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ctt

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01. Company overview

02. 9M15 results

03. Banco CTT

04. 2020 business ambition

05. Appendix



The postal services industry is going through a significant transformation phase



**Globalisation
Liberalisation
Privatisation**

**Much more scrutiny
and competition**



**Digitalisation
Substitution
effect**

**What can be digital...
will be digital**



E-Commerce

**Online shopping...a new
paradigm and an opportunity**



**Fine-tuning of the
business model**



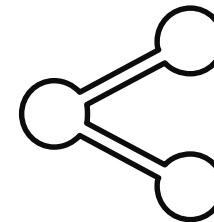
Efficiency

**Continuous operational
/ cost optimisation**



**Data-driven
marketing**

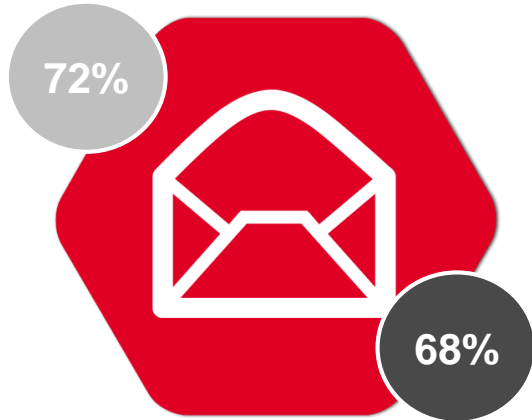
**Leverage on data to explore
new opportunities**



**Diversification
(e.g. retail networks)**

**Leverage on established
networks (e.g. government &
other services)**

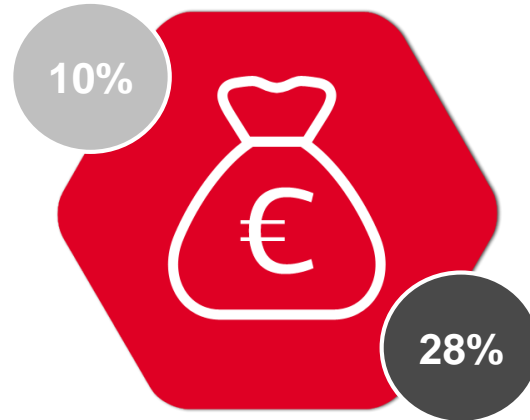
CTT is a dynamic postal services operator with a balanced portfolio of businesses...



Mail & other

MAIL	BUSINESS SOLUTIONS	RETAIL SERVICES
Transactional	Printing & finishing	Outsourcing
Editorial	Storage & document management (Mailtec)	Citizen's Bureau Areas
Advertising		
USO Parcels		
Philately		

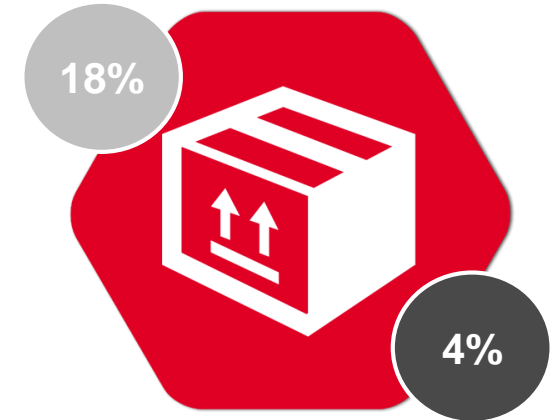
Indisputable market leader with industry-leading margins



Financial Services

SAVINGS & INSURANCE	PAYMENTS	TRANSFERS
	PAYSHOP NETWORK (cash payments through an electronic platform, e.g. mobile phone top-ups)	CREDIT OTHER (tolls)

Leveraging on a strong brand name, historical track record and a Retail Network comparable in size to those of the major Portuguese banks



Express & Parcels

PORTUGAL	SPAIN	MOZAMBIQUE
		50% JV with Correios de Moçambique

Economies of scale and market leader in Portugal; franchisee model of operation in Spain

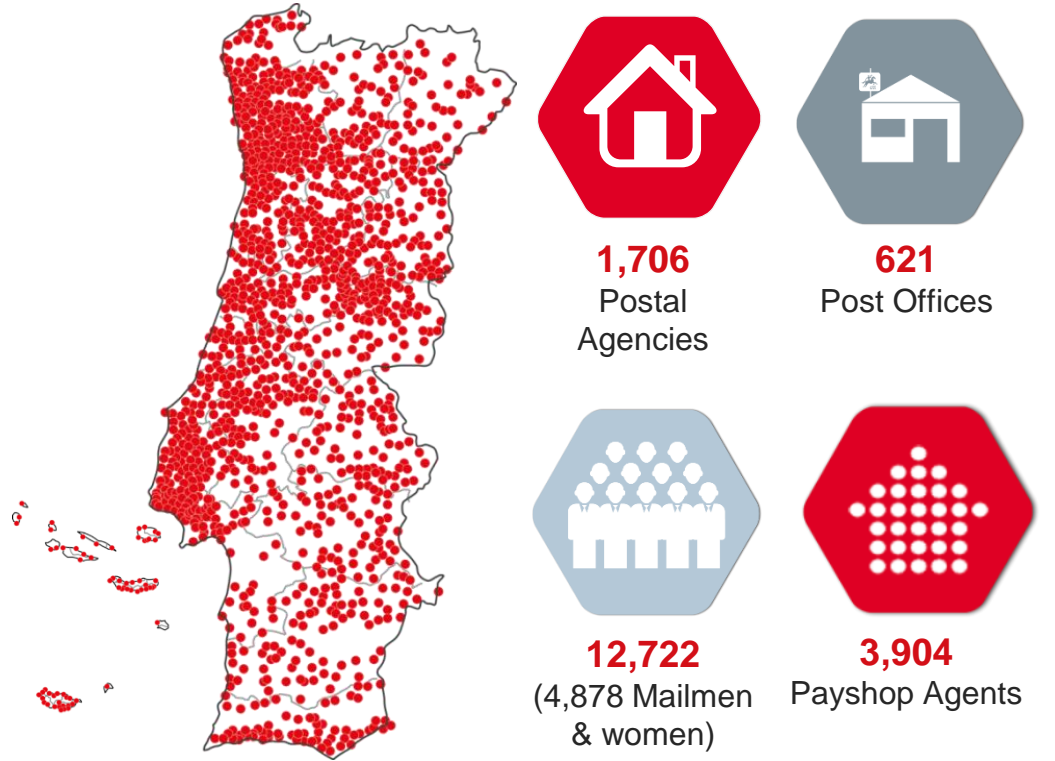
% % 2014 Recurring revenues ¹ (€718m) **%** % 2014 Recurring EBITDA (€135m)

¹ Revenues by business unit including CTT Central Structure and Intragroup Eliminations.

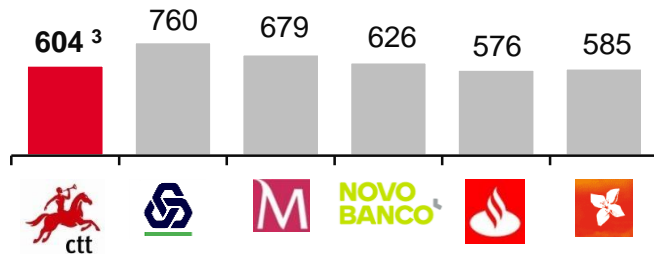


CTT Retail & Distribution networks ¹

National and international recognition (awards)



Portuguese banks' retail networks – # of branches ²

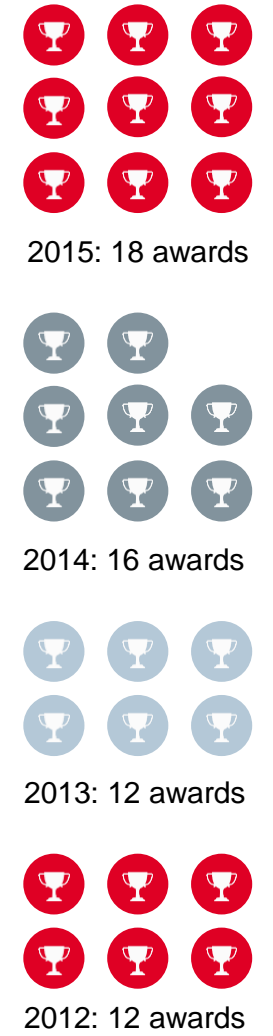


“Trusted Brand and Trusted Brand for the Environment 2015”
Reader's Digest

“Trusted Brand 2015”
Superbrands Portugal

“No. 1 Firm Corporate Best for Investor Relations – Portugal – Mid & Small Cap”
Extel WeConvene 2015 IR Awards

“European Equities Deal of the Year 2014”
The Banker – CTT IPO

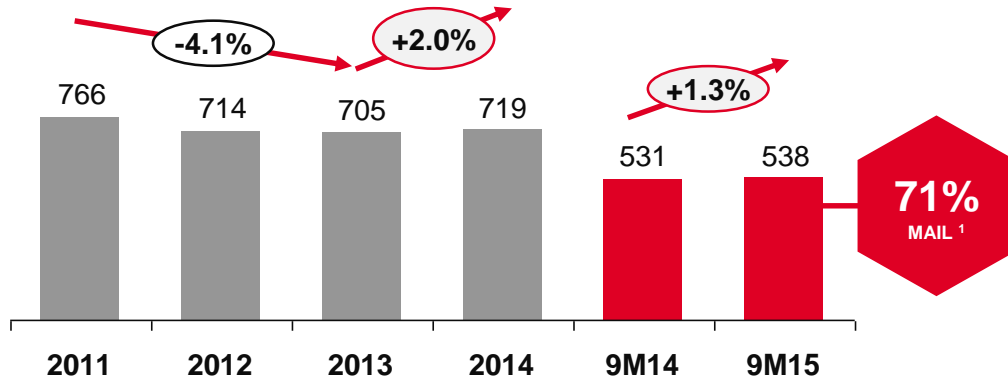


¹ As at 30 September 2015; ² 1H15, except for BPI and Millennium which have reported the number of branches as at 30 September 2015; ³ Ramp-up of Banco CTT to up to 603 CTT post offices in the first three years and 1 own branch.

Reporting consistently strong results since the IPO, delivering on the promise

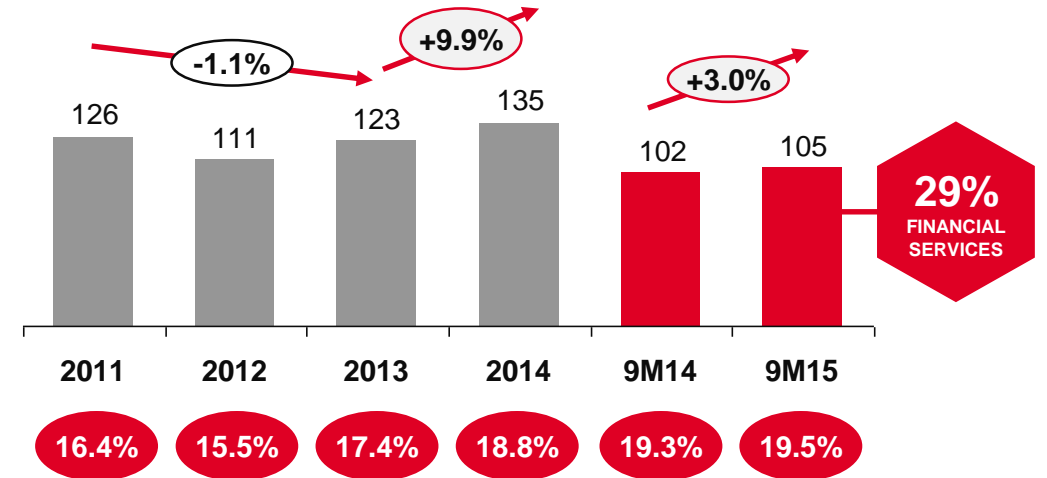
Reversing the reported revenues declining trend (since 2013)

€ million ○ CAGR 2011-2013 ○ % growth vs. previous year



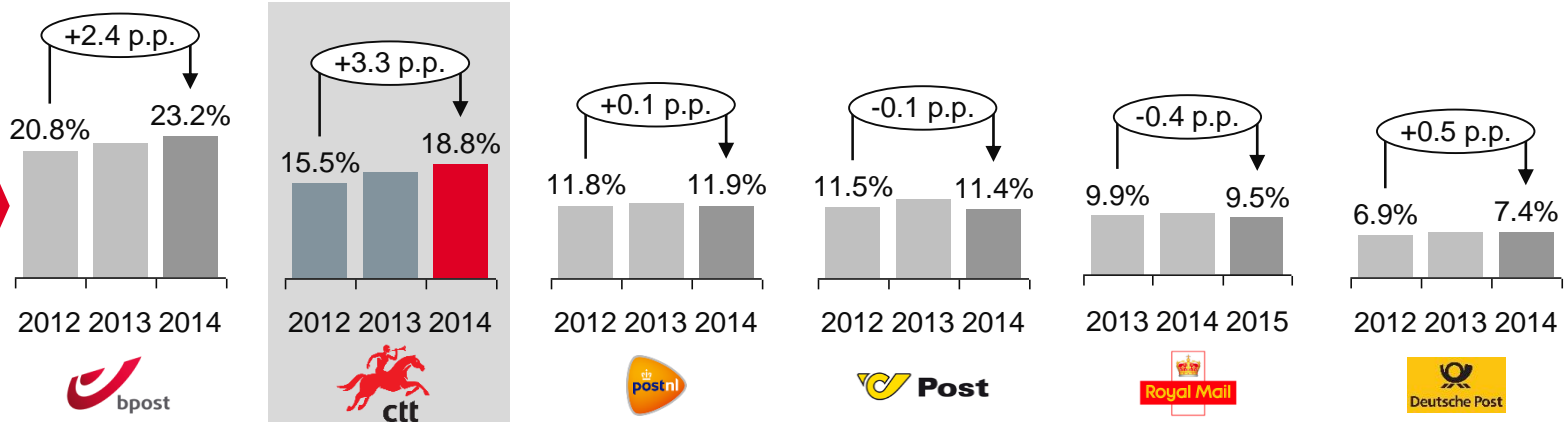
Strong recurring EBITDA ² growth (since 2012)

€ million ○ CAGR 2011-2013 ○ % growth vs. previous year ● Recurring EBITDA marg.



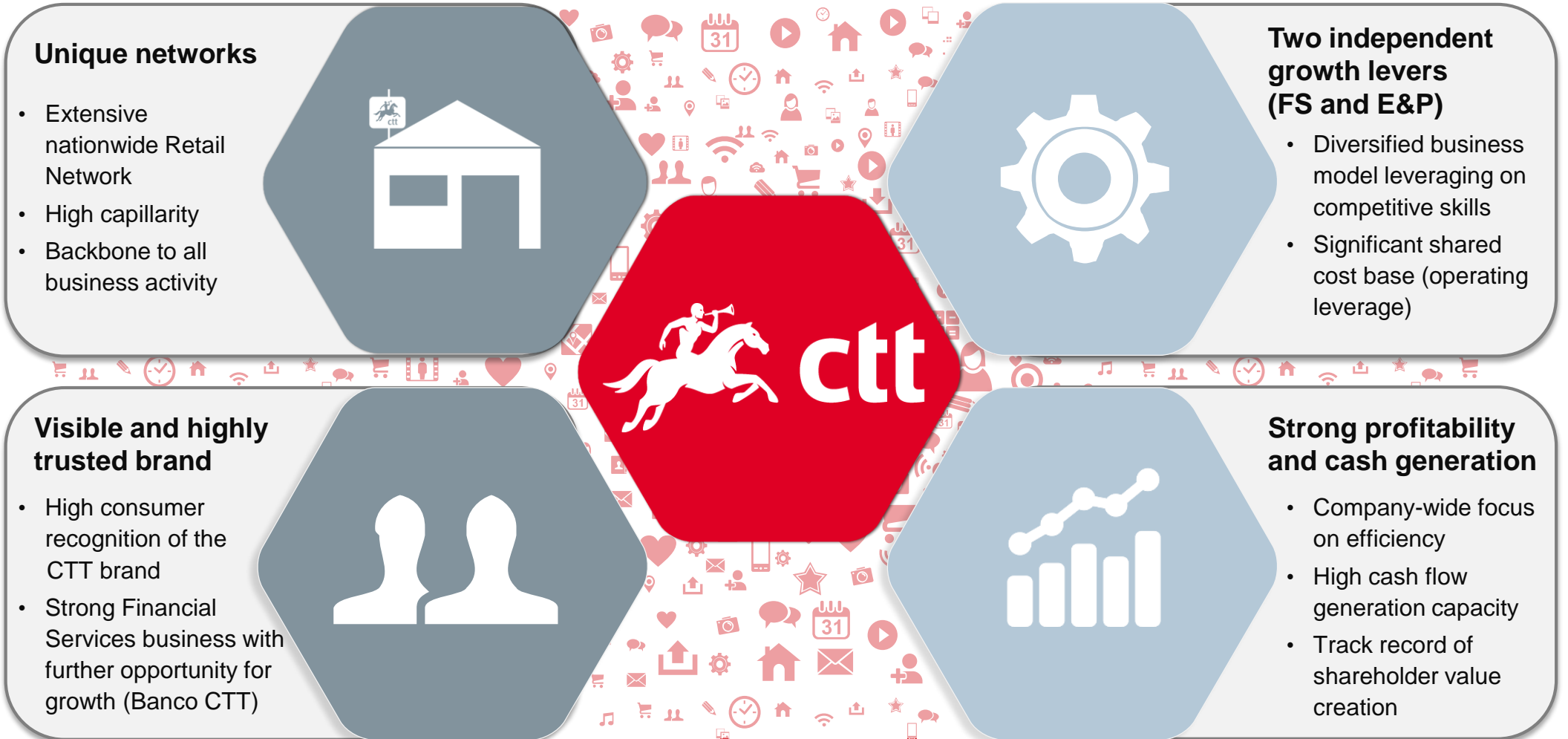
Industry-leading EBITDA margins ³

- Focus on efficiency through continuous transformation programmes in order to adjust the company structure and sustain an operation of excellence
- Optimisation of resources, not only in terms of staff but also in operations, distribution and retail
- No government subsidies



¹ Reported revenues including income related to CTT Central Structure and Intragroup Eliminations; ² Excluding non-recurring revenues and non-recurring costs; ³ Source: Annual Reports – excluding non-recurring items. Royal Mail fiscal year ends in March (e.g. 2015 refers to the period between Apr-14 and Mar-15).

CTT presents a distinctive and attractive equity story



Established and sustainable business model

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Postal Bank project costs impacting the financial indicators

Financial and operational performance

€ million, except when indicated otherwise

Financial indicators:	9M14	Including Postal Bank project		Excluding Postal Bank project (like-for-like) ⁵	
		9M15	Δ%	9M15	Δ%
Reported revenues	530.9	538.1	+1.3%	538.1	+1.3%
Reported operating costs ¹	429.3	440.7	+2.6%	433.1	+0.9%
Reported EBITDA	101.6	97.4	-4.1%	105.0	+3.3%
Recurring EBITDA ²	101.7	104.8	+3.0%	107.6	+5.8%
Reported net profit	52.6	50.6	-3.8%	56.3 ⁴	+6.9%
Recurring net profit ³	55.7	59.8	+7.5%	61.8	+11.1%

Metric	Addressed mail (m items)	Unaddressed mail (m items)	Parcels volumes (m items)	Savings flows (€bn) ⁶
9M15 volumes	611.2	344.9	20.7	4.4
9M15 vs. 9M14	-3.1%	-6.9%	+4.6%	-13.2%

¹ Excluding amortisation, depreciation, provisions and impairment losses.

² Excluding non-recurring revenues of €3.0m in 9M14 and non-recurring operating costs affecting EBITDA of €3.1m in 9M14 and €7.4m in 9M15, €4.8m of the latter related to Postal Bank project set-up costs.

³ Excluding non-recurring revenues of €3.0m in 9M14 and non-recurring costs affecting EBIT of €6.1m in 9M14 and €7.7m in 9M15, €4.8m of the latter related to the Postal Bank project set-up costs. Considers a theoretical (nominal) tax rate (28.43%).

⁴ Considers the corporate tax rate of Banco CTT and the effective tax rate of the period at CTT.

⁵ Postal Bank project operating costs booked in the Financial Services business unit.

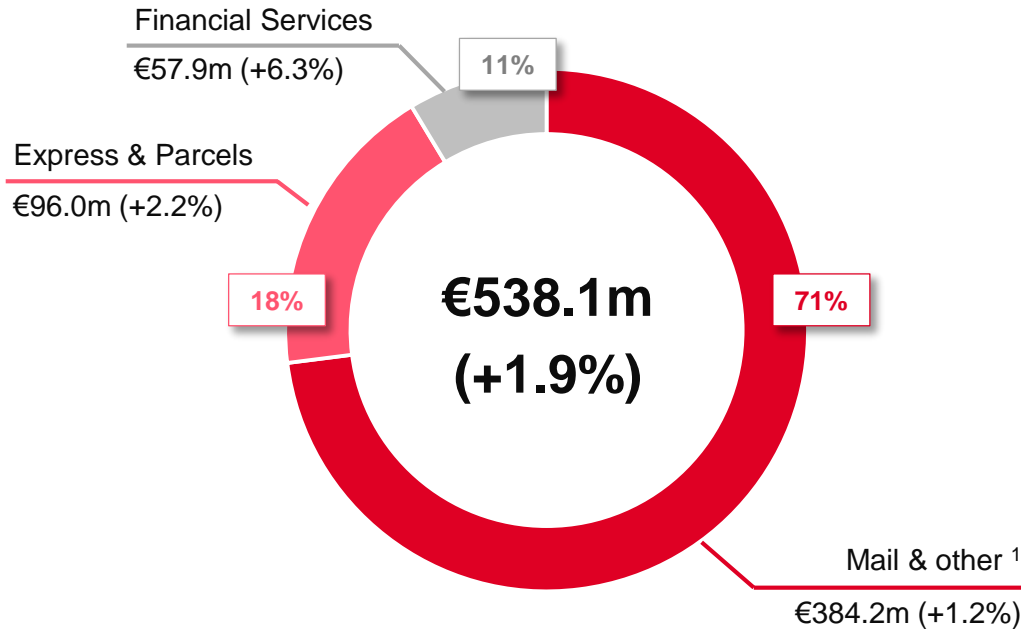
⁶ Amount of savings and insurance placements and redemptions.



Revenues grow by 1.9% on a recurring basis, with positive contributions from all businesses

9M15 recurring revenues

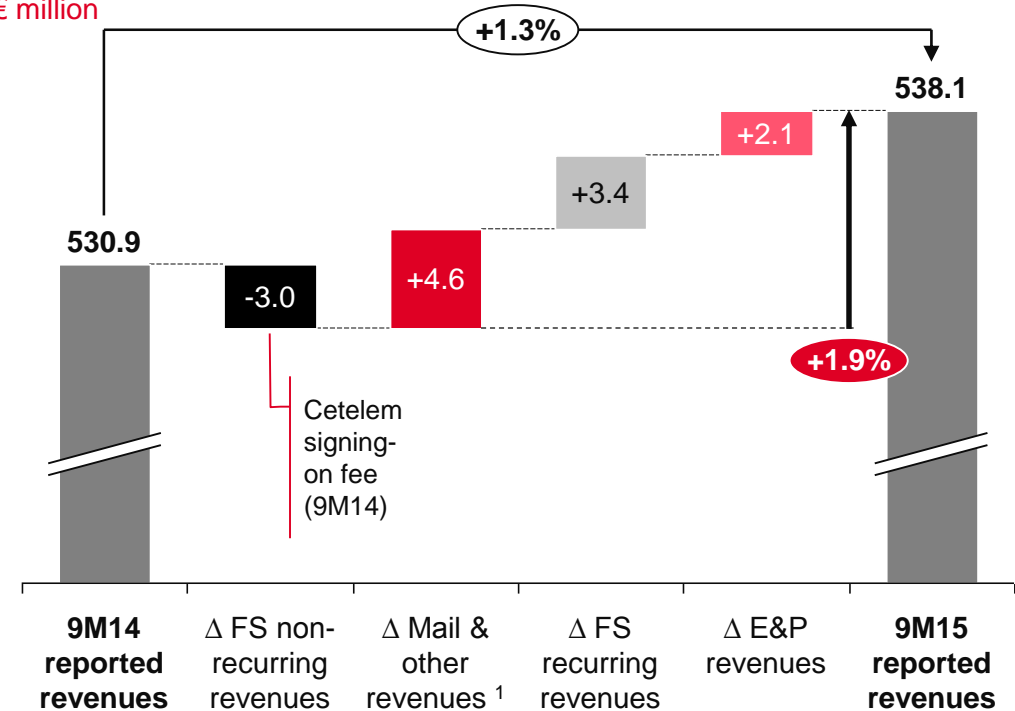
€ million; % change vs. prior year; % of total



X% % of total

Revenues breakdown

€ million



- **Financial Services** continue to benefit from the **strong growth in savings inflows in 1Q15 and the competitiveness of its offer**
- **E&P revenues still growing below volumes growth in Portugal due to lower pricing in the B2C segment** and still impacted by the restructuring in Spain
- **Growth in revenues supported also by MoU with Altice (+€2.9m impact in 9M15)**

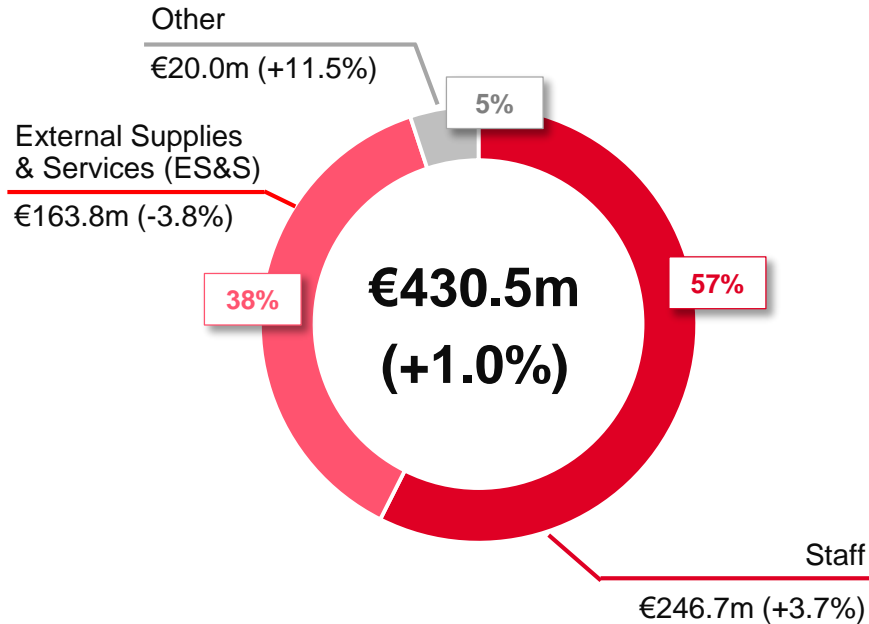
Mail revenues growth driven by discounts / pricing update in 1Q15 and by lower than expected addressed mail volumes decline

¹ Including income related to CTT Central Structure and Intragroup Eliminations amounting to -€21.3m in 9M14 and -€26.9m in 9M15.

Operating costs increase as Postal Bank project spending ramps-up

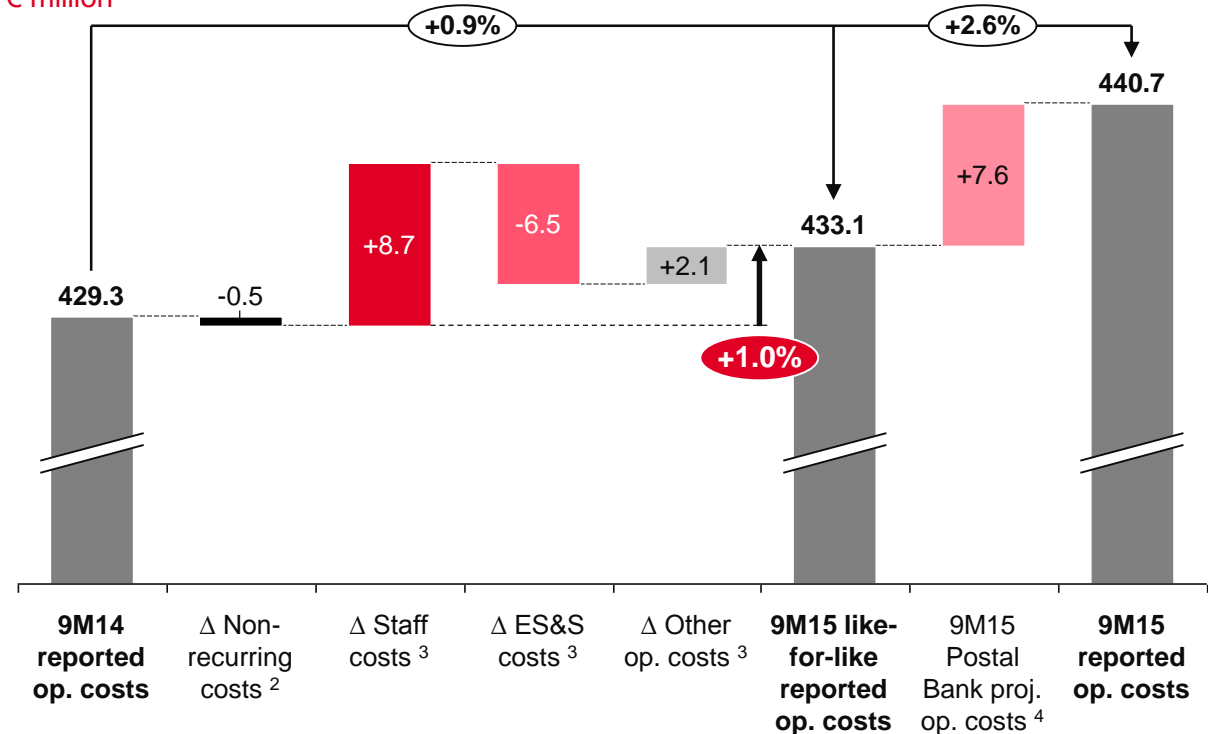
9M15 like-for-like recurring operating costs ¹

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



Operating costs breakdown

€ million



X% % of total

- **Staff costs increase** mainly due to the **reintroduction of variable remuneration as a recurring cost** (+€6.7m estimate in 9M15, not in 9M14 accounts)
- **ES&S costs decrease** mainly due to **lower outsourcing costs** as a result of the **revised IT and communication services contract** (-€11.1m in 9M15), partially off-set by an **increase in transportation costs in Spain** (+€3.2m) and by an **increase in costs with foreign operators** (+€2.7m)

The recurring cost base supporting the revenues increases by only 1.0%

¹ Excluding amortisation, depreciation, provisions, impairment losses and non-recurring operating costs of €3.1m in 9M14, €2.6m in 9M15, and all Postal Bank project operating costs.

² Excluding Postal Bank project set-up costs. Total non-recurring operating costs: €3.1m in 9M14 and €7.4m in 9M15, €4.8m of the latter related to Postal Bank project set-up costs.

³ Excluding Banco CTT recurring operating costs: €2.8m in 9M15.

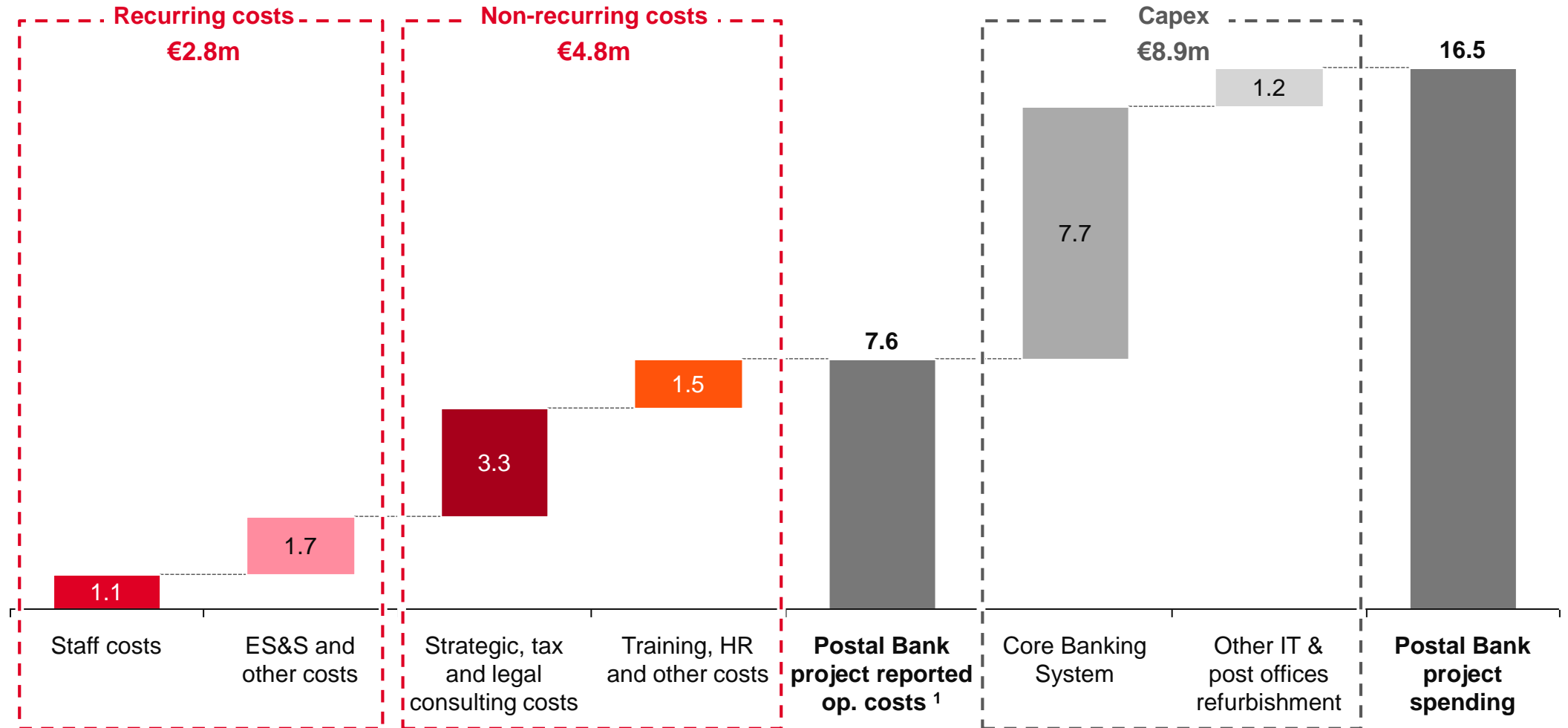
⁴ Booked in the Financial Services business unit.



Postal Bank project spending ramps-up as launch date approaches

Postal Bank project spending

€ million



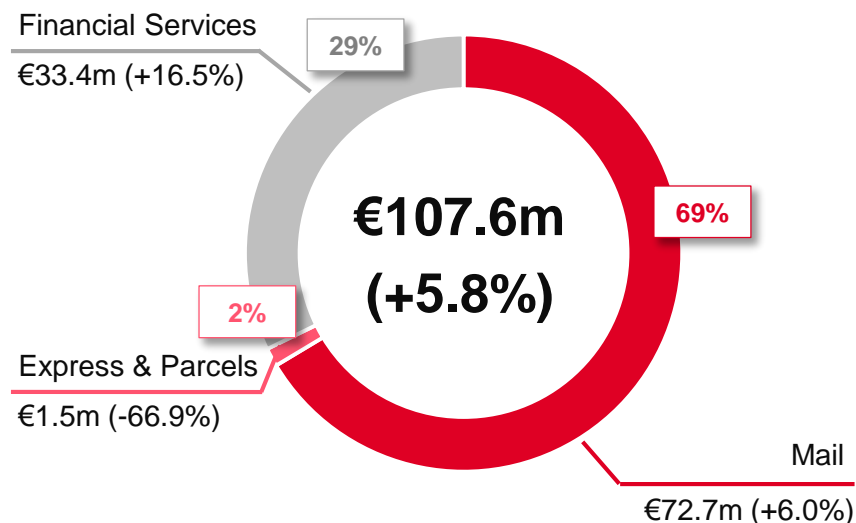
YTD Postal Bank project spending (€16.5m Capex & Opex) within management estimates (€30m for 2015)

¹ Booked in the Financial Services business unit.

Growth in FS revenues and Mail efficiency drive recurring EBITDA margin up by 20 bps

9M15 like-for-like recurring EBITDA ¹

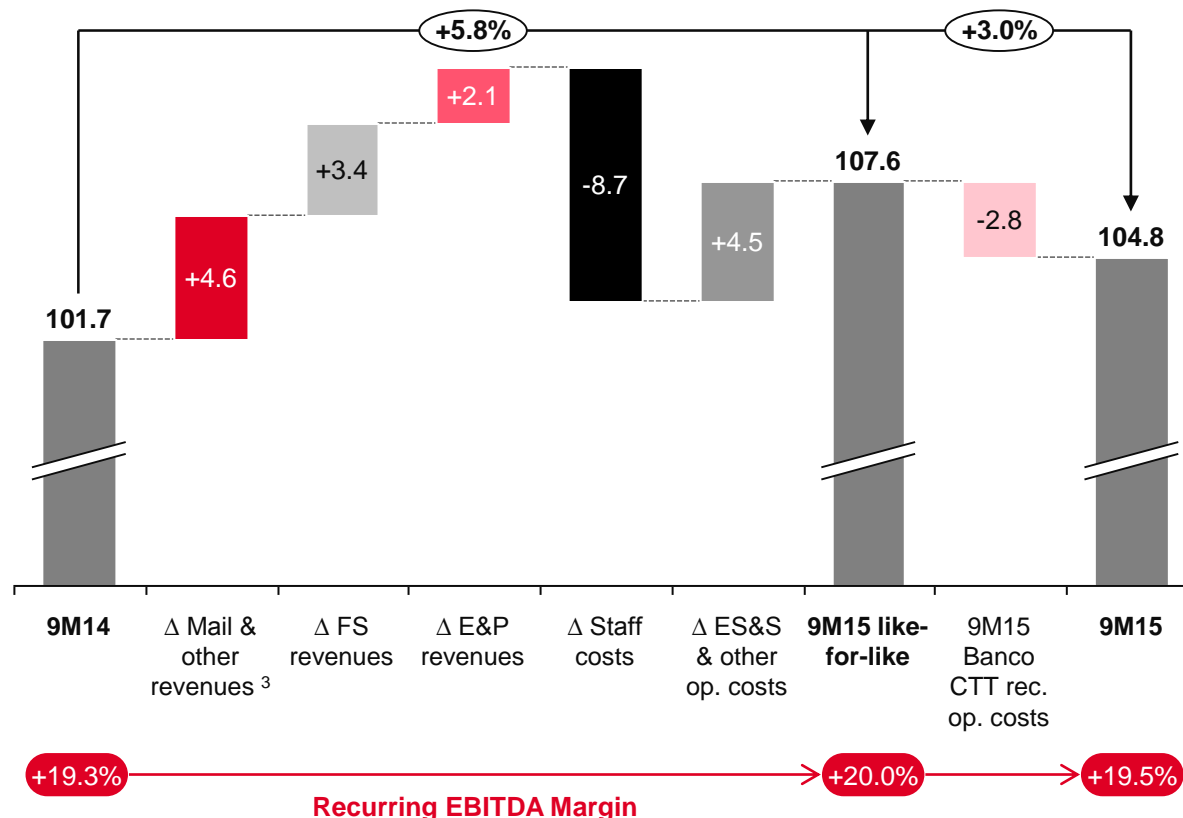
€ million; % change vs. prior year; % of total



X% % of total

Recurring EBITDA ² breakdown

€ million



Like-for-like recurring EBITDA (excluding Postal Bank project) grows by 5.8% but variable remuneration (introduced as recurring in 2015) is affecting EBITDA growth

¹ Excluding amortisation, depreciation, provisions, impairment losses, non-recurring revenues of €3.0m in 9M14 and non-recurring operating costs of €3.1m in 9M14, €2.6m in 9M15 and all Postal Bank project operating costs.

² Excluding total non-recurring revenues of €3.0m in 9M14 and non-recurring operating costs affecting EBITDA of €3.1m in 9M14 and €7.7m in 9M15.

³ Including income related to CTT Central Structure and Intragroup Eliminations amounting to -€21.3m in 9M14 and -€26.9m in 9M15.

Strong 3Q15 adjusted operating FCF generation, supported also by €15m Altice payment

Cash flow

€ million

	Reported			Adjusted ¹		
	9M14	9M15	Δ %	9M14	9M15	Δ%
From operating activities	207.4	52.2	-74.9%	68.9	72.1	+4.6%
From investing activities	4.4	-20.6	N/A	4.4	-20.6	N/A
Of which: Capex payments	-4.6	-22.9	N/A	-4.6	-22.9	N/A
Operating free cash flow	211.8	31.6	-85.1%	73.3	51.5	-29.7%
From financing activities	-59.5	-66.1	+11.1%	-59.5	-66.1	+11.1%
Of which: Dividends	-60.0	-69.8	+16.3%	-60.0	-69.8	+16.3%
Net change in cash ²	151.6	-34.5	-122.7%	13.1	-14.5	-210.6%
Cash at the end of the period	696.5	630.1	-9.5%	250.0	264.4	+5.8%

- Accounts receivable reduction in 3Q15 (€15.8m)
- €9.0m variable remuneration paid in 1H15
- €15m Altice / PT Portugal payment received in 3Q15
- Capex payments presented in this table
- Accounting Capex was €5.1m in 9M14 and €15.5m in 9M15, with €8.9m of the latter associated with the Postal Bank project (€7.7m related to the Core Banking System)

Reported and adjusted (own) cash remains at high levels

¹ Cash flow from operating activities excluding changes in net Financial Services payables of +€138.5m (from Dec-13 to Sep-14) and -€19.9m (from Dec-14 to Sep-15). Cash at the end of the period excluding net Financial Services payables of €446.6m (Sep-14) and €365.7m (Sep-15).

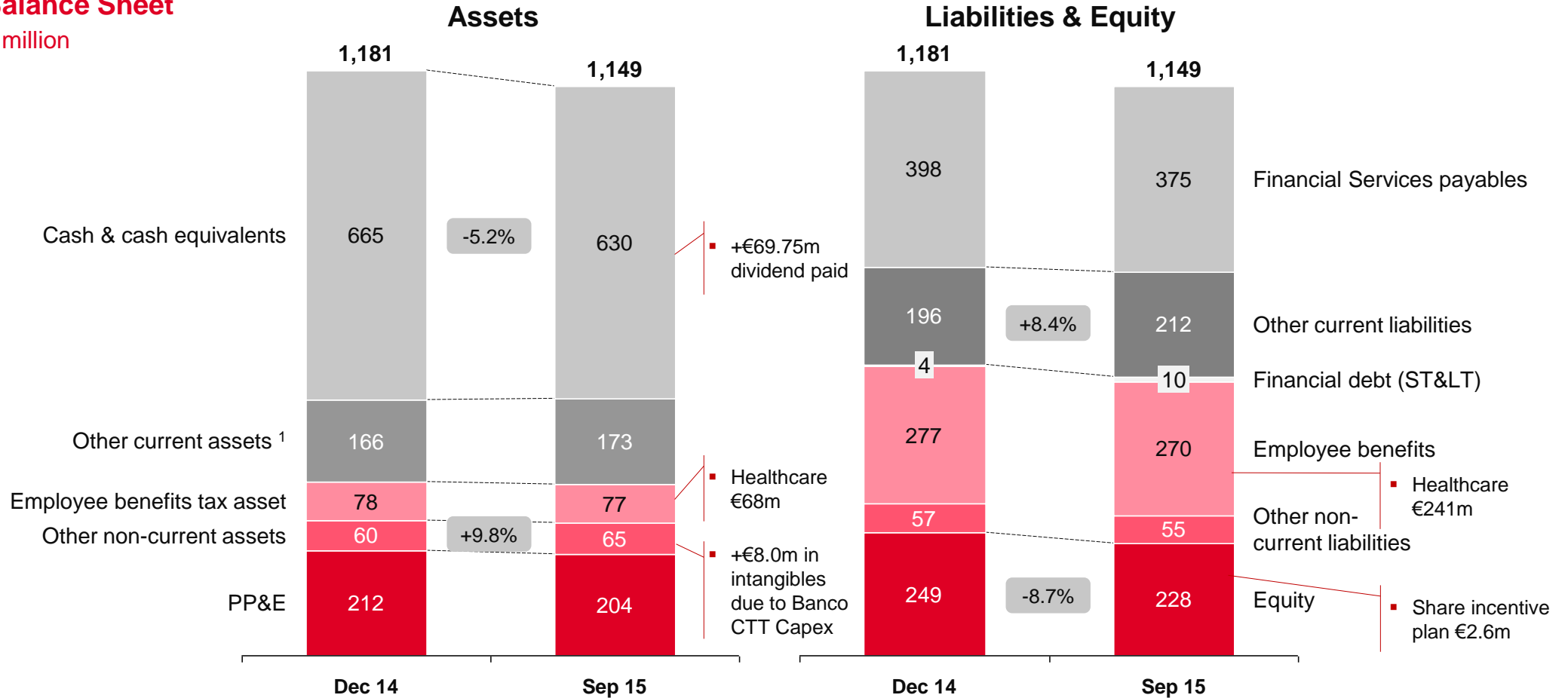
² Including -€0.7m change in the consolidation perimeter in 9M14.



The Balance Sheet reflects higher level of cash Capex

Balance Sheet

€ million



- **Net financial debt (cash)** = ST< Debt of €9.9m + Net Financial Services payables of €365.7m - Cash and cash equivalents of €630.1m = **€(254.5)m**
- **Net debt (cash)** = Employee benefits of €269.8m + Share incentive plan of €2.6m - Employee benefits tax asset of €76.7m - Net cash of €254.5m = **€(58.7)m**
- **Strong liquidity position:** Current assets / Current liabilities = **130%**

Solid net cash and liquidity position maintained

¹ Including Financial Services receivables of €12.4m and €8.8m as at Dec-14 and Sep-15, respectively.



Revenues & volumes

- **Addressed mail volumes decline in the -3% / -4% range**, better than the -5% initial target
- **Growth in revenues**, supported by MoU with Altice

Operating costs & EBITDA

- Like-for like (excluding Banco CTT project) recurring costs to decline
- **High single-digit growth in like-for like (excluding Banco CTT project) recurring EBITDA**

Earnings & dividend

- **The Board is confident that it will be able to propose a minimum dividend of €0.47 per share (€70.5m for 150m shares outstanding) for the financial year 2015, payable in 2016**

Postal Bank project spending (€16m Capex & Opex) within management estimates

Financial performance – Postal Bank project impact

€ million	Including Postal Bank project ¹			9M15 Postal Bank proj. ²	Excluding Postal Bank project	
	9M14 CTT	9M15 CTT	Δ %		9M15 CTT	Δ %
Reported revenues	530.9	538.1	+1.3%	0.0	538.1	+1.3%
Reported operating costs ³	429.3	440.7	+2.6%	7.6	433.1	+0.9%
Staff costs	239.1	249.0	+4.1%	1.1	247.9	+3.7%
ES&S costs	172.3	170.7	-0.9%	6.5	164.2	-4.7%
Other op. costs	18.0	20.9	+16.6%	0.0	20.9	+16.6%
Reported EBITDA ³	101.6	97.4	-4.1%	-7.6	105.0	3.3%
Non-recurring revenues & costs	0.1	7.4	N/A	4.8	2.6	N/A
Non-recurring revenues	-3.0	0.0	N/A	0.0	0.0	N/A
Non-recurring costs	3.1	7.4	N/A	4.8	2.6	-16.5%
Recurring EBITDA ⁴	101.7	104.8	+3.0%	-2.8	107.6	+5.8%
Capex	5.1	15.5	N/A	8.9	6.6	+30.8%

¹ Postal Bank project without impact in 2014.

² Postal Bank project operating costs booked in the Financial Services business unit.

³ Excluding depreciation, amortisation, provisions and impairments.

⁴ Excluding depreciation, amortisation, provisions, impairments and non-recurring costs.

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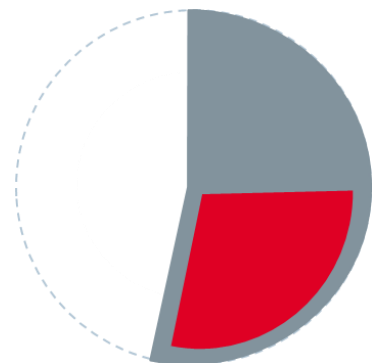
04. 2020 business ambition

05. Appendix



Success of Banco CTT – “no-frills” concept

Market research – Banco CTT acceptance



“Do you consider the offer interesting?”

53% Yes

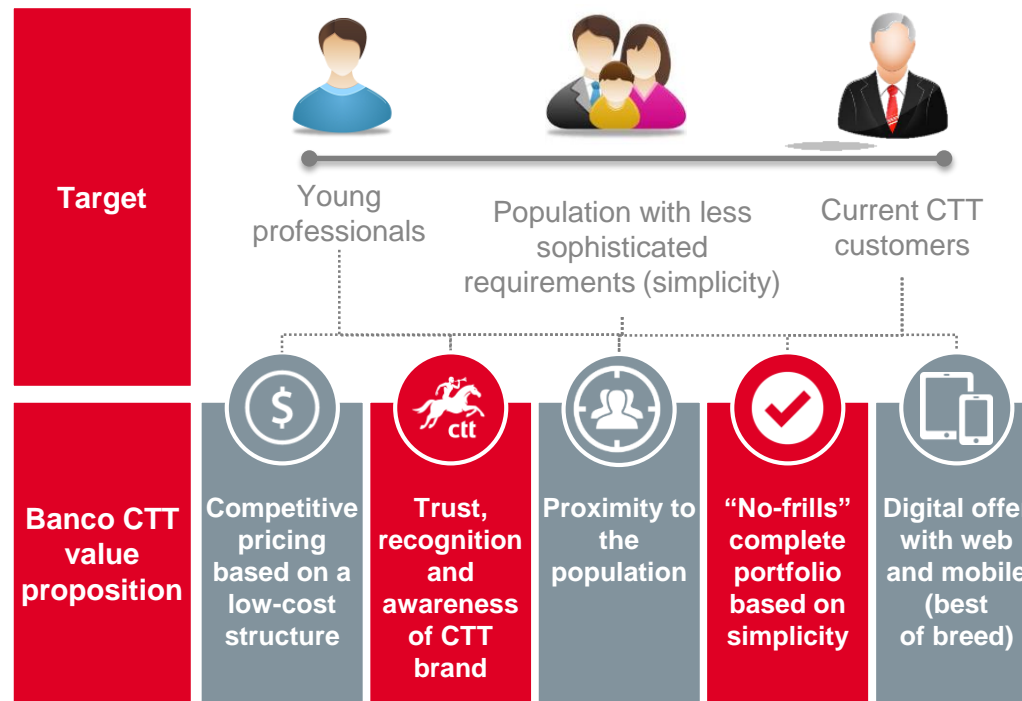
“Would you be willing to subscribe to this offer in CTT?”

26% Yes

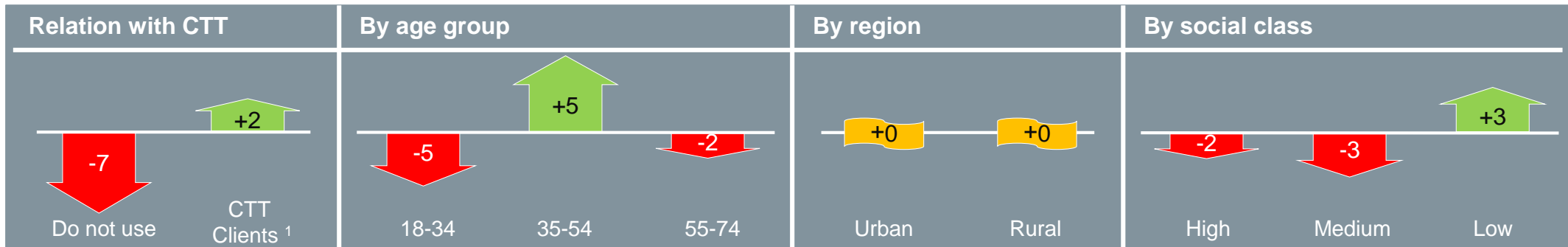
Main factors considered when choosing a bank



Banco CTT target and value proposition










Delta vs. average (Percentage points)



¹ Clients that made at least one transaction in CTT post offices in the last six months (estimated clients ~3.7m in 2014).

Source: Market study performed by CTT (1,507 interviews representative of the Portuguese population conducted during May 2015).

Banco CTT will replicate the success factors common to postal banking players

	Many postal banks have common characteristics along key dimensions...	... which are also being replicated by Banco CTT
Main value proposition 	1 Value proposition structured around four key principles: proximity, simplicity, transparency and value for money	Value proposition structured around four key principles: proximity, simplicity, transparency and value for money
Customer base 	2 Large and homogeneous potential customer base coming from postal operator's daily activities, with a bias towards the mass market	Main target of Banco CTT is the retail market , with a bias towards the mass market
Product strategy 	3 Simple / more transactional core product range ¹ including current and savings accounts (most successful players expanded their offering at a later stage, e.g. loans, SME segment) <ul style="list-style-type: none"> ▪ Hook product to attract customers 	SME segment to be potentially addressed in the long run Hook product to attract customers
Network and distribution model 	4 Strong leverage of the postal operator's retail infrastructure by the banking player	Up to 603 CTT post offices ² with fast ramp-up (positioning itself as one of the largest banking networks in Portugal)
Ownership model 	5 Close control of postal banks by the postal operator, with selected partnerships for certain financial products / services (from fully owned to JVs)	CTT as the sole shareholder of Banco CTT
Return 	6 Strong profitability , leveraging on existing infrastructures (physical and human) and low-cost operations	Banco CTT expected to reach break-even in the 3rd year (before shared costs with CTT)
Balance Sheet structure 	7 Postal banks with low Loan-to-deposit ratios ³ , denoting a lower risk appetite	Target Loan-to-deposit ratio of Banco CTT circa 50%

¹ Along the life of postal banks, product offering is enlarged to more value added services; ² The maximum number of Banco CTT branches is 604, with a maximum of 603 post offices and 1 Banco CTT own branch. The remaining post offices do not meet the minimum requirements to accommodate the bank (e.g. mobile post offices); ³ Calculated as total customers' credits over total customers' deposits.

Roll-out of Banco CTT will be completed in 3 years, with a clear operational delivery model in place

Operational delivery model ¹

83

Post offices with Banco CTT dedicated space



250

Post offices with Banco CTT dedicated counter

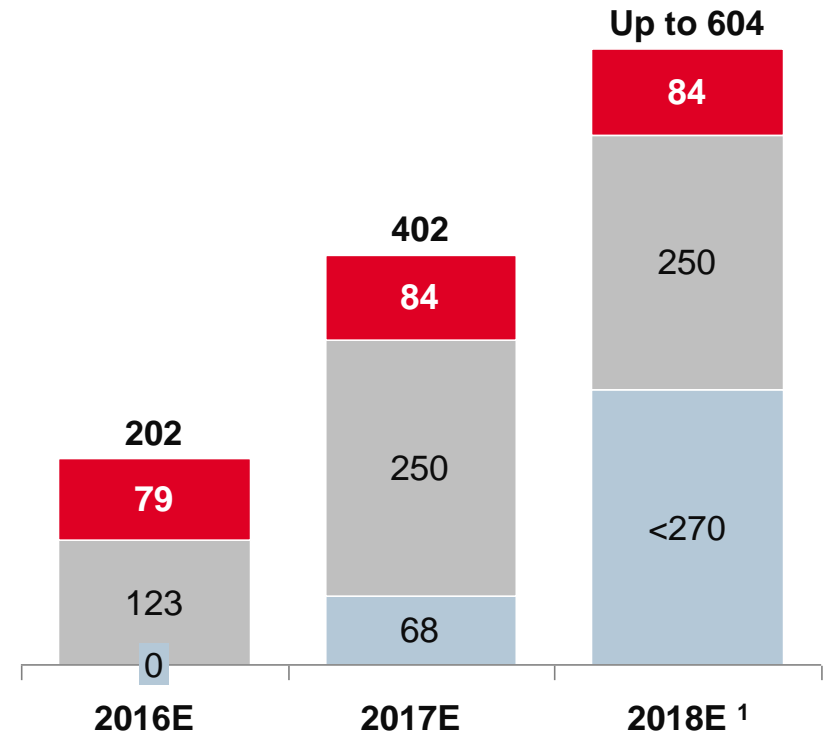


Up to 270

Post offices with multi-functional counters



Roll-out



■ Dedicated space
 ■ Dedicated counter
 ■ Multifunctional counters

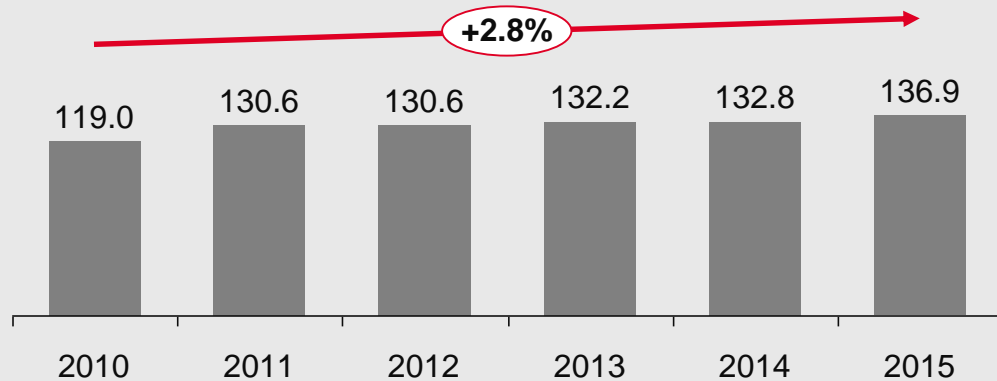
¹ 604 represents the maximum number of Banco CTT branches, with a maximum of 603 post offices and 1 Banco CTT own branch (dedicated space).

Portuguese market figures form the base for our planning

○ CAGR %

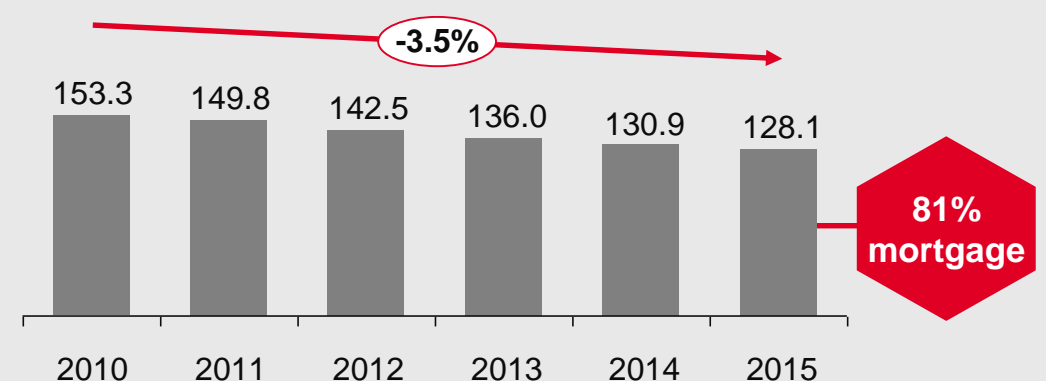
Average households deposits ¹

€ billion



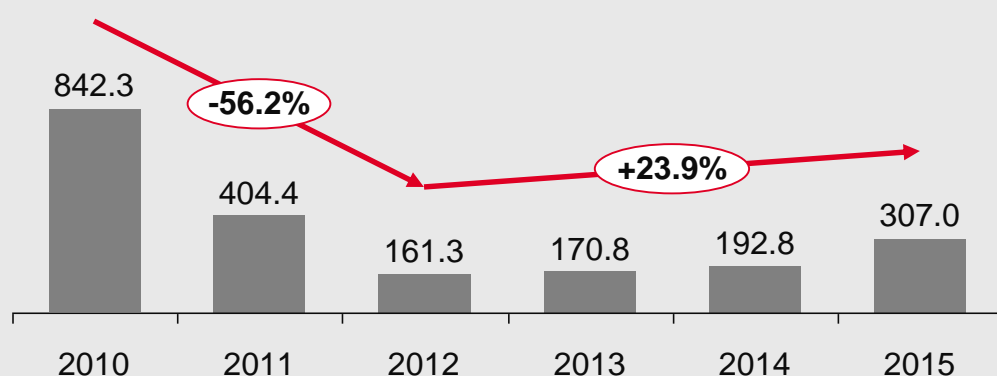
Total households loans ¹

€ billion



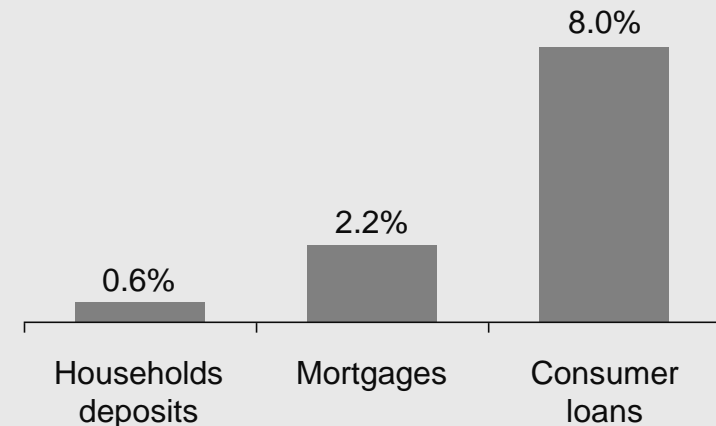
New mortgage production ²

Monthly average; € million



Average interest rates (new production) ²

%



¹ Information from the Bank of Portugal as at December of each year (except for 2015, where data refers to September); ² Information from the Bank of Portugal as at September 2015.

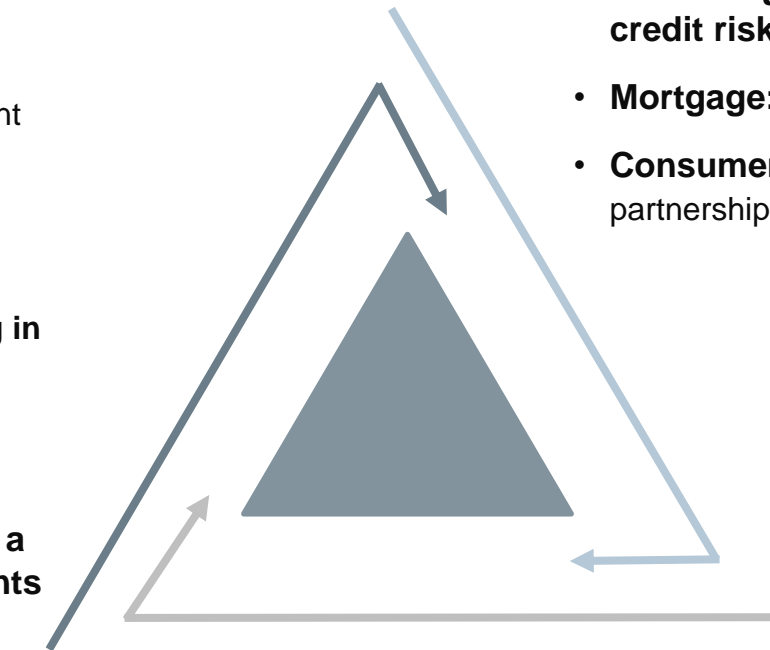
A clear product strategy guides this offering

DEPOSITS

- **Appealing value proposition** (simplicity, proximity, transparency and value for money) and **Banco CTT's perceived low risk and absence of legacy as competitive advantages to attract customers** in current flight-to-safety environment
- **Bulk part of funding** to be derived from customer deposits
 - **Deposits and savings products: pricing in line with the market**, relying on value proposition to attract depositors
 - **Currents accounts: no maintenance fees**
- Bias towards **mass market translated into a higher market share in customer accounts than deposits**

CREDIT

- **Credit strategy: low cost of risk**, gradually increasing **Balance Sheet exposure to credit risk** as operation matures
- **Mortgage: low risk and competitive pricing**
- **Consumer loans: competitive** through a partnership with **Cetelem**



FEE-GENERATING BUSINESS

- **Transactional products as a core** characteristic of the bank's DNA
- **Strong cross-selling potential** with CTT's existing **Financial Services products**, providing a complete and unique offering to target customers

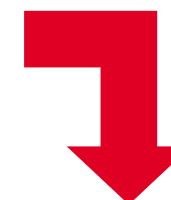
Banco CTT's offer reflects the company's principles of simplicity and value for money

Banco CTT's offer

	Type	Positioning	Provider	Date of availability ¹
ACCOUNTS & TRANSACTIONS	Current accounts		banco ctt	1H16
	Debit cards		banco ctt	1H16
	Pre-paid cards		banco ctt	2H16
	Payments ("cobranças")		banco ctt Multiple	1H16 2018
	International transfers		banco ctt 	1H16 2018
CREDIT	Mortgages		banco ctt	2H16
	Overdrafts		banco ctt	1H16
	Credit cards			1H16
	Consumer loans			1H16
SAVINGS	Term deposits		banco ctt	1H16
	Savings accounts		banco ctt	2H16
	Life insurance			1H16
INSURANCE	Health insurance		tba	1H16
	Risk insurance			1H16

More competitive positioning than market average

Positioning aligned with the market

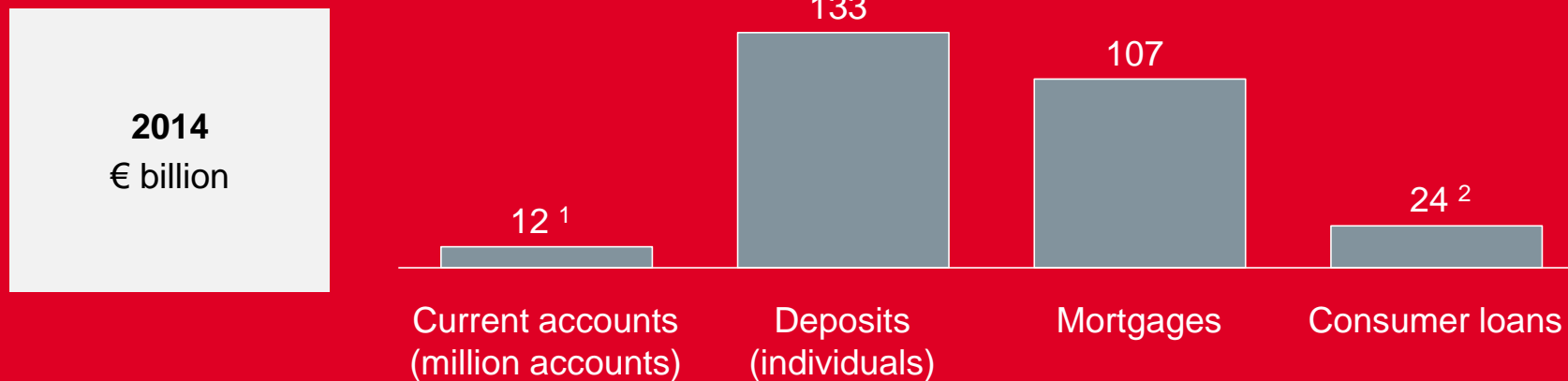


Product offer and commercial strategy coordinated with CTT Financial Services

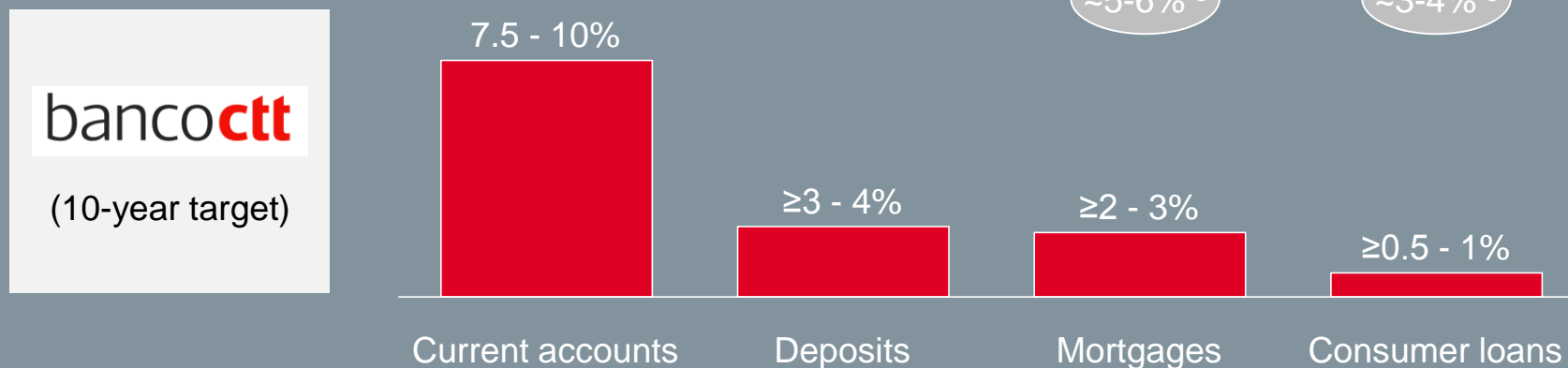
¹ Migration will happen progressively as the bank is rolled-out to CTT post offices; ² Retirement savings plans.
Note: Migration dates subject to future revision as they are contingent on on-going negotiations with partners.

Banco CTT is expected to have a higher market share in accounts than in deposits

OVERALL MARKET



MARKET SHARE TARGETS



New production

¹ Excluding estimated 1 million enterprise accounts from "Associação Portuguesa de Bancos" (APB – Portuguese Banking Association) reported figure 12.6 million active accounts in 2014;

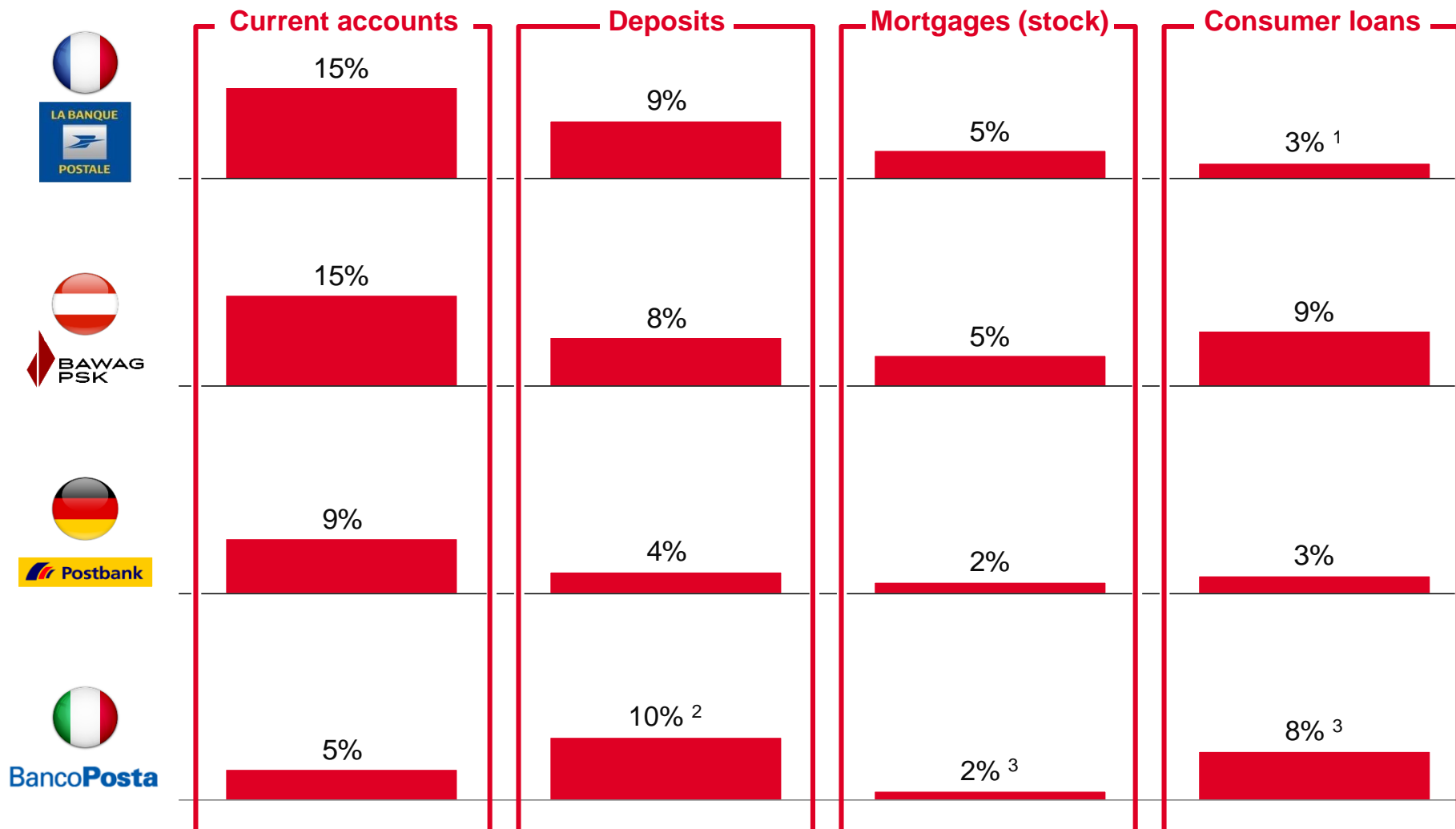
² Including consumer and other loans; ³ Market share estimates based on the assumption that in the long run the credit market will progressively recover to historical levels.

Source: Bank of Portugal; Associação Portuguesa de Bancos.

Both client acquisition and product penetration ambition is aligned with other EU postal banks

Market share by product for the local postal banking player

Postal banks with more than 10 years of activity; 2014

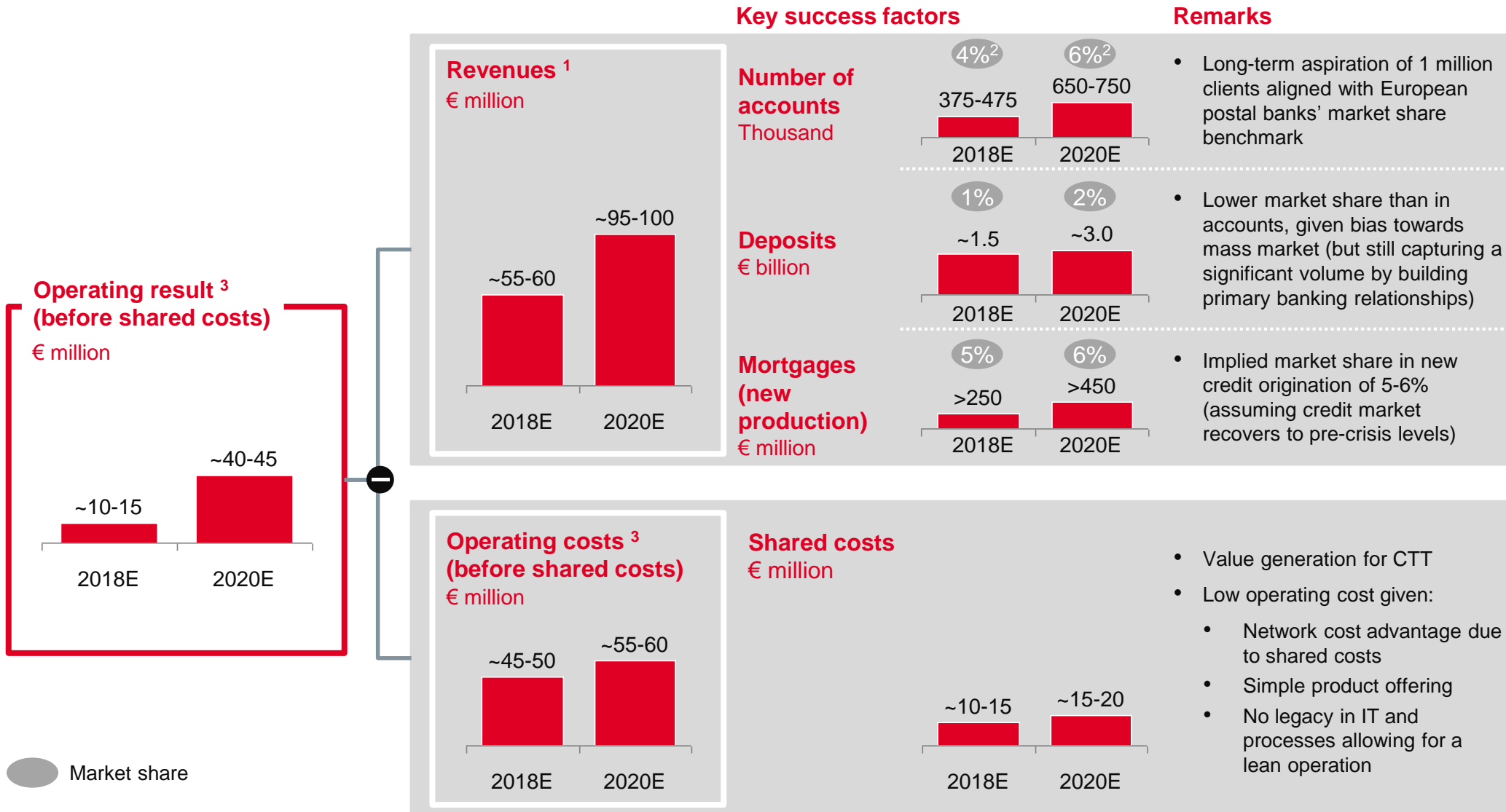


¹ La Banque Postale only introduced consumer loans in 2010; ² BancoPosta market share in deposits driven by its stronghold in savings accounts (market share of ~18%); ³ BancoPosta does not have banking license to issue credit, only sells third-party credit products (2011 figures).

Source: Bank of Italy; Banque de France; La Poste Annual Report; Poste Italiane Annual Report; Postabank Annual Report, Bawag Annual Report; GfK market research.

Sustained improvement in value creation over time is anchored in 4 main key success factors

Banco CTT's financials ambition



¹ Including net interest income (both from credit operation and financial investments) and net commission income.

² Market share calculated as a percentage of active bank accounts in Portugal (12.6m according to Associação Portuguesa de Bancos).

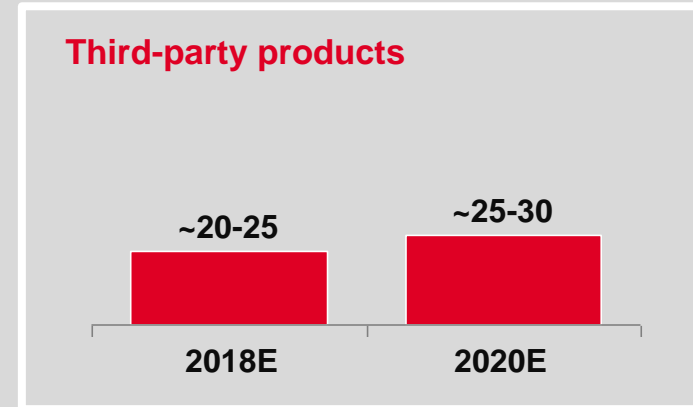
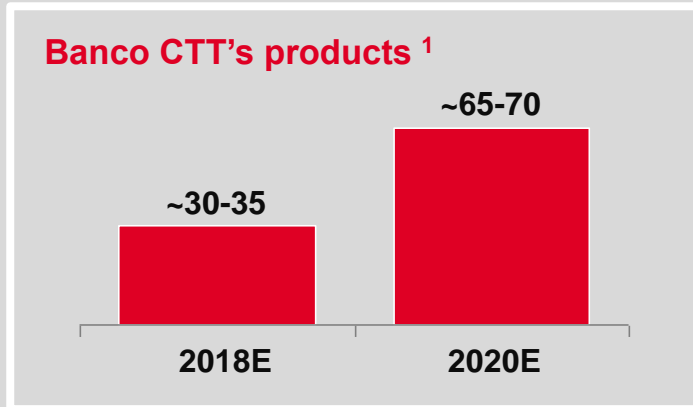
³ Excluding shared costs with CTT, impairments, provisions and taxes.

Long run aspiration for Cost-to-income ratio to lean towards ~50%

Banco CTT's financials ambition

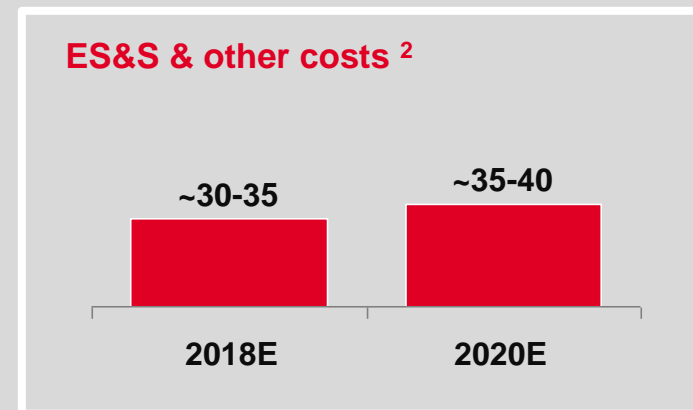
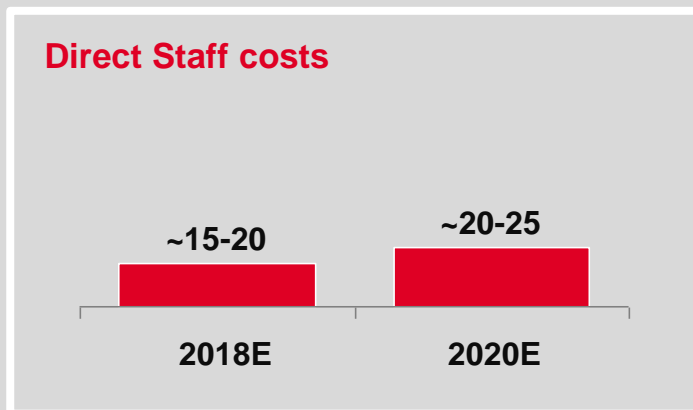
REVENUES

€ million



OPERATING COSTS (before shared costs with CTT)

€ million

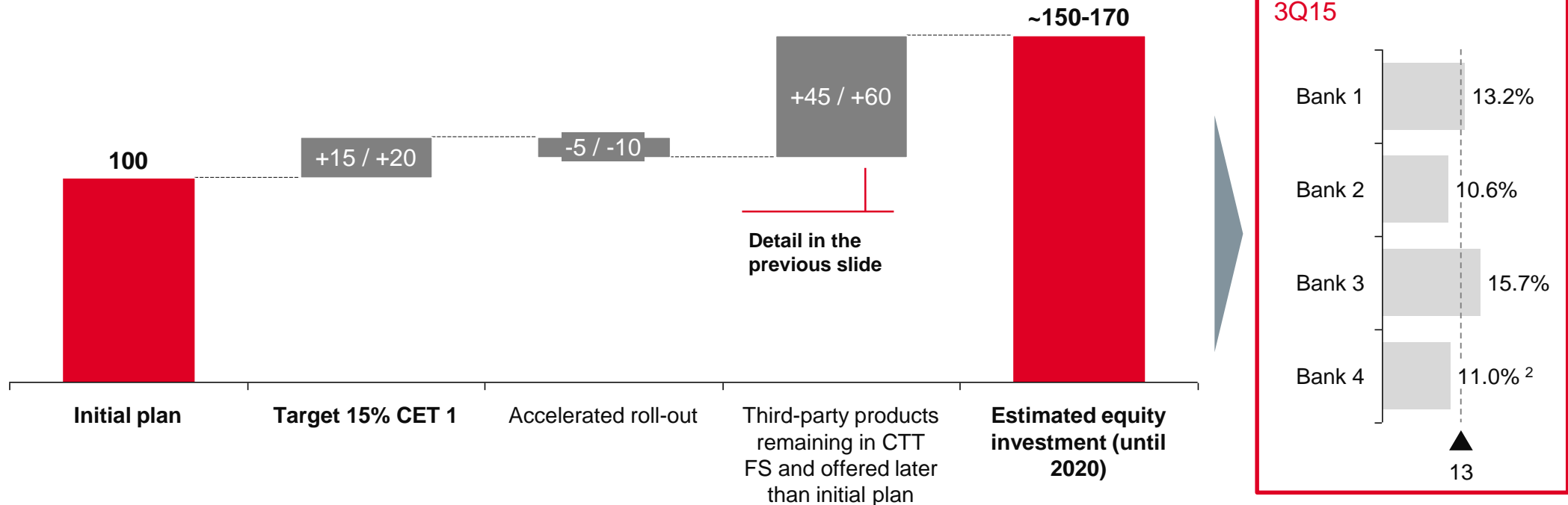


¹ Including net interest income and commission income from Banco CTT's products; ² External Supplies and Services and other costs.

Business plan update led to upward adjustments in capital needs until 2020

Total equity investment until 2020

€ million



- **Target capital (additional capital to meet 15% CET 1 target)** – Banco CTT intends to launch and implement its strategy with solid capital ratios, in line with its value proposition and CTT’s robustness
- **Accelerated roll-out** – The faster implementation of Banco CTT throughout CTT’s network will strengthen banking activity in the initial years, thus improving results and adjusting capital needs downwards
- **Third-party products remaining in CTT FS** – Some third-party products will continue to be offered by CTT FS (e.g. Payshop and tax collection, but having an “integrated” approach in the front-office)
- **Third-party products offered later than initial plan** – Initial plan considered that third-party products would be offered by Banco CTT from day 1 in all the post offices but they will now migrate with the ramp-up of bank branches

¹ Phased-in.

² Half-year results.

The migration of Financial Services to Banco CTT was revised (+ capital)

			Migration to Banco CTT		2014 revenues ¹			
			Initial plan	Revised plan	Staying in FS		Migrating to bank	
Provider								
SAVINGS & INSURANCE	Public debt certificates	IGCP Agência de Gestão da Tesouraria e da Dívida Pública						
	Life insurance	FIDELIDADE MAPFRE	Year 1	with ramp-up				
	Non-life insurance	MAPFRE	Year 0	with ramp-up				
PAYMENTS	Post offices	Multiple	Year 0	Year 3	Initial plan: Revised plan: Initial plan: Revised plan: 			
	Tax collection	AT autoridade tributária e aduaneira	Year 0					
	Payshop	payshop	Year 0					
TRANSFERS	National money orders	SEGURANÇA SOCIAL						
	International money orders	EUROGIRO UNIVERSAL POSTAL UNION						
	Western Union	WESTERN UNION	Year 0	Year 3				
CREDIT & OTHER	Consumer credit	Cetelem	Year 1	with ramp-up				
	Credit cards	Cetelem	Year 1	with ramp-up				

NO MIGRATION OR MIGRATION WITH RAMP-UP (OR AT A LATER STAGE) WILL MEAN LESS REVENUES FOR THE BANK

¹ Excluding interest income from FS float.

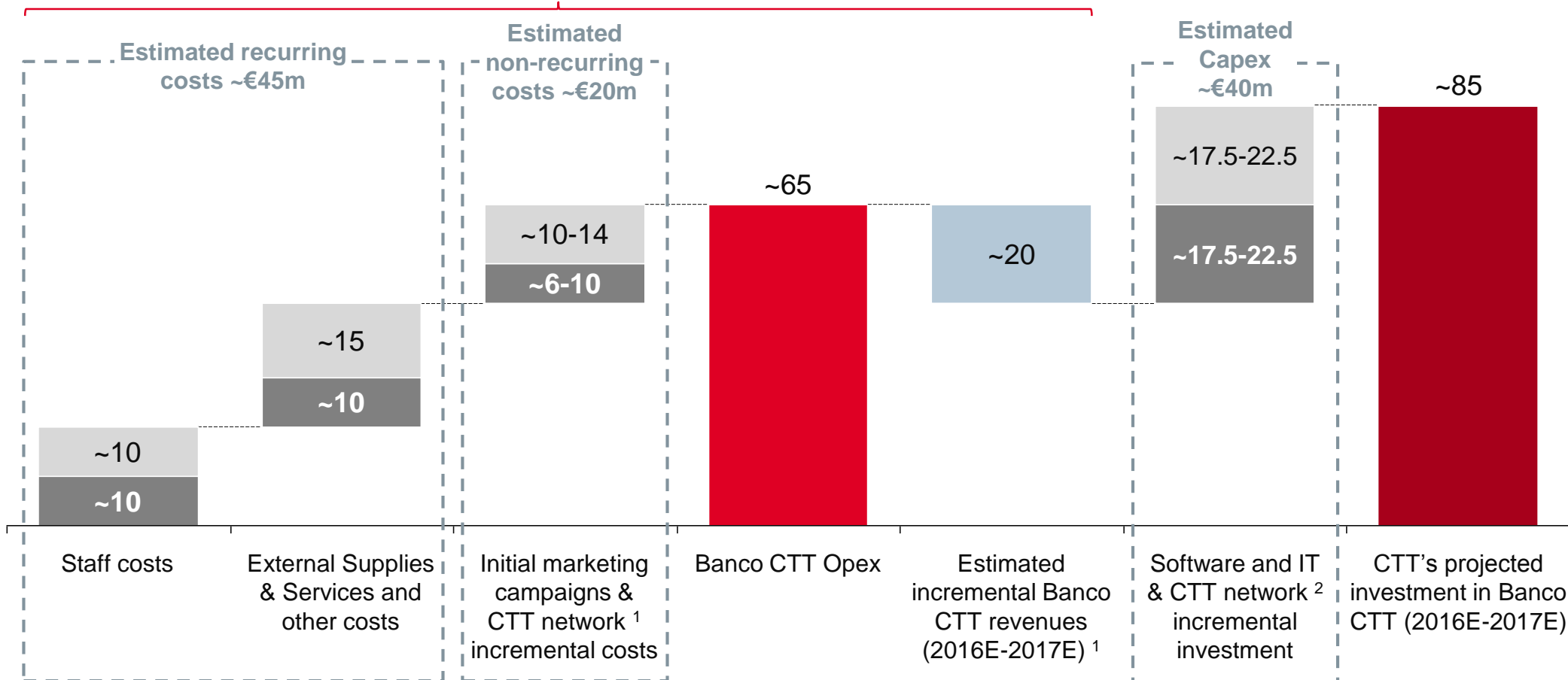
Strong investment needed in the initial years to support the bank's launch

CTT's projected investment in Banco CTT (2016E-2017E)

€ million

■ 2016E ■ 2017E

Impacting reported EBITDA





Alignment between CTT and Banco CTT to successfully deliver the project


¹ Excluding revenues that migrate from CTT; ² Incremental spending related with the implementation of the bank in the CTT post offices.


To summarise...


Banco CTT's objectives

- 

Capture the strong market opportunity (more than 25% of the Portuguese market willing to subscribe to Banco CTT's offer), leveraging existing CTT clients and an appealing value proposition
- 

Benefit from the capillarity of the CTT Retail Network and its proximity with customers
- 

Focus on a complete but simple product portfolio, with strong positioning on current accounts, savings accounts, cards and mortgages
- 

Sustain a solid performance, leveraging cost advantage arising from synergies with CTT (HR and real estate) and low cost operations
- 

Maintain a conservative Balance Sheet with low Loan-to-deposit ratios, focusing on low-risk mortgages and on the partnership with Cetelem for consumer loans

Banco CTT long-term aspiration ¹

- **Customer accounts** ~1m
- **Mkt share in deposits & savings** 3-4%
- **Mkt share in mortgage production** 5-6%
- **Cost-to-income ratio** <50%
- **Break-even (before shared costs)** 3 years
- **ROE** ~15%
- **Loan-to-deposit ratio** ~50%
- **Core-tier 1 ratio** ~15%

¹ After 2020.

01. Company overview

02. 9M15 results

03. Banco CTT

04. 2020 business ambition

05. Appendix



CTT 2020 ambition – Mail

Mail (including Retail Network offer)



VOLUMES & PRICING



-3% to -5% volumes declines p.a. in the mid-term

- Dependent on the growth of the economy (domestic consumpt.)



Utilisation of the pricing lever to mitigate volumes declines

- Non-bulk mail – at current levels of volumes declines and inflation, the result will be 1% to max. 2% price increases in the near future

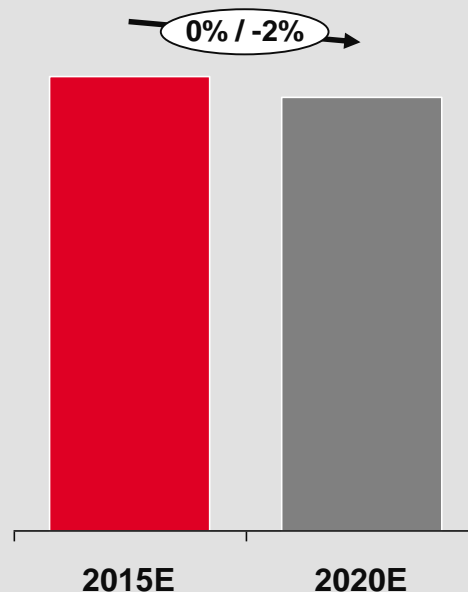


Potential of competition in some products / areas



REVENUES

CAGR %

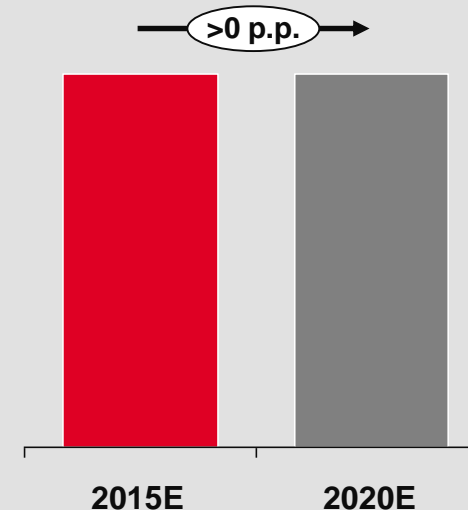


Objective of flat revenues to slight declines p.a.



EBITDA MARGIN

Δ Margin (p.p.)



Objective to “preserve the value” – flat-to-growing recurring EBITDA margin

CTT 2020 ambition – Express & Parcels

Express & Parcels Portugal



VOLUMES



Relevant B2C / e-commerce volumes growth – ~30% of the revenues

- Double-digit growth in volumes p.a.



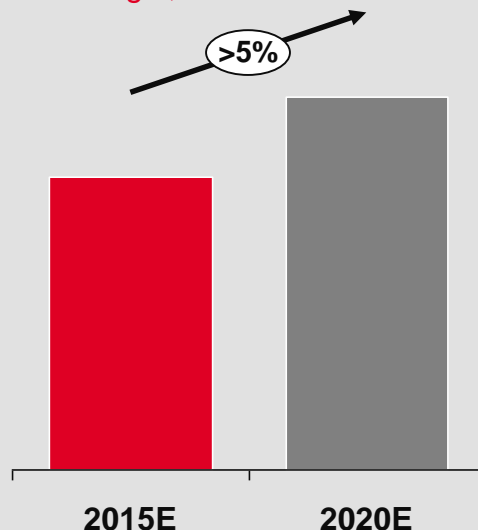
Small B2B volumes growth – ~70% of the revenues, including banking services (EMS Banca)

- 2% – 4% growth in volumes p.a. when the economy is growing



REVENUES

Portugal; CAGR %

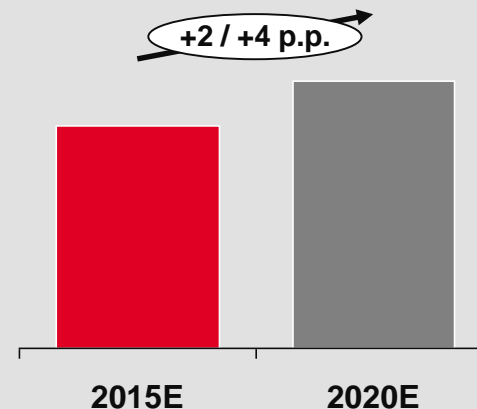


Mid-single digit revenues growth p.a.



EBITDA MARGIN

Portugal; Δ Margin (p.p.)



Objective to steadily improve to >12% by 2020

Given the ongoing restructuring process in place, no outlook is provided for Spain

CTT 2020 ambition – Financial Services (including Banco CTT)

Financial Services (including Banco CTT)



PRODUCT OFFER



Some products will migrate to Banco CTT to stimulate cross-selling

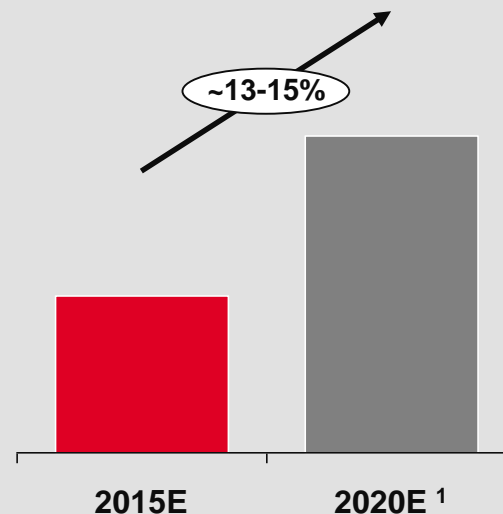


Integrated offer of Banco CTT's products with existing FS products to generate a higher profit pool from each customer



REVENUES

CAGR %



Existing FS revenues will decline due to migration

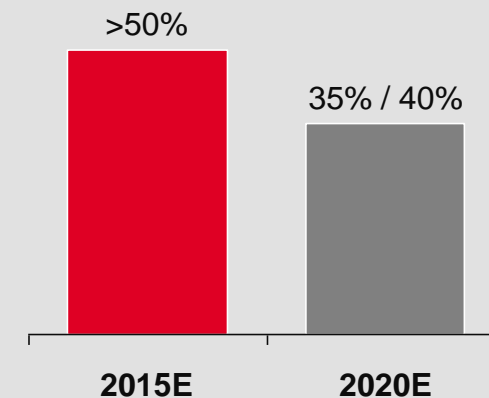


Objective of ~€95m-€100m of Banco CTT's revenues in 2020



EBITDA MARGIN

%



Recurring EBITDA margin expected to be above 35% in the long run, after Banco CTT's ramp-up

¹ Including Banco CTT's revenues.

01. Company overview

02. 9M15 results

03. Banco CTT

04. 2020 business ambition

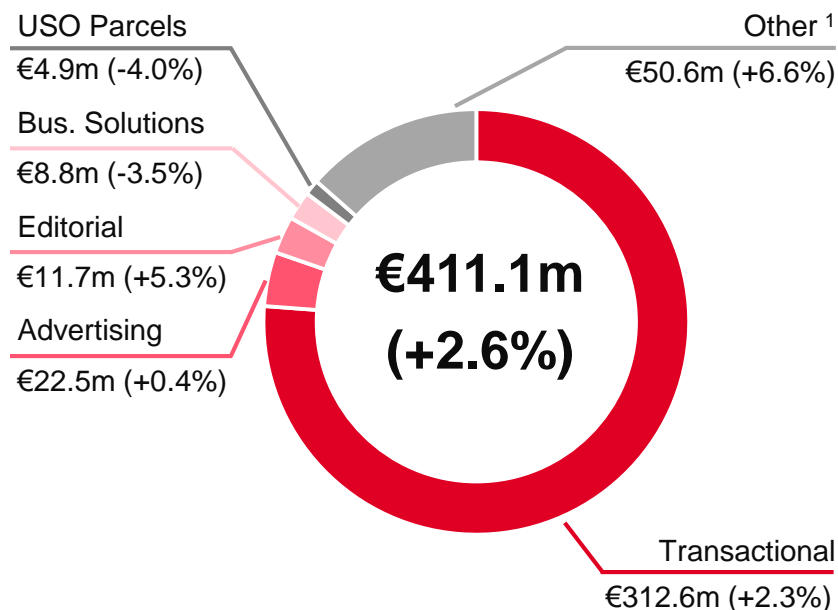
05. Appendix



1 Mail benefits from lower than expected addressed mail volumes decline

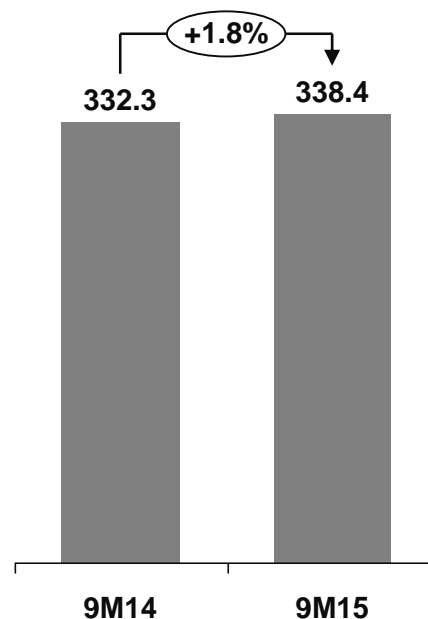
9M15 Mail revenues by type

€ million, % change vs. prior year



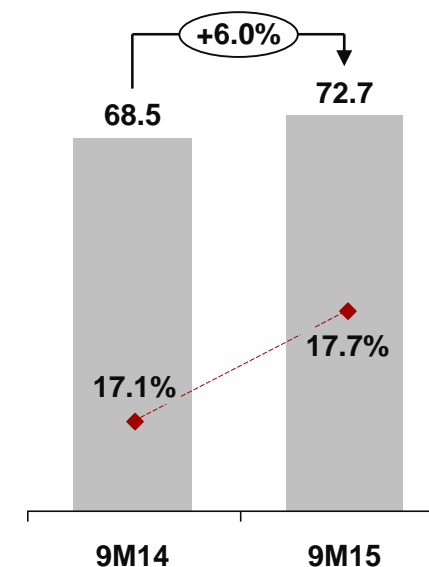
Recurring operating costs²

€ million



Recurring EBITDA²

€ million



■ Operating costs

◆ EBITDA Margin ■ EBITDA

Mail volumes by type

Metric	Avg. mail prices ⁴	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
9M15 volumes ³	N/A	611.2	522.7	54.3	34.3	344.9
9M15 vs. 9M14	+4.1%	-3.1%	-3.5%	+0.4%	-2.7%	-6.9%

¹ Including €2.1m of revenues billed to CTT Espresso (result of network integration) and €1.0m of Altice / PT Portugal contract revenues in 9M15.

² Excluding amortisation, depreciation, provisions, impairment losses & non-recurring costs. Including variable remuneration as recurring op. costs in the 9M15 accounts.

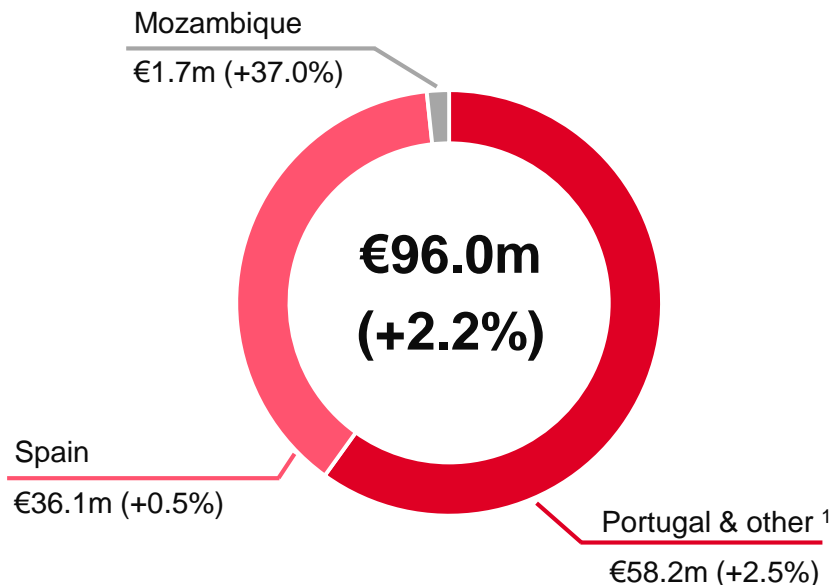
³ Million items.

⁴ USO, excluding international inbound mail.

2 Network integration process in Portugal still to have a relevant impact on E&P results

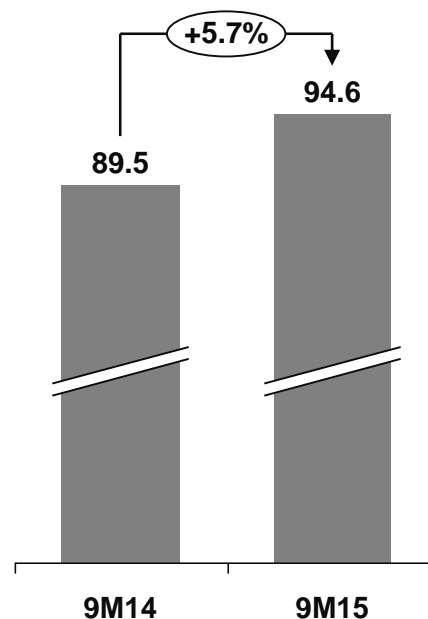
9M15 E&P revenues by region

€ million, % change vs. prior year



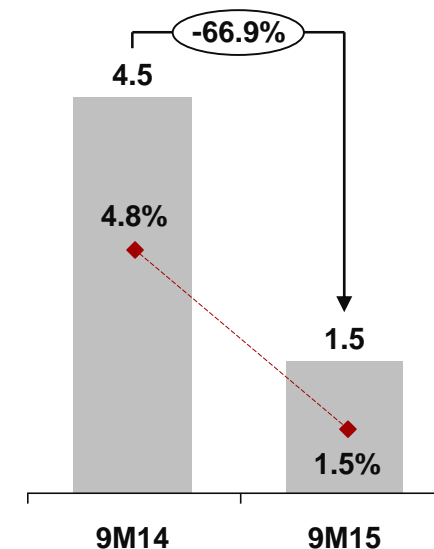
Recurring operating costs²

€ million



Recurring EBITDA²

€ million



■ Operating costs

◆ EBITDA Margin ■ EBITDA

E&P volumes by region

Metric	Total	Portugal	Spain	Mozambique
9M15 volumes ³	20.7	10.6	10.0	0.06
9M15 vs. 9M14	+4.6%	+6.4%	+3.6%	N/A ⁴

¹ Including internal and other revenues, and internal transactions with Spain and Mozambique. Including €1.0m of Altice / PT Portugal contract revenues in 9M15.

² Excluding amortisation, depreciation, provisions, impairment losses & non-recurring costs. The increase is mainly due to the increase in transportation costs in Spain (+€3.2m) and the increase in Staff costs in Portugal (+€1.5m).

³ Million items.

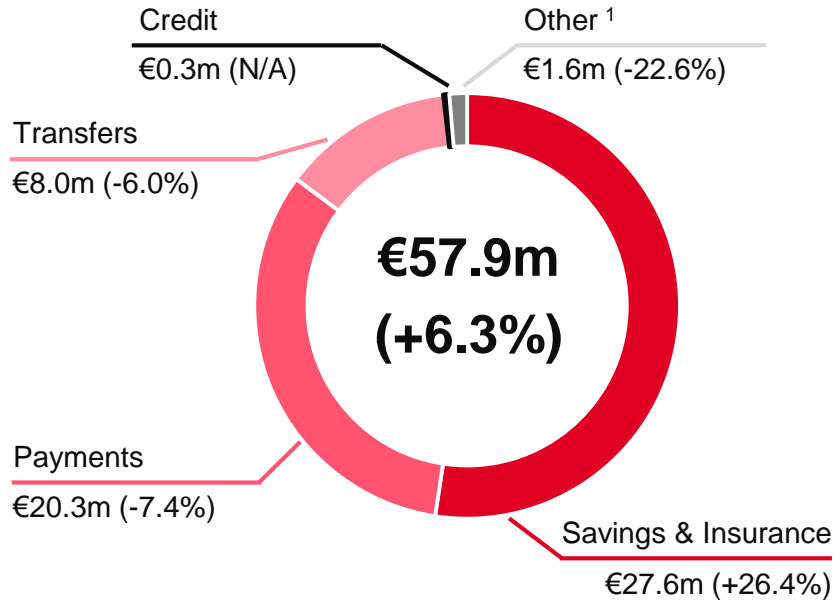
⁴ Change in methodology, comparison to 2014 not meaningful.



3 Strong revenues growth allows FS to absorb the Banco CTT recurring op. costs

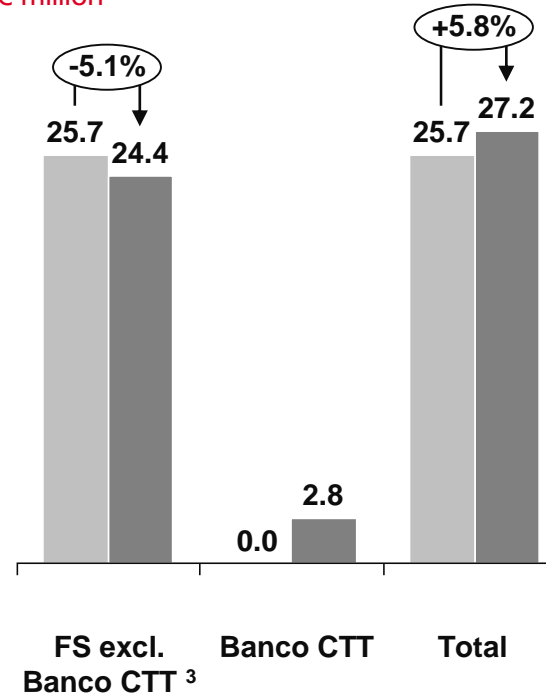
9M15 FS recurring revenues by type

€ million, % change vs. prior year



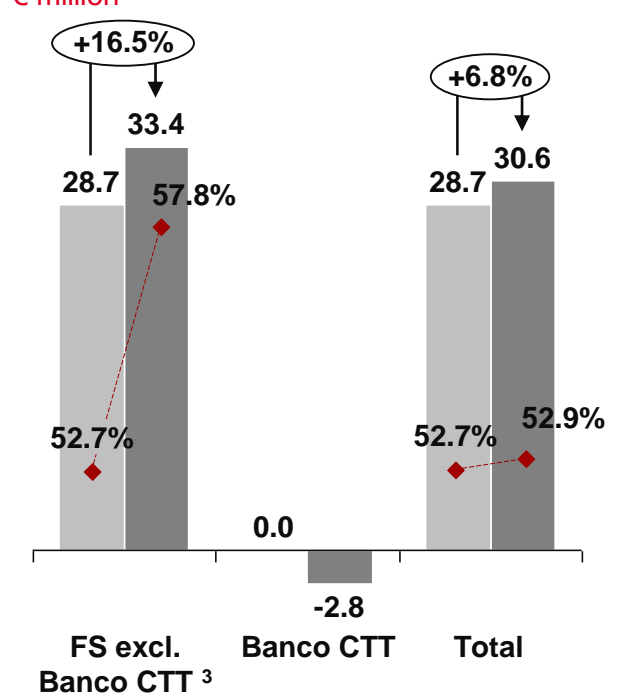
Recurring operating costs²

€ million



Recurring EBITDA²

€ million



FS volumes by type

Metric	Savings flows ⁴	Payments ⁵	Money orders & transfers ⁵	Credit ⁶
9M15 volumes	4.4	47.0	14.6	6.2
9M15 vs. 9M14	-13.2%	-7.4%	+0.9%	N/A

¹ Includes €1.0m of Altice / PT Portugal contract revenues in 9M15.

² Excluding amortisation, depreciation, provisions, impairment losses & non-recurring costs, and including €2.8m Banco CTT recurring op. costs.

³ Excluding Banco CTT recurring operating costs: €2.8m in 9M15.

⁴ € billion, amount of savings and insurance products placements and redemptions. The 9M15 figures include €3.6bn of placements and €0.8bn of redemptions.

⁵ Million operations; ⁶ € million, new credit production, including consumer credit & credit cards.

Non-recurring items affecting the results

€ million

	9M14	9M15	Δ	
Reported EBITDA	101.6	97.4	-4.2	
Non-recurring items affecting EBITDA	0.1	7.4	7.3	
Revenues	-3.0	0.0	3.0	€3.0m non-recurring FS revenues in 9M14 (Cetelem)
Staff costs	1.1	1.2	0.1	€1.9m provision for Tourline HR optimisation (6-month payback) and other items
ES&S & other op. costs	1.9	6.1	4.2	€4.8m Postal Bank project set-up costs
Recurring EBITDA	101.7	104.8	3.1	
Reported EBIT	81.9	79.8	-2.1	
Non-recurring costs affecting only EBIT	3.0	0.4	-2.6	
Provisions (net movement)	0.4	-0.1	-0.4	
<i>Labour contingencies</i>	-0.5	-0.6	-0.1	
<i>Onerous contracts</i> ¹	0.8	0.5	-0.4	
Impairment of investments	-0.1	-0.3	-0.3	
Restructuring for network optimisation	2.7	0.8	-1.9	
Non-recurring items affecting EBITDA & EBIT	3.1	7.7	4.7	
Recurring EBIT	84.9	87.5	2.6	

¹ Rents from vacant / non-operational real estate with long-term leases (present value of future rents).

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ctt