



## Correos faces the future with a Strategic Plan that reinforces its public service mission

- The Strategic Plan 2024-2028 transforms the role of Correos by strengthening its position as a provider of essential services for citizens and improving its competitive capacity
- The Plan includes the axes of the recent Strategic Framework Agreement between SEPI, Correos, CCOO, UGT
- In its public service mission, Correos seeks to combat the digital divide and the demographic challenge by carrying out procedures as a one-stop shop for the administration and the provision of basic financial services
- As a result of the Plan, Correos expects to reverse losses to end the period with an EBITDA margin of 6%, a consolidated profit situation and a healthy financial position

**Madrid, July 31<sup>st</sup> 2024.-** The Board of Directors of the Sociedad Estatal de Participaciones Industriales (SEPI) has approved, in a meeting held today, the 2024-2028 Strategic Plan of the Sociedad Estatal Correos y Telégrafos, S.A., S.M.E., aimed at the transformation, recovery and repositioning of the public company in order to change its business model and position the company, in the short term, on a sustained path of profitability that guarantees its financial stability. The Plan includes the axes of the Strategic Framework Agreement between SEPI, Correos, CCOO, UGT, as well as contributions from the rest of the unions. This Strategic Framework Agreement states that, in the new socio-demographic and territorial context, Correos is a strategic company for the State, and is associated with the commitment to agree on a new Labour Framework and People Plan before the end of 2024.

The urgency, expressed in this Agreement, to reverse Correos' financial situation rests on the need to preserve and strengthen a company that, due to its contribution to the general well-being, productivity, growth, social and territorial cohesion and resilience of the country, must be integrated as a fundamental axis of the 2030 Agenda and the country's strategy. Correos, due to its physical, human and organisational structure, is the only instrument of the State with the capacity to physically reach all homes in



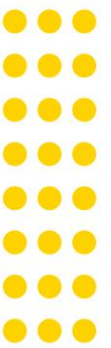
Spanish territory in a single day, which makes it a critical and strategic asset. For the president of Correos, Pedro Saura, this characteristic makes "the Correos network not only ideal for delivering letters and packages, but also for providing other types of essential services to citizens that facilitate their day-to-day life wherever they are or help to solve situations of catastrophe or national security. This role, which is already fulfilled by other European postal operators, will generate a diversification and increase in revenues that, together with a rationalization of costs, will once again put Correos in profit".

To generate revenue, Correos proposes three business pillars: to strengthen the traditional postal sector where Correos, as the designated operator of the Universal Postal Service, wants to modernise and improve its quality; to give a boost to parcel delivery by adapting to the new preferences and habits of consumers, automating and making processes more efficient and establishing strategies that stimulate greater cross-border traffic; and to increase and diversify revenues through new activities such as financial services, administrative procedures, insurance marketing, or more complex and sophisticated logistics services such as the distribution of refrigerated products. As cross-cutting levers of the company, an Operational Efficiency Plan will be undertaken that, through investments in technology and innovation, will improve the company's productivity, as well as the promotion of a new Labour Framework and People Plan. Finally, and in an effort to reduce costs, the Plan establishes a Zero-Based Budgeting policy that detects and eliminates those expenses of little value to the company.

As part of the Strategic Plan, Correos has reviewed the company's mission, vision and values, placing special emphasis on the need to reconcile Correos' public mission, assuming a growing role in the provision of Services of General Economic Interest (SGEI) and thus better take advantage of its vast territorial presence throughout the country, with the ability to be competitive and profitable in the areas where it competes with the private sector. In this way, Correos is presented, due to its nature as a public company, the credibility of its brand and service, its capillarity and the human proximity of its postmen, postmen and office staff, as the most effective and efficient instrument of the State to offer services of general interest in the territory and combat the digital divide and depopulation.

### **Correos as a provider of essential services**

In the face of the decline of the traditional postal service, providing new content to the Correos network requires the establishment of a Service of General Economic Interest (SGEI), for which two circumstances must be met: that it constitutes a general public benefit and that it is not provided by the market without public intervention. For Saura, "there are multiple





essential services that meet these requirements. We are seeing it with financial exclusion, where citizens are left out of technological banking services or are not served because they live in remote and depopulated areas or because they are in a situation of vulnerability. Correos is the optimal and efficient solution to solve this need with close and personal attention. And he already does. But it should be recognized as such and receive compensation for performing that public service."

In other countries, such as France, the postal operator receives compensation for performing this type of basic and essential financial services. Also in Italy, where Poste Italiane carries out procedures in its offices as a one-stop shop for the administration. The Strategic Plan assumes a similar role for Correos: to be an ally of the administration in the territory to bring citizens closer to public services and receive services under equal conditions. Correos already carries out administrative services that cover the entire journey of the citizen, from the entry register to make applications or process documents, to the performance of procedures and payment of fees, or being a means of payment for the delivery of aid and subsidy programmes to citizens.

### **Objectives of the Strategic Plan**

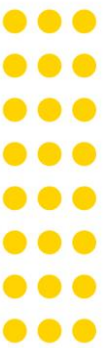
As a result of the Plan, Correos expects to reverse the losses to end the period with an EBITDA margin of 6%, a consolidated profit situation and a healthy financial position.

Likewise, the transformation of the business model brought about by the application of the Plan would lead Correos to depend, at the end of the period, on less than 50% of the income from traditional postal services, mitigating the company's main business vulnerability.

In turn, the contribution of parcel delivery to total revenue would rise by 11 percentage points to 35%, which would allow it to recover part of the market share lost in recent years, while the strengthening of new business lines would increase diversification revenues to 16% of total revenues.

### **Change in the composition of Correos' revenues by Strategic Plan 2024-2028**

	<b>2023</b>	<b>2028</b>
Postal	66%	49%
Parcel	24%	35%
Diversification	10%	16%





Throughout the Plan, investments are planned to be made in order to undertake the transformation, recovery and repositioning of Correos with guarantees, as well as to address the organic and inorganic growth of the company. The main items in which the funds will be invested are the Operational Efficiency Plan to automate and optimize current processes, increase productivity, improve quality and reduce the use of resources, as well as actions to maintain, expand and scale the company's production capacity. In this sense, the acquisition of new warehouses for operations and logistics, the renewal of the fleet of vehicles to meet operational and sustainable mobility needs, and the purchase of automated and robotic equipment are proposed. Investments in digitalization, data governance and technological innovation, including the implementation of a digital twin, will be a key vector to achieve operational gains in processes and the efficient use of essential assets to guarantee service reliability and improve the customer experience.

**Acerca de Correos:**

Correos was founded over 300 years ago and, after continuous adaptation to the market, is now the leading logistics and parcel operator in Spain. The company's current strategy focuses on internationalization, sustainability, and digital transformation to meet society's demands. The company provides services to citizens through its network of 2,388 offices and nearly 6,000 rural services, distributing 5.5 million shipments daily. The Correos Group, which has more than 48,000 professionals, includes two subsidiaries: Correos Express, dedicated to urgent national and international parcels, and Correos Telecom, responsible for the management and commercialization of telecommunications infrastructure. As part of the SEPI Group, it is part of a business holding that encompasses a total of 14 public companies.

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