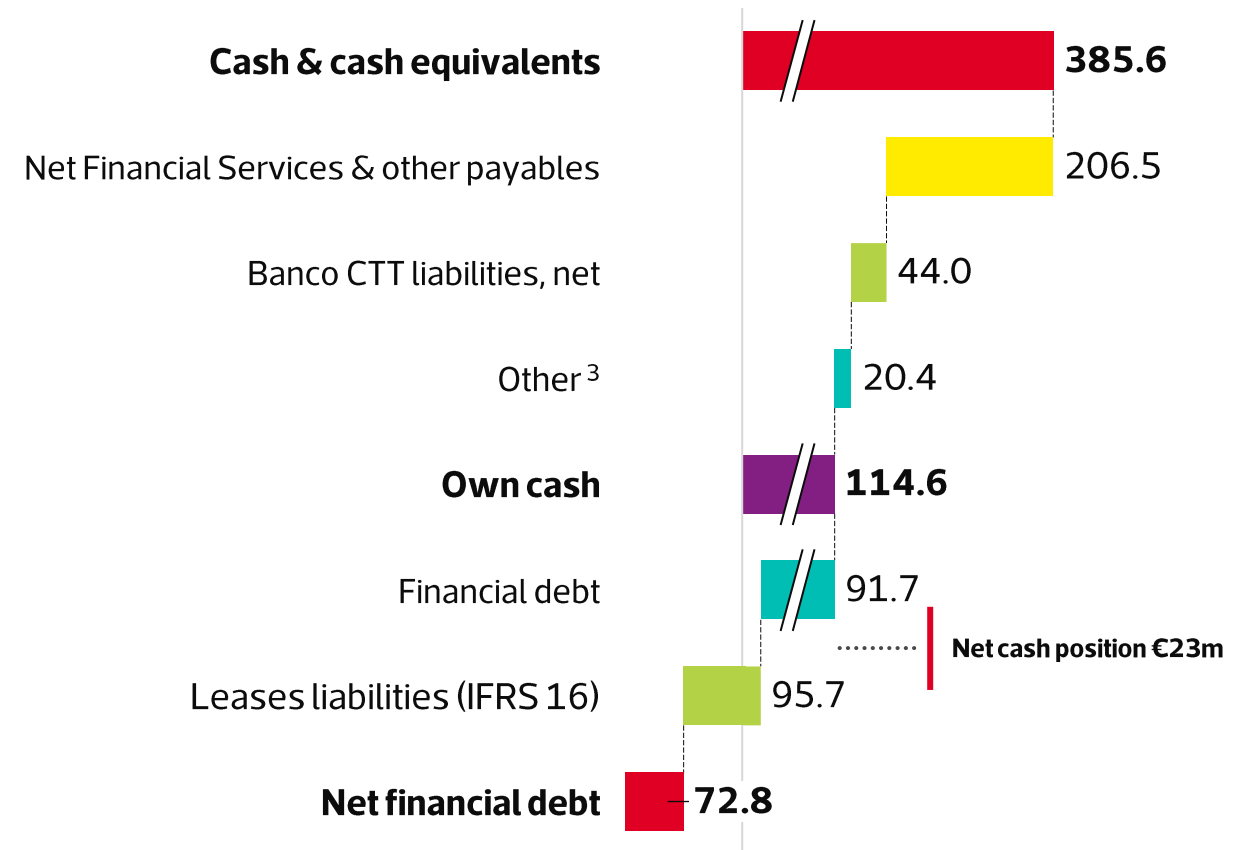
9M20 Cash flow

€ million; impact on cash flow vs. prior year



30 September 2020 Net financial debt ²

€ million



¹ The 1Q19 Operating cash flow was restated to be comparable with that of 1Q20. In 2Q19, the methodology for calculating the Operating cash flow 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 €15.4m Banco CTT cash deposits at Bank of Portugal.

FY20 guidance update

Business unit outlook



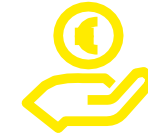
Addressed mail volumes decline in the mid-teens; revenues benefiting from the seasonally strong 4Q and Business Solutions growth



E&P volumes expected to accelerate further in 4Q20, receiving a boost from the upcoming holiday season and new client acquisitions



Solid contribution from Banco CTT and 321 Crédito and progress on the profitability targets



Public debt certificates placements within 10% of the robust prior year levels, despite the challenging retail and macro environment

Financial outlook¹



Assuming no material impacts from the announced lockdowns in Portugal and Spain:

- **Ambition to attain low single-digit growth in full-year revenues**
- **Commitment to achieve €90m of EBITDA and €30m of EBIT**

¹ The impact of the upcoming partial confinement measures on the Portuguese economy is still unclear. This guidance update assumes no significant disruptive impacts on the business units' performance from the new confinement measures in the remaining two months of the year.

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