

Company Update

Reason: Estimates update

5 June 2017

Buy

Recommendation unchanged

Share price: EUR 5.58

closing price as of 02/06/2017

Target price: EUR 6.90

from Target Price: EUR 7.40

Upside/Downside Potential 23.7%

Reuters/Bloomberg

CTT.LS/CTT.PL

Market capitalisation (EURm) 837

Current N° of shares (m) 150

Free float 100%

Daily avg. no. trad. sh. 12 mth 814

Daily avg. trad. vol. 12 mth (m) 4,534.95

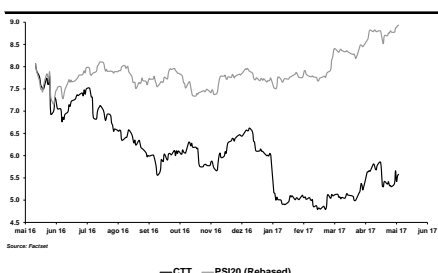
Price high/low 12 months 4.79 / 8.11

Abs Perfs 1/3/12 mths (%) -0.89/9.99/-30.79

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	697	694	705
EBITDA (m)	102	128	127
EBITDA margin	14.6%	18.4%	18.1%
EBIT (m)	75	100	98
EBIT margin	10.7%	14.4%	13.9%
Net Profit (adj.)(m)	61	60	60
ROCE	20.0%	25.0%	25.1%
Net debt/(cash) (m)	(609)	(547)	(589)
Net Debt Equity	-2.6	-2.5	-2.8
Net Debt/EBITDA	-6.0	-4.3	-4.6
Int. cover(EBITDA/Fin.int)	17.4	24.6	26.5
EV/Sales	0.5	0.4	0.4
EV/EBITDA	3.5	2.3	2.0
EV/EBITDA (adj.)	3.5	2.3	2.0
EV/EBIT	4.8	2.9	2.5
P/E (adj.)	15.8	13.9	14.0
P/BV	4.1	3.8	4.0
OpFCF yield	3.5%	5.0%	8.0%
Dividend yield	8.4%	8.6%	8.9%
EPS (adj.)	0.41	0.40	0.40
BVPS	1.56	1.48	1.38
DPS	0.47	0.48	0.50

Shareholders

Gestmin SGPS 10%; Allianz 5%; BNP Paribas 5%;

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Leveraging on (Banco CTT) growth

We decided to update our estimates on CTT following the 1Q17 results presentation also including Banco CTT in our consolidated figures. The equity story remains fairly unchanged since our previous Company Update (February 2017) as the 1Q17 results did not bring any relevant news.

- ✓ CTT continues to be mainly a postal operator with more than 70% of its consolidated EBITDA coming from mail, with a small presence in the express & parcels segment in Iberia and a very interesting fee-based business supported by the subscription of savings & insurance products.
- ✓ The first 12 months of Banco CTT's activity were focused on customers' acquisition and in the creation of a solid base of deposits. Banco CTT is now giving its first steps in the concession of consumer and mortgage loans, which are seen as the most dynamic segments for its future growth. According to the company, the bank is expected to reach its EBITDA breakeven by 2018/2019 and should start to positively contribute to net income in the following years, becoming the main growth driver of CTT. We have factored in the contribution of the bank in terms revenues, costs (including impairments) and capex. However, given the early stage of development and its low visibility, we decided not to include it in our valuation.
- ✓ It is also important to highlight that Banco CTT's goals were presented in November 2015 by the time of the Capital Markets Day and that the macroeconomic environment and the competitive landscape meanwhile has changed (lower remuneration for financial assets and higher competition in the Portuguese banking sector, namely in mortgages). In this sense, we think that investors would welcome an update to Banco CTT's strategy in the course of 2017 although recognizing that any minor downgrade to the goals presented before could amplify the market's fear of this project.
- ✓ So the question marks are "What to expect regarding the dividend policy in the next three years, namely given the high ramp-up opex/capex of Banco CTT in a context of declining revenues and EBITDA in the Mail & Business division?" and "Is the dividend policy at risk?".
- ✓ In our opinion, the dividend policy remains valid and it is not at risk at the moment as it should continue to be supported by the disposal of non-core real estate assets, by CTT's solid cash position (EUR 198m in 1Q17) and also by distributable reserves (close to EUR 60m in 1Q17). In our central scenario we are not incorporating any future cut in the dividends to be distributed, estimating DPS to expand at a CAGR of 3.0% in 2016-2020e.
- ✓ Given the declining trend for revenues and EBITDA in Mail, Banco CTT could become the main lever for the company to increase its operational performance and to support its generous shareholder remuneration following the expected breakeven of the banking unit by 2019 (according to our estimates). At the current market price, CTT offers a dividend yield of c. 8.6%, which is by far the best in the sector. Despite the execution risks, we continue to view CTT as a good dividend play option. Our Buy recommendation is unchanged.

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Investment Case

We decided to update our estimates on CTT following the 1Q17 results presentation also including Banco CTT in our consolidated figures. The equity story remains fairly unchanged since our previous Company Update (February 2017) as the 1Q17 results did not bring any relevant news.

CTT continues mainly to be a postal operator with more than 70% of its consolidated EBITDA coming from mail, with a small presence in the express & parcels segment in Iberia and a very interesting fee-based business supported by the subscription of savings & insurance products. The first 12 months of Banco CTT's activity were focused on customers' acquisition and in the creation of a solid base of deposits. Banco CTT is now giving its first steps in the concession of consumer and mortgage loans, which are seen as the most dynamic segments for its future growth. According to the company, the bank is expected to reach its EBITDA breakeven by 2018/2019 and should start to positively contribute to net income in the following years, becoming the main growth driver of CTT. We have factored in the contribution of the bank in terms revenues, costs (including impairments) and capex. However, given the early stage of development and its low visibility, we decided not to include it in our valuation.

It is also important to highlight that Banco CTT's goals were presented in November 2015 by the time of the Capital Markets Day and that the macroeconomic environment and the competitive landscape meanwhile has changed (lower remuneration for financial assets and higher competition in the Portuguese banking sector, namely in mortgages). In this sense, we think that investors would welcome an update to Banco CTT's strategy in the course of 2017 although recognizing that any minor downgrade to the goals presented before could amplify the market's fear of this project.

So the question marks are "What to expect regarding the dividend policy in the next three years, namely given the high ramp-up opex/capex of Banco CTT in a context declining revenues and EBITDA in the Mail & Business division?" and "Is the dividend policy at risk?".

Mail & Business revenues are expected to maintain its secular downward trend related with the e-substitution effect, partially compensated by the price lever. Our central scenario assumes that addressed mail volumes will fall 4.5% YoY on average and prices will go up 2.0% YoY. On top of that, Mail & Business revenues will remain pressured by the substitution of physical mail with electronic notifications from the Government and other public administration entities and by the increased competition from smaller postal players. All in all, we estimate revenues and EBITDA to record a CAGR of -3.0% and -1.5% in 2016-2020e, respectively.

Express & Parcel's operation in Spain (Tourline) is expected to reach breakeven by the end of 2017 according to management, although this is still to be confirmed. The restructuring process of Tourline will be more visible in the next quarters and this business should have additional revenues in Portugal from 2017 onwards coming from the acquisition of Transporta. In Spain the contract with Amazon should also start bringing more growth in the BC2 segment. However, and despite the expected volumes growth in both geographies, the pricing pressure from global players in a market that is highly competitive should continue to prevent higher operational margins. We recall that the E&P is a very small business for CTT, only representing 4% of its EBITDA. We estimate that revenues and EBITDA should record CAGR of EUR 5.0% and -0.5% in 2016-2020e, respectively.

Financial Services has been the main growth driver (accounts almost 30% of the consolidated EBITDA) and we expect this segment to remain the most interesting one of CTT's portfolio. CTT recently renewed a contract with IGCP (Portuguese Debt and Treasury Agency) that has no "stock fees" and is based on commissions related to new subscriptions. Although this should not imply any increase on revenues when compared to the previous structure of fees, it will allow CTT to report a more stable flow of revenues throughout the year. We estimate that revenues and EBITDA should record a CAGR of EUR 1.2% and -0.4% in 2016-2020e, respectively.

Banco CTT is still a green field banking project, making use of the capillarity of CTT's network and the existing know-how in financial services. Following the creation of an interesting deposit's base, Banco CTT will primarily focus its offer on consumer and mortgage loans, precisely the segments that have been experiencing more growth in Portugal in the last two years. However, we maintain a cautious

approach on this banking operation. We see some tough challenges ahead for the banking sector in Portugal that could limit the capacity of CTT to achieve some of its targets namely the low interest rates environment, the still high level of households' indebtedness and the fierce competition on deposits. We estimate that revenues and EBITDA should record EUR 54.7m and EUR 6.5m in 2020e, respectively.

In our opinion, the dividend policy remains valid and it is not at risk at the moment as it should continue to be supported by the disposal of non-core real estate assets, by CTT's solid cash position (EUR 198m in 1Q17) and also by distributable reserves (close to EUR 60m in 1Q17). From 2019e onwards the capacity of FCF to cover the dividends will be close to 100%, and therefore, in our central scenario we are not incorporating any future cut in the dividends to be distributed. We estimate DPS to expand at a CAGR of 3.0% in 2016-2020e.

Given the declining trend for revenues and EBITDA, Banco CTT could become the main lever for the company to increase its operational performance and to support its generous shareholder remuneration following the expected breakeven of the banking unit by 2019 (according to our estimates). At the current market price, CTT offers a dividend yield of c. 8.6%, which is by far the best in the sector. Despite the execution risks already mentioned, we continue to view CTT as a good dividend play option.

Our fair-value for CTT stands at EUR 6.90 per share and we maintain the Buy recommendation.

Valuation

We derive our fair value for YE2017e of EUR 6.90 by using a Sum-of-the-Parts based on three DCF models for each of the company's main business areas: Mail & Business, Express & Parcels and Financial Services. We also have a model for Banco CTT based on a fundamental approach (return on equity versus cost-of-equity).

We have factored in the contribution of the bank in terms revenues, costs (including impairments) and capex. However, given the early stage of development and its low visibility, we decided not to include it in our valuation. We are assuming a total capital investment of EUR 160m (currently at EUR 125m) with a medium-long term ROE close to 10% vs. a cost of equity of 9%.

Our new valuation is 7% below the previous one (less EUR 0.50 per share) with a decrease of 7% in when valuing Mail & Business and an increase of 14% for Express & Parcels and 6% for Financial Services.

In terms of valuation assumptions, we decreased the long-term growth rate from 0.5% to 0% in Mail & Business and from 2.5% to 2.0% in Express & Parcels and in Financial Services.

Exhibit 1. CTT's valuation (EUR m)

	EV	% of EV	EV / EBITDA 2018e	Method
Enterprise Value	1,023.4		8.7x	SOTP
Mail & Business Solutions	637.3	62%	7.6x	DCF
Express & Parcels	54.4	5%	13.0x	DCF
Financial Services	331.7	32%	8.4x	DCF
Adjusted Net Cash (Debt) 17e	186.4			
PV Employee Benefits (PVEB) 1Q17	-249.0			BV
Tax Credit (PVEB)	68.5			
Equity Value	1,029.3			
Shares outstanding (Millions)	150.0			
Fair Value (EUR) per share YE17	6.90			

Source: Company data and CaixaBI Equity Research

Exhibit 2. CTT's valuation assumptions

Mail & Business Solutions		Express & Parcels		Financial Services	
Rf	3.5%	Rf	3.5%	Rf	3.5%
Market Risk Premium	5.0%	Market Risk Premium	5.0%	Market Risk Premium	5.0%
Beta	1.0	Beta	1.0	Beta	1.0
Re	8.5%	Re	8.5%	Re	8.5%
Rd (gross)	4.0%	Rd (gross)	4.0%	Rd (gross)	4.0%
Rd (net of taxes)	2.9%	Rd (net of taxes)	2.9%	Rd (net of taxes)	2.9%
Tax Rate	27.5%	Tax Rate	27.5%	Tax Rate	27.5%
Equity	70.0%	Equity	70.0%	Equity	70.0%
Debt	30.0%	Debt	30.0%	Debt	30.0%
WACC	7.2%	WACC	7.2%	WACC	7.2%
Long term grow th rate	0.0%	Long term grow th rate	2.0%	Long term grow th rate	2.0%

Source: Company data and CaixaBI Equity Research

Multiple comparison

According to our multiples, CTT is currently trading at a substantial premium in terms of EV/EBITDA 2017e and EV/EBITDA 2018e (around 9.9x and 8.7x, respectively in our estimates vs. an average of 7.8x and 7.5x for the list of selected peers).

From our point of view, the stock justifies a premium vs. the sector based on its higher than average dividend yield (c. 8.6% versus 4.1% for all the sector or 6.3% for Mail operators), with the second highest EBITDA margin in the sector (only below Bpost).

Peer Group Valuation

	Mkt cap (LC m)	Currency	1M change	YTD change	EV/EBITDA 2017e	EV/EBITDA 2018e	P/E 2017e	P/E 2018e	Dividend Yield 2017e	EBITDA margin 2017e	EBITDA margin 2018e
CTT	835	EUR	6.3%	-13.6%	7.0x	6.5x	13.2x	12.5x	8.7%	16.7%	17.4%
Oesterreich Post	2,624	EUR	-0.3%	21.8%	7.7x	7.7x	16.2x	16.1x	5.3%	15.3%	15.2%
Bpost	4,340	EUR	-1.4%	-3.6%	6.1x	6.0x	13.0x	12.8x	6.1%	20.8%	20.5%
Royal Mail	4,434	GBp	10.2%	-4.0%	5.6x	5.4x	10.7x	10.9x	5.3%	8.6%	8.8%
Deutsche Post	39,607	EUR	-0.8%	4.5%	7.7x	7.2x	13.6x	12.9x	3.4%	8.9%	9.2%
PostNL	1,962	EUR	-4.1%	6.5%	4.6x	4.5x	8.9x	8.1x	5.4%	11.5%	11.6%
FedEX	51,839	USD	2.2%	4.1%	6.9x	6.3x	14.3x	12.5x	0.9%	14.6%	15.3%
UPS	92,686	USD	-0.6%	-6.8%	9.4x	8.9x	16.6x	16.4x	3.1%	16.8%	17.1%
Kuehne & Nagel	18,804	CHF	4.2%	16.4%	14.5x	13.8x	23.2x	22.2x	3.7%	5.8%	5.9%
CTT (CaixaBI)	835	EUR	6.3%	-13.6%	9.9x	8.7x	13.9x	14.0x	8.6%	18.4%	18.1%
AVERAGE (total)			1.7%	2.8%	7.7x	7.4x	14.4x	13.8x	4.6%	13.7%	13.9%
AVERAGE (ex. CTT)			1.2%	4.9%	7.8x	7.5x	14.6x	14.0x	4.1%	12.8%	12.9%
AVERAGE (mail)			3.7%	0.1%	6.6x	6.4x	13.3x	13.1x	6.3%	15.4%	15.5%
AVERAGE (E&P)			0.2%	4.9%	8.6x	8.1x	15.3x	14.4x	3.3%	11.5%	11.8%

Source: Bloomberg and CaixaBI Equity Research

CaixaBI estimates vs. Consensus

P&L	2017e	2018e	2019e	2020e
Revenues	-1%	-1%	-1%	-3%
Opex	1%	-1%	-1%	-2%
EBITDA Reported	-7%	-1%	-1%	-8%
Mg EBITDA	-1.0 p.p.	-0.1 p.p.	0.1 p.p.	-1.1 p.p.
Net Income	7%	-4%	-4%	-17%
DPS	0%	5%	8%	7%
Capex	2%	12%	12%	-8%
FCF	-12%	-2%	-4%	-5%

Source: Bloomberg and CaixaBI Equity Research

Financials

We decided to update our estimates on CTT following the 1Q17 results presentation also including Banco CTT in our consolidated figures. The equity story of CTT remains fairly unchanged since our previous Company Update (February 2017) as the 1Q17 results did not bring any relevant news.

Exhibit 3. CTT's P&L evolution (2015-2020e)

	2015	2016	2017e	2018e	2019e	2020e	CAGR 16-20e
Operating revenues	727.2	696.8	694.4	704.9	708.7	713.2	0.6%
Mail & Business	554.6	533.6	519.8	501.9	486.5	471.5	-3.0%
Express & Parcels	131.3	120.8	128.8	139.0	142.9	147.0	5.0%
Financial Services	75.3	70.8	70.2	71.5	72.9	74.3	1.2%
Central Structure	105.5	108.9	112.8	112.8	112.8	112.8	0.9%
Intragroup Eliminations	-139.5	-138.2	-147.1	-147.1	-147.1	-147.1	1.6%
Banco CTT	0.0	1.0	10.0	26.9	40.8	54.7	174.6%
Opex:	-592.6	-594.8	-590.5	-587.1	-582.9	-584.9	-0.4%
EBITDA Reported	134.6	102.1	103.8	117.8	125.9	128.3	5.9%
Mail & Business	103.0	85.2	85.6	83.9	82.7	80.2	-1.5%
Express & Parcels	0.8	4.5	4.4	4.2	4.3	4.4	-0.5%
Financial Services	38.2	37.8	38.1	39.3	36.4	37.2	-0.4%
Banco CTT	-7.4	-25.4	-24.2	-9.7	2.4	6.5	n.a.
margin	18.5%	14.6%	15.0%	16.7%	17.8%	18.0%	0.1 p.p.
D&A	-23.9	-27.5	-28.4	-29.1	-29.5	-29.5	1.8%
Other expenses / (income)	-0.8	16.3	-0.7	-1.2	-1.8	-2.4	n.m.
EBIT	109.9	90.6	74.7	87.4	94.6	96.4	1.6%
margin	15.1%	13.0%	10.8%	12.4%	13.4%	13.5%	0.5 p.p.
Financial expense / (income)	-5.3	-5.6	-5.2	-4.8	-4.8	-4.8	-3.9%
Other non recurring costs	0.0	0.0	16.0	0.0	0.0	0.0	n.m.
Income before taxes	104.6	84.9	85.5	82.6	89.8	91.6	1.9%
Taxes over income	-32.5	-23.3	-25.2	-22.7	-24.7	-25.2	1.9%
Minority interests	0.0	-0.3	-0.1	-0.1	-0.1	-0.1	n.m.
Net Income	72.1	61.2	60.3	59.8	65.0	66.3	2.0%

Source: Company data and CaixaBI Equity Research

The inclusion of Banco CTT in our estimates impacted the top line more significantly from 2018e onwards with a stream of new revenues although the opex was also revised up to include new costs coming from CTT's banking unit. The impact on the consolidated EBITDA and net profit will be more visible after 2020e following the breakeven of Banco CTT (expected in 2019e).

Exhibit 4. Current estimates versus Previous estimates (February 2017)

	Current Estimates				Previous Estimates				%change			
	2017e	2018e	2019e	2020e	2017e	2018e	2019e	2020e	2017e	2018e	2019e	2020e
Revenues	694	705	709	713	692	676	664	652	0.4%	4.3%	6.8%	9.4%
Opex	-591	-587	-583	-585	-562	-548	-538	-530	5.1%	7.2%	8.2%	10.5%
EBITDA	104	118	126	128	130	128	125	123	-20.3%	-7.8%	0.6%	4.6%
EBITDA mg	15.0%	16.7%	17.8%	18.0%	18.8%	18.9%	18.9%	18.8%	-2.1 p.p.	-1.2 p.p.	-0.6 p.p.	-0.4 p.p.
Net Income	60	60	65	66	66	65	63	64	-8.4%	-7.9%	2.5%	2.9%

Source: Company data and CaixaBI Equity Research

In terms of cash flow-generation, the impact of Banco CTT will be more visible during the first years (2016-2017e), lowering the consolidated EBITDA and increasing the capex levels. As capex should start gradually slowing down and Banco CTT starts to generate higher EBITDA, FCF generation is forecasted to improve significantly after 2018e.

Banco CTT's impact on EBITDA

Exhibit 5. Cash-flow statement (including Banco CTT)

EUR m	2015	2016	2017e	2018e	2019e	2020e	CAGR 16-20e
EBITDA	134.6	101.8	103.8	117.8	125.9	128.7	6.0%
Net financials	-5.3	-5.4	10.8	-4.8	-4.8	-4.8	-2.9%
Taxes	-32.5	-23.3	-25.2	-22.7	-24.7	-25.3	2.0%
Cash flow	96.8	73.0	89.4	90.2	96.4	98.6	7.8%
Change in working capital	18.3	2.8	-22.3	-0.6	-0.2	-0.4	n.a.
Net operating cash flow	115.1	75.8	67.2	89.7	96.2	98.2	6.7%
Capex	-32.3	-42.2	-25.0	-23.0	-23.0	-18.0	-19.2%
Free cash flow	82.8	33.7	42.2	66.7	73.2	80.2	24.2%
Dividends	-69.8	-70.3	-72.4	-74.6	-76.8	-79.1	3.0%
Other	-78.3	-38.7	-45.3	-0.6	-0.6	-0.6	-64.4%
Banco CTT - Net Loans & Deposits	-	246.8	221.5	276.6	297.1	235.7	-1.2%
Banco CTT - Financial Investments & Others	-	-158.2	-207.5	-226.8	-272.0	-297.8	17.1%
Change in net debt	-65.3	13.4	-61.5	41.3	20.8	-61.7	n.m

Source: Company data and CaixaBI Equity Research

Higher capex due to Banco CTT

Banco CTT will improve significantly FCF after 2018e

So the next question marks are “What to expect regarding the dividend policy in the next three years, namely given the high ramp-up opex/capex of Banco CTT in a context declining revenues and EBITDA in the Mail & Business division?” and “Is the dividend policy at risk?”

In our opinion, the dividend policy remains valid and it is not at risk at the moment as it should continue to be supported by the disposal of non-core real estate assets, by CTT's solid cash position (EUR 198m in 1Q17) and also by distributable reserves (close to EUR 60m in 1Q17). From 2019e onwards the capacity of FCF to cover the dividends will be close to 100%, and therefore, in our central scenario we are not incorporating any future cut in the dividends to be distributed. We estimate DPS to expand at a CAGR of 3.0% in 2016-2020e.

Banco CTT

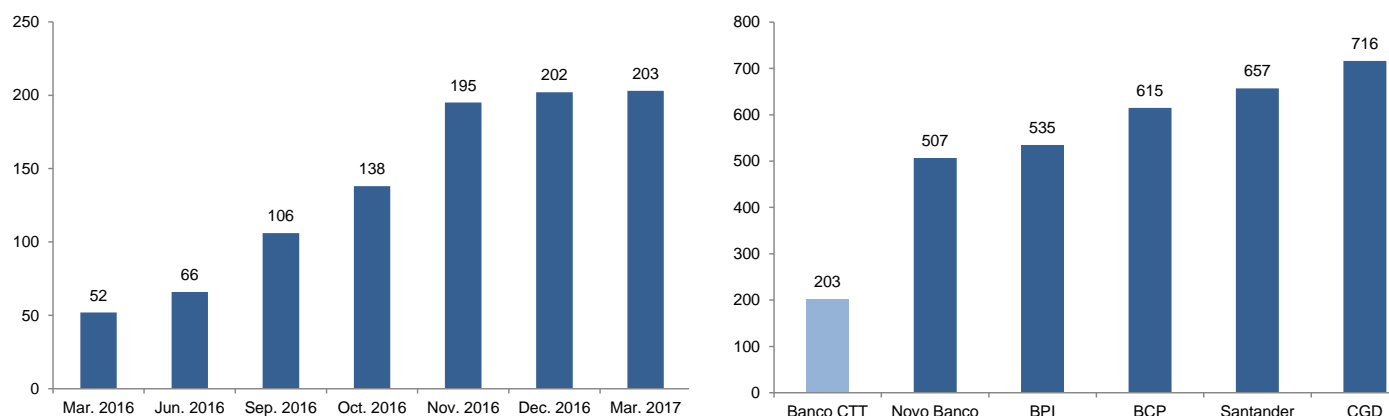
Banco CTT was created in November 2015 based on the idea of taking profits from the historical proximity between CTT and the Portuguese citizens. The presence of CTT is spread throughout the country, including small and medium villages. This historical relation and brand awareness gives a potential advantage to access a substantial base of clients, part of which are covered by only one or two banks and in a context of an ongoing reduction of the installed capacity from the main banking groups.

Banco CTT opened its first 52 branches in March 2016 and expanded the network to 203 branches by the end of 1Q17. At the same time, the capital invested in the operation already reached EUR 125m with cumulative losses of EUR 33m since the inception of the bank.

Since the presentation of the banking project in the 2015 Capital Markets Day (CMD) that CTT defined simplicity, proximity and innovation as the key factors to differentiate this operation. The investment in Digital Channels namely Home banking and Mobile Banking services was a clear focus of the management.

Contrary to the initial plans where CTT announced the intention to expand its network to a maximum of 604 branches, the company is now expecting to maintain a network close to the current 203 branches. Consequently, the capex for 2017 is now seen at EUR 10m, half of the EUR 20m guidance given in the 2015 CMD.

Banco CTT: Branch network rollout versus main competitor's network as of March 2017*



Source: CTT and CaixaBI Equity Research. Data expressed as EUR m. *Santander Totta figures refer to YE16.

The first 12 months of activity were focused on customers' acquisition (114 thousand current accounts in 1Q17) and in the creation of a solid base of deposits (EUR 331.4m by the end of 1Q17). The bank expanded its offer to the consumer loans in partnership with Cetelem (EUR 7.4m of consumer loans in 1Q17).

According to our forecasts, the bank should be able to present breakeven at EBITDA level in 2019e. For 2017e, CTT anticipates EBITDA losses between EUR 25m and EUR 30m (EUR 24m in our estimates) with "high single-digit million revenues" expected for 2017 (EUR 10m in our estimates).

Banco CTT: Main forecasts 2017-2020

	2016	2017e	2018e	2019e	2020e
Revenues	1	10	27	41	55
"EBITDA"	-25	-24	-10	2	7
Net profit	-21	-19	-10	-2	0
ROE		-28.4%	-11.8%	-2.0%	0.4%
"EBITDA" excluding shared costs	-25	-21	-6	6	19
Net profit excluding shared costs	-21	-17	-7	0	9

Source: CaixaBI Equity Research. Data expressed as EUR m. "EBITDA" = Revenues– Costs (excluding loan impairments). For revenues we are assuming Net interest income + fees & commissions + revenues from financial assets & investments+ third party products)

Going forward, the gradual rollout of mortgage loans will continue in the next quarters with mortgage loans seen at EUR 1,055m by YE20. The capacity of Banco CTT to accelerate income generation will be the critical variable for the sustainability of the operation.

Additionally, the bank does not have the legacy issues that have been impacting the other players in the Portuguese banking sector, namely in terms of credit impairments (although declining to the 60bps area in 2017e, the average cost of credit risk was close to 90bps in the 2011-2016 period). For Banco CTT, this is not meaningful for the next years as the loan portfolio is still small. We are assuming an average cost of credit risk close to 15bps.

Banco CTT: Key Balance sheet items 2016-2020

	2016	2017e	2018e	2019e	2020e
Cash & Deposits	125	146	199	204	196
Financial investments (securities)	102	327	537	847	1,194
Customer Loans	7	175	468	816	1,193
of which:					
Mortgage loans	0	142	400	705	1,055
Consumer & Other Loans	7	33	68	111	138
Others assets	85	110	127	140	147
Total Assets	319	758	1,331	2,007	2,731
Customer Deposits	254	644	1,213	1,860	2,475
Other Liabilities	7	37	30	45	155
Total Liabilities	261	680	1,243	1,906	2,630
Share capital	85	125	145	160	160
Shreholder's equity	58	78	88	101	101

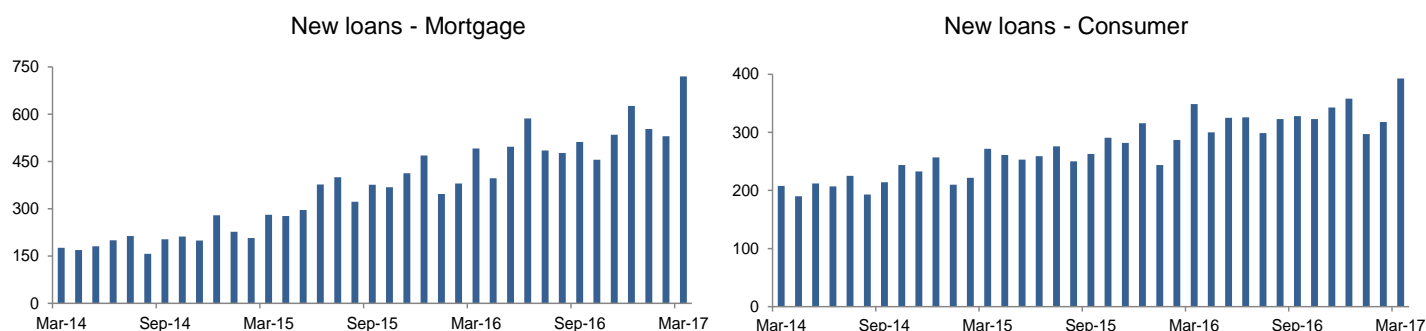
Source: CaixaBI Equity Research. Data expressed as EUR m.

According to the most recent data from Bank of Portugal there are two different trends in the new production of credit, with weak volumes of new loans for the corporate segment (-11.8% YoY in 2016) and a solid evolution of loans for households (+23.5%YoY).

This is particularly evident in the segments where Banco CTT intends to focus its activity, namely the mortgage segment where the volume of new loans increased by 44.3% in 2016 with an average monthly production of EUR 480m.

It is worth to mention that these positive developments were reinforced in 1Q17. The EUR 720m of new loans for mortgages reported in March 2017 (latest available data) was the highest monthly amount since December 2010. In the case of consumer loans, the volume of the new production grew 20.6% YoY in 2016 with an average monthly production close to EUR 300m, a trend that remained valid in 1Q17.

Portugal: New production of mortgage and consumer loans (monthly data)



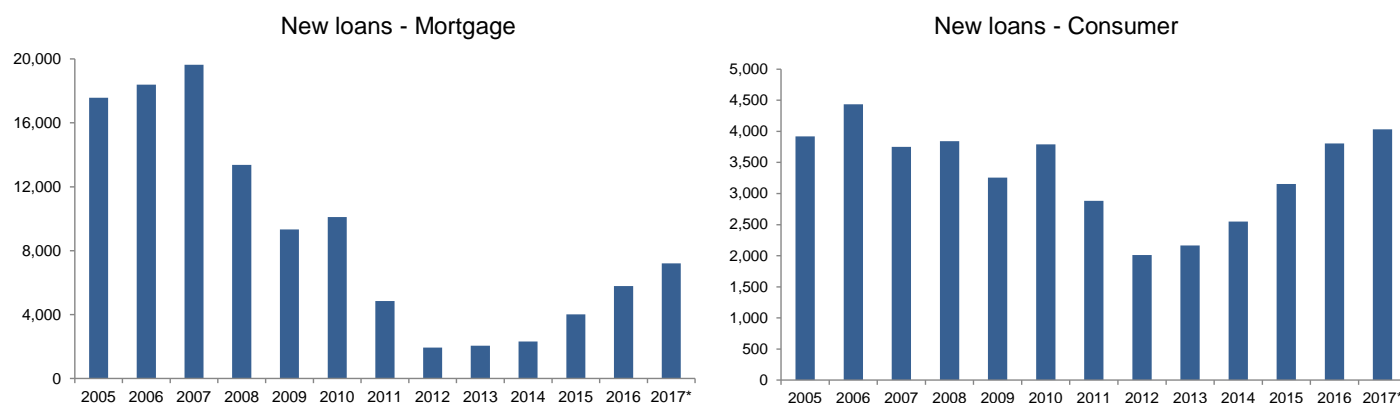
Bank of Portugal and CaixaBI Equity Research. Data expressed as EUR m.

In any case, the new mortgage loans granted in 2016 (or the annualized figures of 1Q17) are still considerably below the level of activity before 2011. As an example, the EUR 5.79bn of new mortgage loans reported in 2016 were 47% below the EUR 10.9b per year reported in the 2008-2010 period and 68.8% below the EUR 18.5b per year presented between 2005 and 2007. Although we do not expect the amount of new mortgage loans to return to the levels reported before 2008 (ageing population, improved rental market), this seems to indicate an interesting opportunity for Banco CTT.

The bank could also take advantage of the recovery in the local housing market as the low level of interest rates and the recovery of housing prices should continue to support this segment (the average value of housing bank appraisals stood at EUR 1,110 per sqm in April 2017, +5.3% YoY: INE – National Statistics Institute).

CTT expects to have a market share between 2% and 3% of the local mortgage market in 2025. For the long term the bank is expected to maintain a share between 5% and 6% of the new mortgage production in Portugal. The proposal presented by CTT for this segment is simple and centered in a “one size fits it all” approach. For the operations approved, the bank presents an offer of 1.75% spread (above Euribor 12m) for Loan-to-Values (LTVs) between 65% and 80% or 1.65% spread for LTVs below 65%.

Portugal: New production of mortgage and consumer loans per year since 2005



Source: Bank of Portugal and CaixaBI Equity Research. Data expressed as EUR m. 2017* corresponds to annualized 1Q17 figures

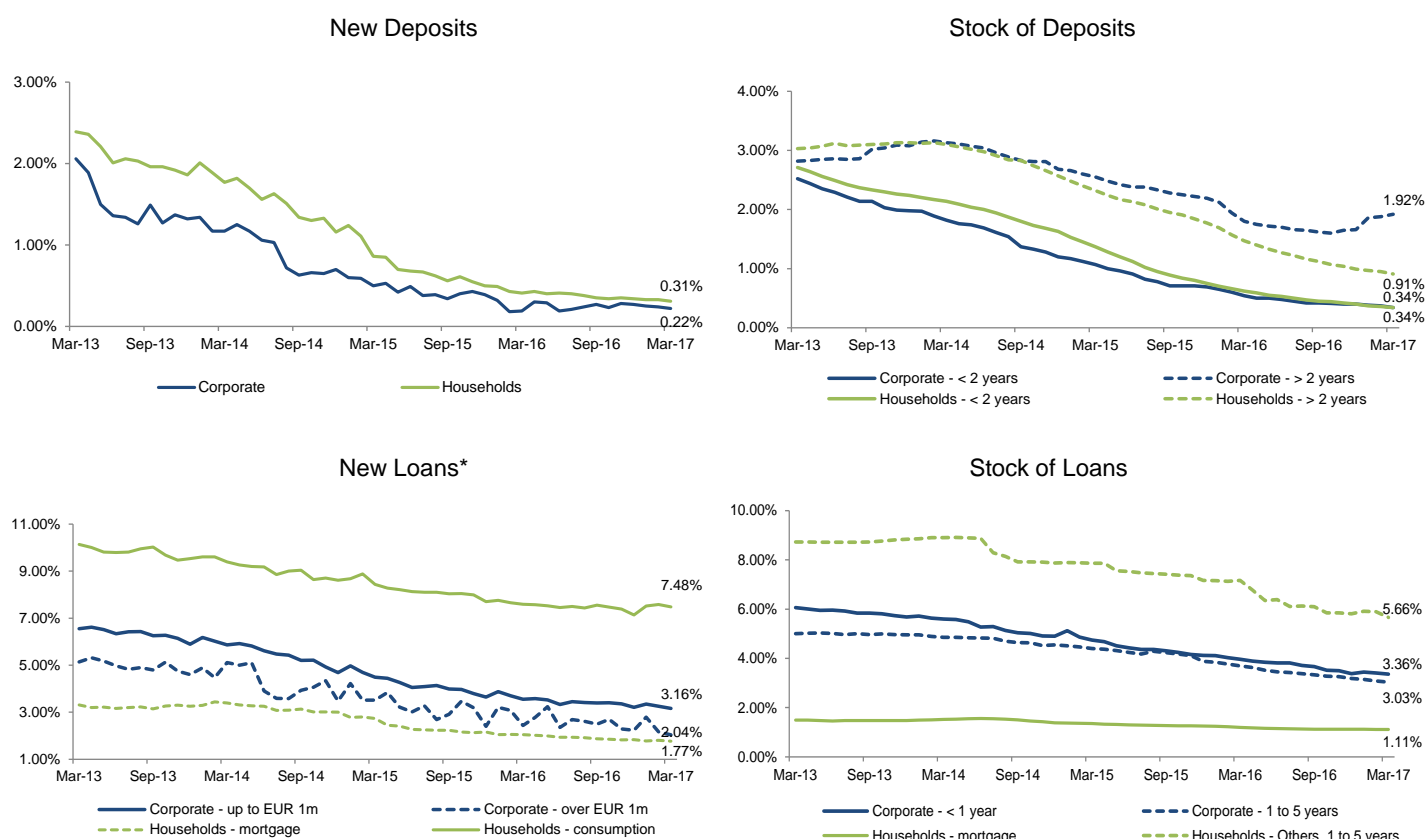
A relevant point for the bank could be the adjustment momentum for some of the main players in the sector as it increases the potential for market share gains. The market leader (the state owned bank CGD) was recently recapitalized and announced a strategic plan for 2017-2020. Banco BPI was subject to a successful tender offer from CaixaBank with the Spanish owner focusing on the future synergies that could be achieved, namely in the cost side. Also Novo Banco is still in a selling process that is expected to be concluded this year.

On the other hand, Millennium BCP already progressed in its recapitalization (and restructuring) plan with an EUR 1.33bn capital increase concluded in February. There is a fierce competition from some Spanish banks operating in the country, namely Santander and Bankinter, both with an offer starting at 1.25% spread, which compares to the average spread for mortgage loans c. 1.5% in the banking system.

Although there is an obvious competition risk here for the growth plans of the company, Banco CTT is arguing that its proposal is among the most competitive when analysed the all-in-cost of the operation. Some recent advertising campaigns launched by Banco CTT (April 2017) made it clear with a message focused on the idea that the full cost of its offer is lower claiming that "Spread is not everything".

In March 2017, the average interest rate on new deposits for households in Portugal was at 0.31%, equivalent to a decline of around 55bps in the last two years (0.86% in March 2015). According to its website, the standard remuneration of Banco CTT' term deposits (0.25%) is broadly aligned with the market.

Portuguese Banking sector: Average interest rates on Loans and Deposits (%)



Source: Bank of Portugal and CaixaBI Equity Research. * In March 2017 the average interest rate on new loans to households was at 1.77%, a new minimum since the beginning of the series in January 2003.

Additionally, the funding conditions for the sector continue to improve. It is important to highlight that the low cost of customers' deposits should be a relevant support for the expansion of revenues. Given its high liquidity, Banco CTT did not obtain funding from market operations or from any of ECB funding programmes. Aligned with its low risk profile and simplicity, the bank is financed through customers' deposits, complementing an offer of current accounts with no maintenance fees.

The focus on loan retail products and a value proposition based on simplicity and value for money (lower level of commissions) seems difficult to conjugate with future ROE's close to 15% and Loans-to-Deposits ratios c. 50%. In fact, the business model requires a significant investment in financial assets (excess liquidity) in a context of a low interest rate environment and a conservative investment policy.

For revenues our average numbers are around 53% and 44% below CTT's guidance for 2018e and 2020e, respectively. This is mainly due to the abovementioned reasons and to the lower assumptions for revenues from third party products (products that will migrate from Financial Services to Banco CTT). This could continue to harm the expansion of Banco CTT total revenues and consequently to limit its profitability.

CTT targets vs. CaixaBI forecasts for 2018 and 2020

	2018		2020	
	CaixaBI	CTT	CaixaBI	CTT
Revenues	26.9	55-60	54.7	95-100
Operating costs*	33.1	45-50	36.0	55-60
Operating results*	-6.2	10-15	18.6	40-45
Deposits	1,213	c. 1,500	2,475	c. 3,000
Mortgages (new loans)	257.5	>250	350	>450

Source: CTT (2015 CMD) and CaixaBI Equity Research. Data expressed as EUR m. *Excluding shared costs, impairments, provisions and taxes.

Overall, our current assessment concludes that there are valid reasons for CTT to develop this operation (no legacy costs, brand awareness, value-for-money offer). However, we see a limited scope for a material value creation from this operation at this stage.

With this report we include Banco CTT numbers in our estimates. We are assuming a total capital investment of EUR 160m (currently at EUR 125m) with a medium-long term ROE close to 10% vs. a cost of equity of 9%. However, given the early stage of development and its low visibility, we decided not to include it in our current valuation of CTT.

CTT : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Sales	719	727	697	694	705	709
Cost of Sales & Operating Costs	-523	-593	-595	-566	-577	-585
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	196	135	102	128	127	123
EBITDA (adj.)*	196	135	102	128	127	123
Depreciation	-21.4	-23.9	-27.5	-28.4	-29.1	-29.5
EBITA	174	111	74.6	99.7	98.3	94.0
EBITA (adj.)*	174	111	74.6	99.7	98.3	94.0
Amortisations and Write Downs	-38.8	0.0	0.0	0.0	0.0	0.0
EBIT	135	111	74.6	99.7	98.3	94.0
EBIT (adj.)*	135	111	74.6	99.7	98.3	94.0
Net Financial Interest	-7.5	-5.4	-5.9	-5.2	-4.8	-4.8
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.1	0.1	0.2	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	16.0	0.0	0.0
Earnings Before Tax (EBT)	128	105	68.9	110	93.5	89.2
Tax	-51.2	-32.5	-23.3	-25.2	-22.7	-24.7
<i>Tax rate</i>	<i>27.5%</i>	<i>25.5%</i>	<i>14.7%</i>	<i>27.5%</i>	<i>27.5%</i>	<i>27.5%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.3	0.0	-0.3	-0.1	-0.1	-0.1
Net Profit (reported)	77.2	72.1	61.2	60.3	59.8	65.0
Net Profit (adj.)	77.2	72.1	61.2	60.3	59.8	65.0
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	138	96.8	73.0	89.4	90.2	96.4
Change in Net Working Capital	-20.1	18.3	2.8	-22.3	-0.6	-0.2
Cash Flow from Operations	118	115	75.8	67.2	89.7	96.2
Capex	-16.6	-32.3	-42.2	-25.0	-23.0	-23.0
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	101	82.8	33.7	42.2	66.7	73.2
Dividends	-60.0	-69.8	-70.3	-72.4	-74.6	-76.8
Other (incl. Capital Increase & share buy backs)	81.8	-78.3	-38.7	-45.3	-0.6	-0.6
Change in Net Debt	123	-65.3	-75.3	-75.5	-8.5	-4.3
NOPLAT	98.2	80.3	54.1	72.3	71.3	68.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Tangible Assets	212	210	209	198	185	172
Net Intangible Assets (incl. Goodwill)	21.1	35.7	46.6	54.4	61.2	67.4
Net Financial Assets & Other	117	109	197	415	619	919
Total Fixed Assets	350	355	453	668	865	1,159
Inventories	5.8	5.5	5.4	5.4	5.5	5.5
Trade receivables	132	124	122	127	129	129
Other current assets	28.5	31.1	118	307	651	1,002
Cash (-)	-665	-604	-619	-618	-618	-618
Total Current Assets	831	765	864	1,057	1,403	1,755
Total Assets	1,181	1,119	1,317	1,725	2,268	2,914
Shareholders Equity	250	252	233	222	207	195
Minority	-0.3	0.2	-0.1	-0.1	-0.1	-0.1
Total Equity	249	252	233	222	207	195
Long term interest bearing debt	1.9	1.0	0.4	61.9	20.6	-0.2
Provisions	45.7	40.7	14.1	13.5	13.5	13.5
Other long term liabilities	267	251	255	254	254	254
Total Long Term Liabilities	314	293	269	329	288	267
Short term interest bearing debt	1.8	7.1	9.7	9.2	9.2	9.2
Trade payables	102	112	113	95.1	96.5	97.0
Other current liabilities	514	456	692	1,070	1,667	2,346
Total Current Liabilities	617	575	814	1,174	1,773	2,452
Total Liabilities and Shareholders' Equity	1,181	1,119	1,317	1,725	2,268	2,914
Net Capital Employed	-99.1	-52.1	-106	-58.0	-114	-147
Net Working Capital	36.0	17.6	14.8	37.0	37.6	37.8
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
<i>Sales growth</i>	<i>2.0%</i>	<i>1.2%</i>	<i>-4.2%</i>	<i>-0.4%</i>	<i>1.5%</i>	<i>0.5%</i>
EBITDA (adj.)* growth	60.2%	-31.2%	-24.2%	25.5%	-0.5%	-3.1%
EBITA (adj.)* growth	80.7%	-36.5%	-32.6%	33.6%	-1.4%	-4.4%
EBIT (adj.)* growth	55.2%	-18.2%	-32.6%	33.6%	-1.4%	-4.4%

CTT : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Profit growth	26.5%	-6.6%	-15.1%	-1.4%	-0.9%	8.7%
EPS adj. growth	26.5%	-6.6%	-15.1%	-1.4%	-0.9%	8.7%
DPS adj. growth	0.0%	16.3%	0.8%	3.0%	3.0%	3.0%
EBITDA (adj)* margin	27.2%	18.5%	14.6%	18.4%	18.1%	17.4%
EBITA (adj)* margin	24.2%	15.2%	10.7%	14.4%	13.9%	13.3%
EBIT (adj)* margin	18.8%	15.2%	10.7%	14.4%	13.9%	13.3%
RATIOS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Debt/Equity	-2.7	-2.4	-2.6	-2.5	-2.8	-3.1
Net Debt/EBITDA	-3.4	-4.4	-6.0	-4.3	-4.6	-4.9
Interest cover (EBITDA/Fin.interest)	26.2	25.0	17.4	24.6	26.5	25.6
Capex/D&A	77.5%	135.4%	153.5%	88.2%	79.0%	78.1%
Capex/Sales	2.3%	4.4%	6.1%	3.6%	3.3%	3.2%
NWC/Sales	5.0%	2.4%	2.1%	5.3%	5.3%	5.3%
ROE (average)	29.5%	28.8%	25.2%	26.5%	27.9%	32.3%
ROCE (adj.)	36.4%	30.5%	20.0%	25.0%	25.1%	24.6%
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
ROCE (adj.)/WACC	5.1	4.3	2.8	3.5	3.5	3.4
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Average diluted number of shares	150.0	150.0	150.0	150.0	150.0	150.0
EPS (reported)	0.51	0.48	0.41	0.40	0.40	0.43
EPS (adj.)	0.51	0.48	0.41	0.40	0.40	0.43
BVPS	1.66	1.68	1.56	1.48	1.38	1.30
DPS	0.40	0.47	0.47	0.48	0.50	0.51
VALUATION	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
EV/Sales	0.8	1.0	0.5	0.4	0.4	0.3
EV/EBITDA	2.8	5.4	3.5	2.3	2.0	1.8
EV/EBITDA (adj.)*	2.8	5.4	3.5	2.3	2.0	1.8
EV/EBITA	3.1	6.6	4.8	2.9	2.5	2.4
EV/EBITA (adj.)*	3.1	6.6	4.8	2.9	2.5	2.4
EV/EBIT	4.0	6.6	4.8	2.9	2.5	2.4
EV/EBIT (adj.)*	4.0	6.6	4.8	2.9	2.5	2.4
P/E (adj.)	15.6	18.4	15.8	13.9	14.0	12.9
P/BV	4.8	5.3	4.1	3.8	4.0	4.3
Total Yield Ratio	5.8%	5.3%	8.6%	8.9%	9.2%	9.4%
EV/CE	2.0	2.8	1.3	1.0	0.9	0.8
OpFCF yield	8.4%	6.2%	3.5%	5.0%	8.0%	8.7%
OpFCF/EV	18.7%	11.3%	9.4%	14.6%	26.8%	32.1%
Payout ratio	77.7%	96.8%	115%	120%	125%	118%
Dividend yield (gross)	5.0%	5.3%	8.4%	8.6%	8.9%	9.2%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Price** (EUR)	8.02	8.85	6.45	5.58	5.58	5.58
Outstanding number of shares for main stock	150.0	150.0	150.0	150.0	150.0	150.0
Total Market Cap	1,203	1,328	967	837	837	837
Net Debt	-661	-596	-609	-547	-589	-609
<i>o/w Cash & Marketable Securities (-)</i>	<i>-665</i>	<i>-604</i>	<i>-619</i>	<i>-618</i>	<i>-618</i>	<i>-618</i>
<i>o/w Gross Debt (+)</i>	<i>4</i>	<i>8</i>	<i>10</i>	<i>71</i>	<i>30</i>	<i>9</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)	542	733	358	290	248	228

Source: Company, Caixa-Banco de Investimento estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Industrial Transportation/Delivery Services

Company Description: CTT is Portugal mail company, operating in business areas such as Mail, Express&Parcels and Financial services. The company is present directly or through JV in Portugal, Spain and Mozambique. Banco CTT was created in November 2015, focusing its activity in the mortgage and consumer credit.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Bnp Paribas	CIC	Tikkurila	OPG	Ebro Foods	GVC
Airbus Se	CIC	Bper	BAK	Electronic & Electrical Equipment	Mem(*)	Enervit	BAK
Dassault Aviation	CIC	Bpi	CBI	Areva	CIC	Fleury Michon	CIC
Latecoere	CIC	Caixabank	GVC	Euromicron Ag	EQB	Forfarmers	NIBC
Leonardo	BAK	Commerzbank	EQB	Legrand	CIC	Heineken	NIBC
Lisi	CIC	Credem	BAK	Neways Electronics	NIBC	Hkscan	OPG
Mtu Aero Engines	EQB	Credit Agricole Sa	CIC	Nexans	CIC	La Doria	BAK
Ohb Se	EQB	Creval	BAK	Pkc Group	OPG	Lanson-Bcc	CIC
Safran	CIC	Deutsche Bank	EQB	Rexel	CIC	Laurent Perrier	CIC
Thales	CIC	Deutsche Pfandbriefbank	EQB	Schneider Electric Se	CIC	Ldc	CIC
Zodiac Aerospace	CIC	Eurobank	IBG	Vaisala	OPG	Lucas Bols	NIBC
Alternative Energy	Mem(*)	Intesa Sanpaolo	BAK	Viscom	EQB	Naturex	CIC
Daldrup & Soehne	EQB	Mediobanca	BAK	Financial Services	Mem(*)	Olvi	OPG
Gamesa	GVC	Merkur Bank	EQB	Anima	BAK	Pernod Ricard	CIC
Sif Group	NIBC	National Bank Of Greece	IBG	Athex Group	IBG	Raisio	OPG
Automobiles & Parts	Mem(*)	Natixis	CIC	Azimut	BAK	Refresco Group	NIBC
Bitium Corporation	OPG	Nordea	OPG	Banca Generali	BAK	Remy Cointreau	CIC
Bmw	EQB	Piraeus Bank	IBG	Banca Ifis	BAK	Suedzucker	EQB
Brembo	BAK	Poste Italiane	BAK	Banca Sistema	BAK	Vidrala	GVC
Continental	EQB	Procredit Holding	EQB	Bb Biotech	EQB	Vilmorin	CIC
Daimler Ag	EQB	Rothschild & Co	CIC	Bolsas Y Mercados Espanoles Sa	GVC	Viscofan	GVC
Elringklinger	EQB	Societe Generale	CIC	Capman	OPG	Vranken Pommeroy Monopole	CIC
Faurecia	CIC	Ubi Banca	BAK	Christian Dior	CIC	Wessanen	NIBC
Ferrari	BAK	Unicredit	BAK	Cir	BAK	Food & Drug Retailers	Mem(*)
Fiat Chrysler Automobiles	BAK	Basic Resources	Mem(*)	Comdirect	EQB	Aholddelhaize	NIBC
Groupe Psa	CIC	Acerinox	GVC	Corestate Capital Holding S.A.	EQB	Carrefour	CIC
Landi Renzo	BAK	Altri	CBI	Corp. Financiera Alba	GVC	Casino Guichard-Perrachon	CIC
Leoni	EQB	Arcelormittal	GVC	Deutsche Boerse	EQB	Dia	GVC
Michelin	CIC	Corticeira Amorim	CBI	Deutsche Forfait	EQB	Jeronimo Martins	CBI
Nokian Tyres	OPG	Ence	GVC	Eq	OPG	Kesko	OPG
Norma Group	EQB	Europac	GVC	Euronext	CIC	Marr	BAK
Piaggio	BAK	Metka	IBG	Ferratum	EQB	Metro	EQB
Plastic Omnium	CIC	Metsä Board	OPG	Finacobank	BAK	Sligro	NIBC
Sogefi	BAK	Mytilineos	IBG	Grenke	EQB	Sonae	CBI
Stern Groep	NIBC	Outokumpu	OPG	Hypoport Ag	EQB	General Industrials	Mem(*)
Valeo	CIC	Semapa	CBI	M Ip	EQB	2G Energy	EQB
Volkswagen	EQB	Ssab	OPG	Ovb Holding Ag	EQB	Aalberts	NIBC
Banks	Mem(*)	Stora Enso	OPG	Patrizia	EQB	Accell Group	NIBC
Aareal Bank	EQB	Surteco	EQB	Rallye	CIC	Ahlstrom	OPG
Aktia	OPG	The Navigator Company	CBI	Tip Tamburi Investment Partners	BAK	Arcadis	NIBC
Alpha Bank	IBG	Tubacex	GVC	Unipol Gruppo Finanziario	BAK	Aspo	OPG
Banca Carige	BAK	Upm-Kymmene	OPG	Wendel	CIC	Huhtamäki	OPG
Banca Mps	BAK	Chemicals	Mem(*)	Food & Beverage	Mem(*)	Kendrion	NIBC
Banco Popular	GVC	Air Liquide	CIC	Acomo	NIBC	Nedap	NIBC
Banco Sabadell	GVC	Fuchs Petrolub	EQB	Atria	OPG	Pöyry	OPG
Banco Santander	GVC	Holland Colours	NIBC	Bonduelle	CIC	Prelios	BAK
Bankia	GVC	Kemira	OPG	Campari	BAK	Saf-Holland	EQB
Bankinter	GVC	Kws Saat	EQB	Coca Cola Hbc Ag	IBG	Serge Ferrari Group	CIC
Bbva	GVC	Linde	EQB	Corbion	NIBC	Tkh Group	NIBC
Bcp	CBI	Siegfried Holding Ag	EQB	Danone	CIC		

General Retailers	Mem(*)	Duro Felguera	GVC	Eiffage	CIC	M6-Metropole Television	CIC
Beter Bed Holding	NIBC	Emak	BAK	Ellaktor	IBG	Mediaset	BAK
Eluméo Se	EQB	Exel Composites	OPG	Eitel	OPG	Mediaset Espana	GVC
Fielmann	EQB	Fincantieri	BAK	Ezentis	GVC	Notorious Pictures	BAK
Folli Follie Group	IBG	Gesco	EQB	Fcc	GVC	Nrj Group	CIC
Fourlis Holdings	IBG	Ima	BAK	Ferrovial	GVC	Publicis	CIC
Groupe Darty	CIC	Interpump	BAK	Heidelberg Cement Ag	CIC	Rcs Mediagroup	BAK
Hornbach Holding	EQB	Kone	OPG	Heijmans	NIBC	Relx	NIBC
Inditex	GVC	Konecranes	OPG	Imerys	CIC	Rtl Group	EQB
Jumbo	IBG	Manz Ag	EQB	Lafargeholcim	CIC	Sanoma	OPG
Rapala	OPG	Max Automation Ag	EQB	Lehto	OPG	Solocal Group	CIC
Stockmann	OPG	Metso Corporation	OPG	Lemminkäinen	OPG	Spir Communication	CIC
Tokmanni	OPG	Outotec	OPG	Maire Tecnimont	BAK	Syzygy Ag	EQB
Windeln.De	EQB	Pfeiffer Vacuum	EQB	Mota Engil	CBI	Telegraaf Media Groep	NIBC
YooxNet-A-Porter	BAK	Ponsse	OPG	Obrascon Huarte Lain	GVC	Tf1	CIC
Healthcare	Mem(*)	Prima Industrie	BAK	Ramirent	OPG	Ubisoft	CIC
4Sc	EQB	Prysmian	BAK	Royal Bam Group	NIBC	Vivendi	CIC
Amplifon	BAK	Smt Scharf Ag	EQB	Sacyr	GVC	Wolters Kluwer	NIBC
Bayer	EQB	Technotrans	EQB	Saint Gobain	CIC	Oil & Gas Producers	Mem(*)
Biotest	EQB	Valmet	OPG	Salini Impregilo	BAK	Eni	BAK
Cytotools Ag	EQB	Wärtsilä	OPG	Sias	BAK	Galp Energia	CBI
Diasorin	BAK	Zardoya Otis	GVC	Sonae Industria	CBI	Gas Plus	BAK
Epigenomics Ag	EQB	Industrial Transportation	Mem(*)	Srv	OPG	Hellenic Petroleum	IBG
Genfit	CIC	Bolloré	CIC	Tarkett	CIC	Maurel Et Prom	CIC
Guerbet	CIC	Caf	GVC	Thermador Groupe	CIC	Motor Oil	IBG
Korian	CIC	Ctt	CBI	Titan Cement	IBG	Neste Corporation	OPG
Merck	EQB	Logwin	EQB	Trevi	BAK	Petrobras	CBI
Oriola-Kd	OPG	Insurance	Mem(*)	Uponor	OPG	Qgep	CBI
Orion	OPG	Allianz	EQB	Vicat	CIC	Repsol	GVC
Orpea	CIC	Axa	CIC	Vinci	CIC	Total	CIC
Pihlajalinna	OPG	Banca Mediolanum	BAK	Yit	OPG	Oil Services	Mem(*)
Recordati	BAK	Cattolica Assicurazioni	BAK	Media	Mem(*)	Bourbon	CIC
Wilex	EQB	Generali	BAK	Ad Pepper	EQB	Cgg	CIC
Household Goods	Mem(*)	Hannover Re	EQB	Alma Media	OPG	Fugro	NIBC
Bic	CIC	Mapfre Sa	GVC	Atresmedia	GVC	Rubis	CIC
De Longhi	BAK	Munich Re	EQB	Axel Springer	EQB	Saipem	BAK
Fila	BAK	Sampo	OPG	Axelero	BAK	Sbm Offshore	NIBC
Philips Lighting	NIBC	Talanx Group	EQB	Brill	NIBC	Technipfmc Plc	CIC
Seb Sa	CIC	Unipolsai	BAK	Cairo Communication	BAK	Tecnicas Reunidas	GVC
Industrial Engineering	Mem(*)	Materials, Construction & Infrastructure	Mem(*)	Cofina	CBI	Tenaris	BAK
Accsys Technologies	NIBC	Abertis	GVC	Cts Eventim	EQB	Vallo urec	CIC
Aixtron	EQB	Acs	GVC	Digital Bros	BAK	Vopak	NIBC
Alstom	CIC	Aena	GVC	Editoriale L'Espresso	BAK		
Ansaldo Sts	BAK	Aeroports De Paris	CIC	Gl Events	CIC		
Biesse	BAK	Astaldi	BAK	Havas	CIC		
Cargotec Corp	OPG	Atlantia	BAK	Impresa	CBI		
Cnh Industrial	BAK	Boskalis Westminster	NIBC	lol	BAK		
Danieli	BAK	Buzzi Unicem	BAK	Ipsos	CIC		
Datalogic	BAK	Caverion	OPG	Jcdecoux	CIC		
Deutz Ag	EQB	Cramo	OPG	Lagardere	CIC		

Personal Goods	Mem(*)	Digia Plc	OPG	Roodmicrotec	NIBC	Acciona	GVC
Adidas	EQB	Docdata	NIBC	Slm Solutions	EQB	Acea	BAK
Adler Modemaerkte	EQB	Econocom	CIC	Stmicroelectronics	BAK	Albioma	CIC
Amer Sports	OPG	Ekinops	CIC	Suess Microtec	EQB	Direct Energie	CIC
Basic Net	BAK	Esi Group	CIC	Teleste	OPG	Edp	CBI
Cie Fin. Richemont	CIC	Exprivia	BAK	Va-Q-Tec	EQB	Edp Renováveis	CBI
Geox	BAK	F-Secure	OPG	Telecommunications	Mem(*)	Enagas	GVC
Gerry Weber	EQB	Gemalto	CIC	Acotel	BAK	Endesa	GVC
Hermes Intl.	CIC	Gft Technologies	EQB	Bouygues	CIC	Enel	BAK
Hugo Boss	EQB	Ict Group	NIBC	Deutsche Telekom	EQB	Erg	BAK
Interparfums	CIC	Indra Sistemas	GVC	Dna	OPG	Eydap	IBG
Kering	CIC	Nemetschek Se	EQB	Drillisch	EQB	Falck Renewables	BAK
L'Oreal	CIC	Neurones	CIC	Elisa	OPG	Fortum	OPG
Luxottica	BAK	Nexus Ag	EQB	Euskaltel	GVC	Gas Natural Fenosa	GVC
Lvmh	CIC	Novabase	CBI	Freenet	EQB	Hera	BAK
Marimekko	OPG	Ordina	NIBC	Kpn Telecom	NIBC	Iberdrola	GVC
Moncler	BAK	Psi	EQB	Masmovil	GVC	Iren	BAK
Puma	EQB	Reply	BAK	Nos	CBI	Italgas	BAK
Safilo	BAK	Rib Software	EQB	Oi	CBI	Public Power Corp	IBG
Salvatore Ferragamo	BAK	Seven Principles Ag	EQB	Orange	CIC	Red Electrica De Espana	GVC
Sarantis	IBG	Software Ag	EQB	Ote	IBG	Ren	CBI
Technogym	BAK	Sopra Steria Group	CIC	Tele Columbus	EQB	Snam	BAK
Tod'S	BAK	Tie Kinetix	NIBC	Telecom Italia	BAK	Terna	BAK
Real Estate	Mem(*)	Tieto	OPG	Telefonica	GVC		
Adler Real Estate	EQB	Tomtom	NIBC	Telefonica Deutschland	EQB		
Beni Stabili	BAK	United Internet	EQB	Telia	OPG		
Citycon	OPG	Visiativ	CIC	Tiscali	BAK		
Demire	EQB	Wincor Nixdorf	EQB	Vodafone	BAK		
Deutsche Euroshop	EQB	Support Services	Mem(*)	Travel & Leisure	Mem(*)		
Grand City Properties	EQB	Amadeus	GVC	Accor	CIC		
Hispania Activos Inmobiliarios	GVC	Asiakastieto Group	OPG	Air France Kim	CIC		
Igd	BAK	Batenburg	NIBC	Autogrill	BAK		
Lar España	GVC	Cellnex Telecom	GVC	Beneteau	CIC		
Merlin Properties	GVC	Dpa	NIBC	Elior	CIC		
Realia	GVC	Edenred	CIC	Europcar	CIC		
Sponda	OPG	Ei Towers	BAK	Finnair	OPG		
Technopolis	OPG	Enav	BAK	I Grandi Viaggi	BAK		
Vib Vermoegen	EQB	Fiera Milano	BAK	Ibersol	CBI		
Wcm Ag	EQB	Lassila & Tikanoja	OPG	Int. Airlines Group	GVC		
Software & Computer Services	Mem(*)	Openjobmetis	BAK	Intralot	IBG		
Affecto	OPG	Teleperformance	CIC	Kotipizza	OPG		
Akka Technologies	CIC	Technology Hardware & Equipment	Mem(*)	Melia Hotels International	GVC		
Alten	CIC	Asm International	NIBC	Nh Hotel Group	GVC		
Altran	CIC	Asml	NIBC	Opap	IBG		
Assystem	CIC	Besi	NIBC	Snowworld	NIBC		
Atos	CIC	Ericsson	OPG	Sodexo	CIC		
Basware	OPG	Gigaset	EQB	Sonae Capital	CBI		
Cenit	EQB	Ingenico	CIC	Trigano	CIC		
Comptel	OPG	Kontron	EQB	Utilities	Mem(*)		
Ctac	NIBC	Nokia	OPG	A2A	BAK		

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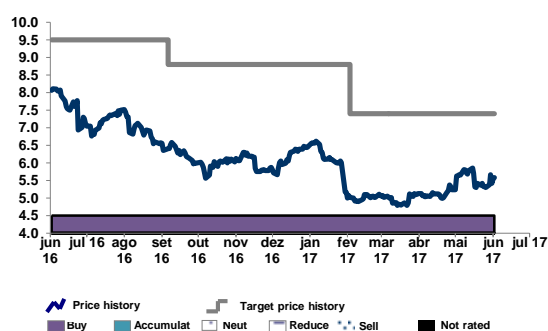
(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Recommendation history for CTT

Date	Recommendation	Target price	Price at change date
05-jun-17	Buy	6.90	5.58
03-fev-17	Buy	7.40	5.01
06-set-16	Buy	8.80	6.41
05-fev-16	Buy	9.50	7.79
08-out-15	Neutral	10.20	10.08
21-abr-15	Neutral	10.00	10.32
12-jan-15	Neutral	8.95	8.46

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Caixa-Banco de Investimento continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Artur Amaro (since 03/06/2015)



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The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: Buy, Accumulate, Neutral, Reduce and Sell (in short: B, A, N, R, S).

Meaning of each rating or recommendation:

- Buy: the stock is expected to generate a total return of over 15% during the next 12-month time horizon;
- Accumulate: the stock is expected to generate a total return of 5% to 15% during the next 12-month time horizon;
- Neutral: the stock is expected to generate a total return of -5% to +5% during the next 12-month time horizon;
- Reduce: the stock is expected to generate a total return of -5 to -15% during the next 12-month time horizon;
- Sell: the stock is expected to generate a total return below -15% during the next 12-month time horizon;
- Rating Suspended: the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer or a related party of the issuer is or could be involved or to a change of analyst covering the stock;
- Not Rated: there is no rating for a company being floated (IPO) by the issuer or a related party of the issuer.

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The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

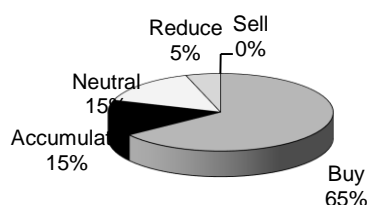
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Caixa Banco de Investimento Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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