FY21

Results Presentation

Committed to deliver

16 March 2022

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Operational review

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Committed to deliver

Another transformation quarter with new businesses outpacing the decline in mail

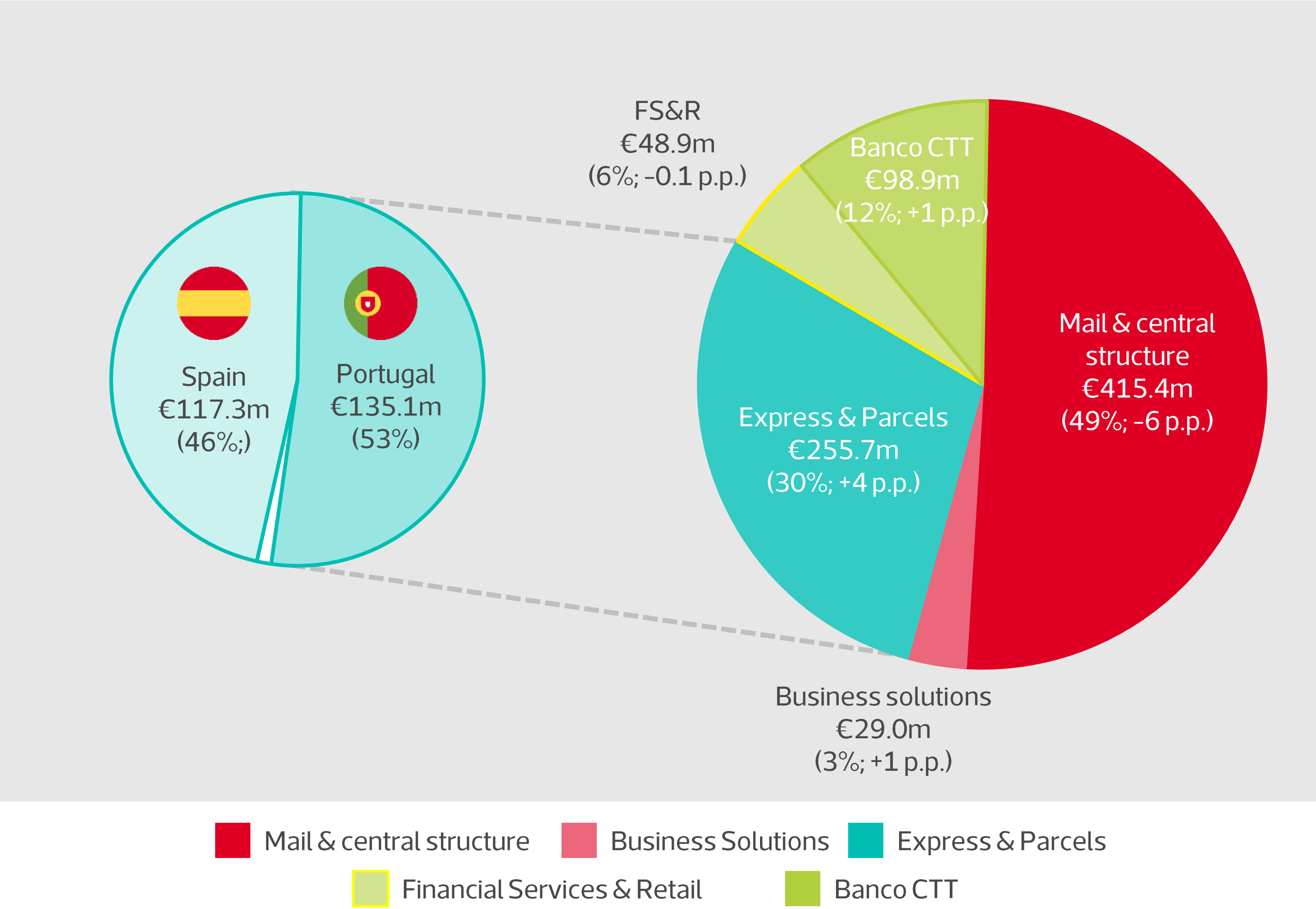
- New concession framework improves predictability and allows for partial compensation [1] of prior years; 6.8% average price increase of universal postal services in 2022
- Business services are driving revenue growth and strengthening commercial activity
- Spain continues to drive growth of Express & Parcels, significantly anticipating its turnaround plan with a positive EBITDA in FY21
- Transformation of operations is positively impacting cost structure in a consistent manner
- Banco CTT continues its growth path on the back of consumer credit
- Dividend of €0.12 per share for the 2021 financial year to be proposed and subject to approval in the AGM, payable in May 2022
  Share buyback of €18m (equivalent to 2.7% market cap [2]) reiterating CTT's commitment with shareholder remuneration

[1] The arbitration proceedings initiated by CTT seeking compensation for COVID-19 adverse impacts and for unilateral extension of the concession agreement are still pending and no rights have been waived in the new concession agreement; [2] Using market cap of 15 March 2022

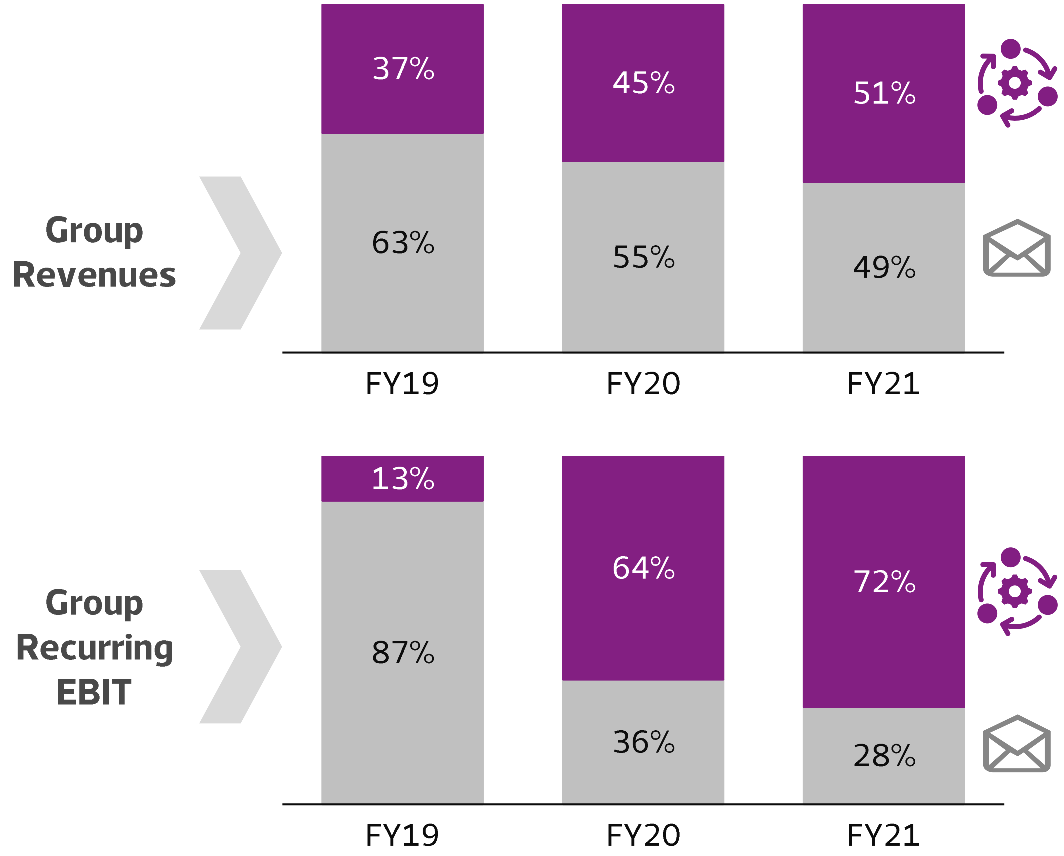
Improving revenue mix reflects exposure to e-commerce growth in Iberia and growth of business solutions and bank

Group CTT – FY21 Revenues breakdown

€ million; weight (%); weight percentual point change *vs.* prior year



Group CTT – Legacy [1] vs. Transformation [2]



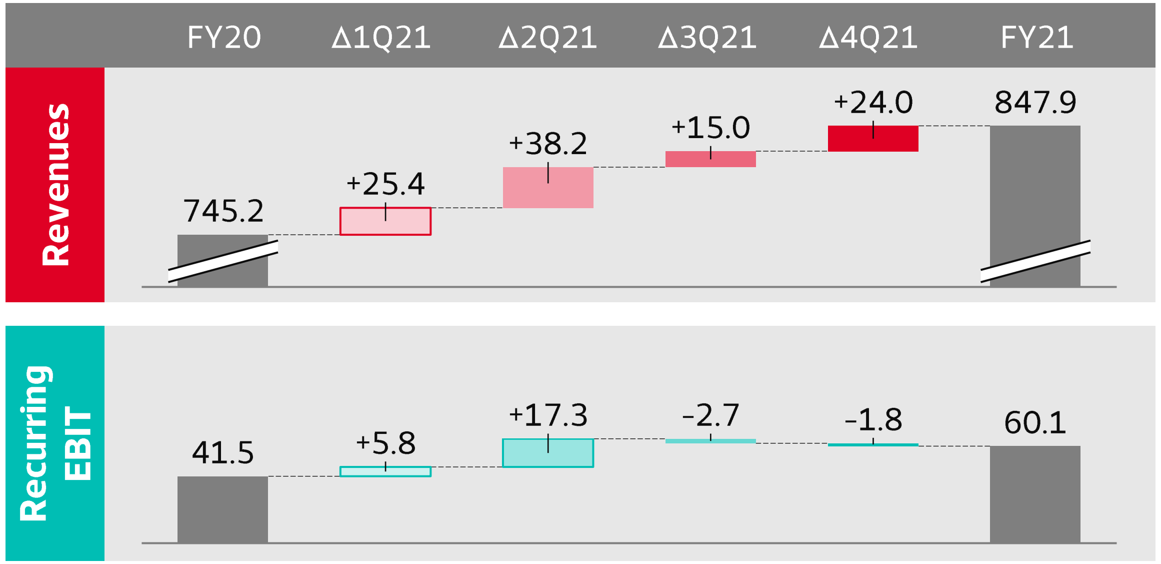
[1] Mail & Other excl. business solutions; [2] Express & Parcels, Financial Services & Retail, Banco CTT and business solutions

Transformation driving consistent revenue growth

Group CTT – Financials

€ million

	4Q21	FY21
Revenues	€235.0m	€847.9m
Recurring EBIT	€20.4m	€60.1m



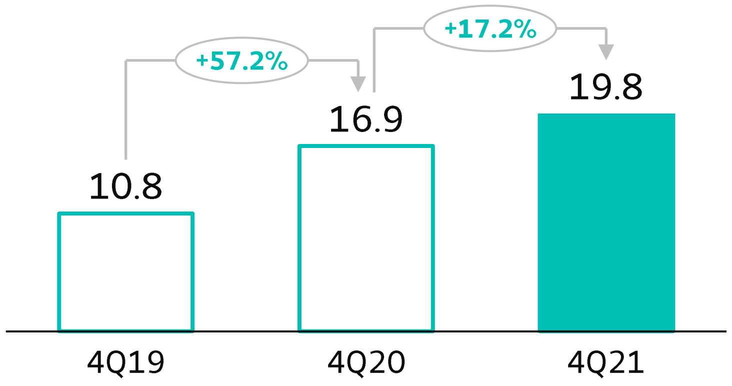
	Express & Parcels		Mail & other[1]		Financial Services & Retail		Banco CTT	
	4Q21	FY21	4Q21	FY21	4Q21	FY21	4Q21	FY21
Revenues	€69.3m	€255.7m	€125.5m	€444.4m	€13.3m	€48.9m	€26.8m	€98.9m
Recurring EBIT	€5.4m	€12.4m	€7.9m	€17.7m	€4.7m	€21.8m	€2.4m	€8.2m

[1] Including Central Structure

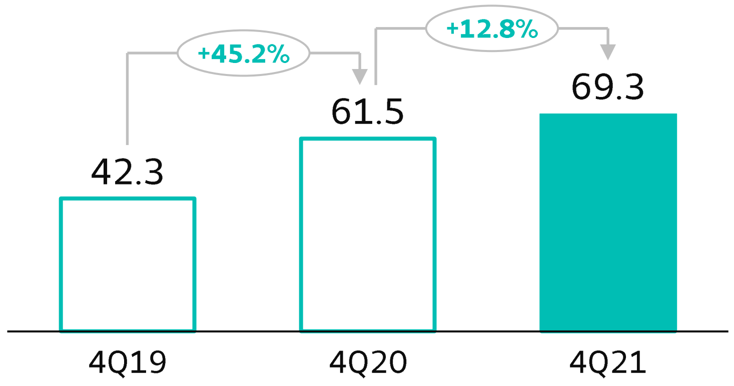
Continued growth in Express & Parcels driving improvement in profitability

4Q

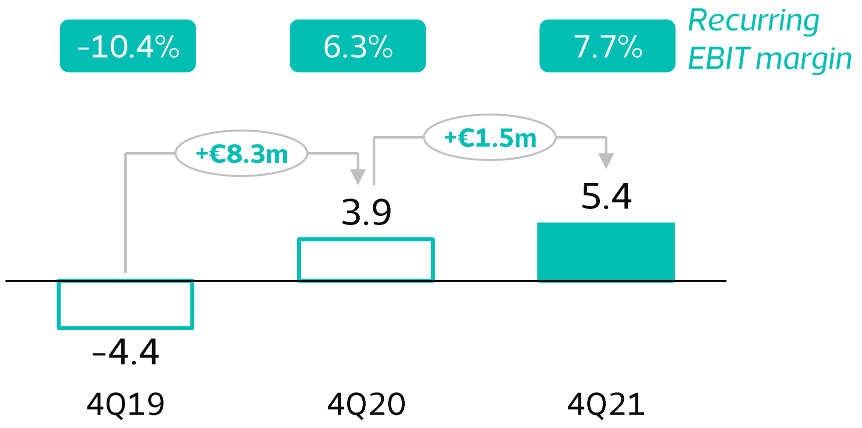
Express & Parcels Iberia [1] – Volumes
million items; % change *vs.* prior year



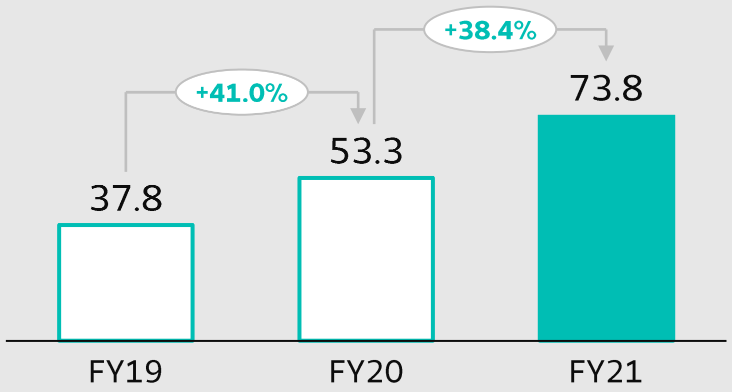
Express & Parcels Iberia [1] – Revenues
€ million; % change *vs.* prior year

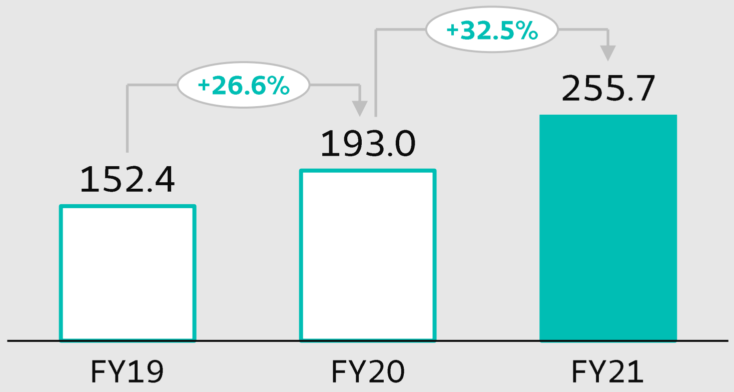


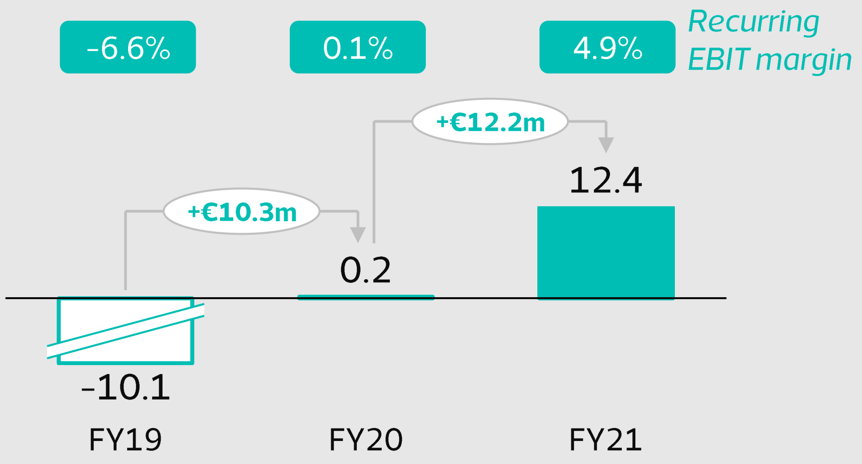
Express & Parcels Iberia [1] – Recurring EBIT
€ million; change *vs.* prior year



FY





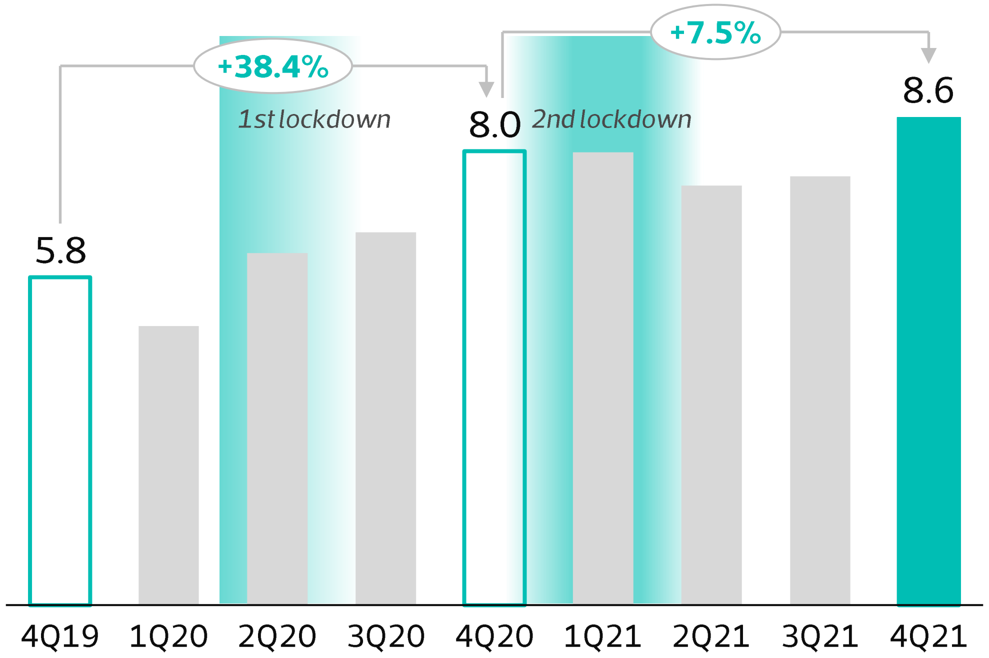


[1] includes Mozambique, contributing with 0.01m in volumes, €0.9m in revenue and €0.2m in recurring EBIT in 4Q21 and 0.05m in volumes, €3.2m in revenue and €0.6m in recurring EBIT in FY21

E-commerce trends reflect a transformation in consumer habits

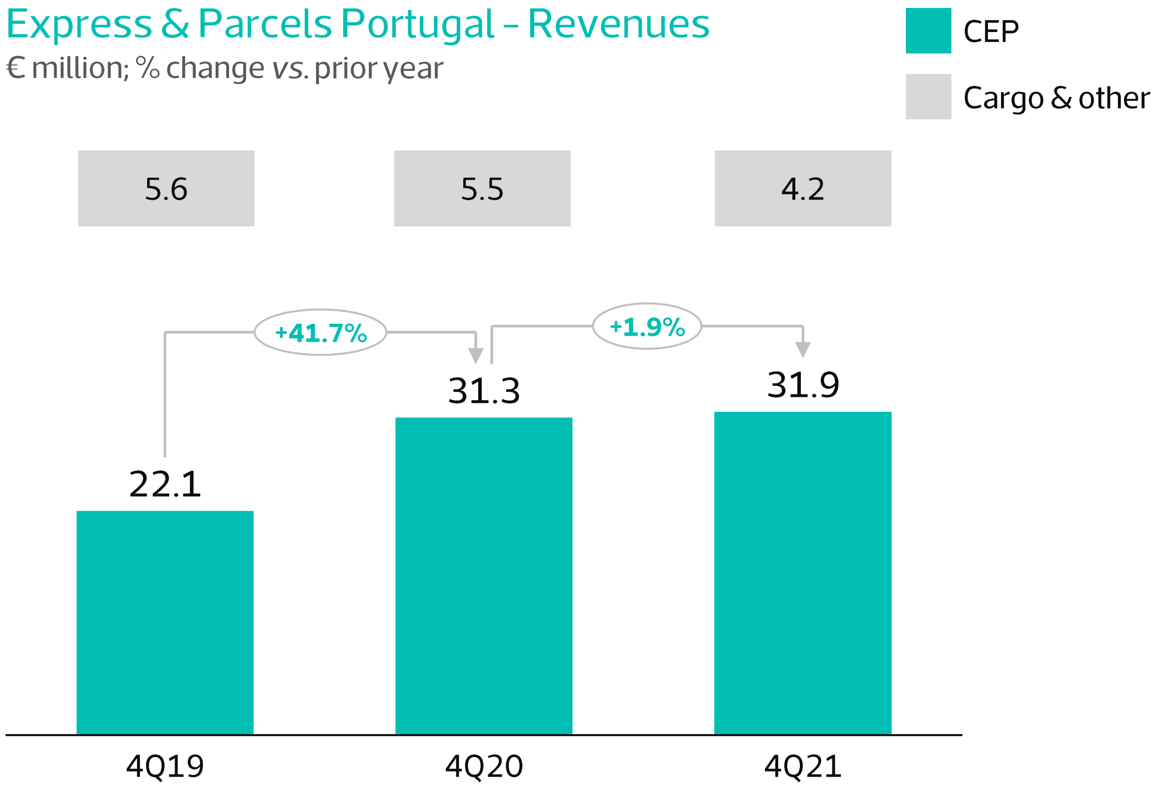
Express & Parcels Portugal – CEP Volumes

% change *vs.* prior year; million items



Express & Parcels Portugal - Revenues

€ million; % change *vs.* prior year



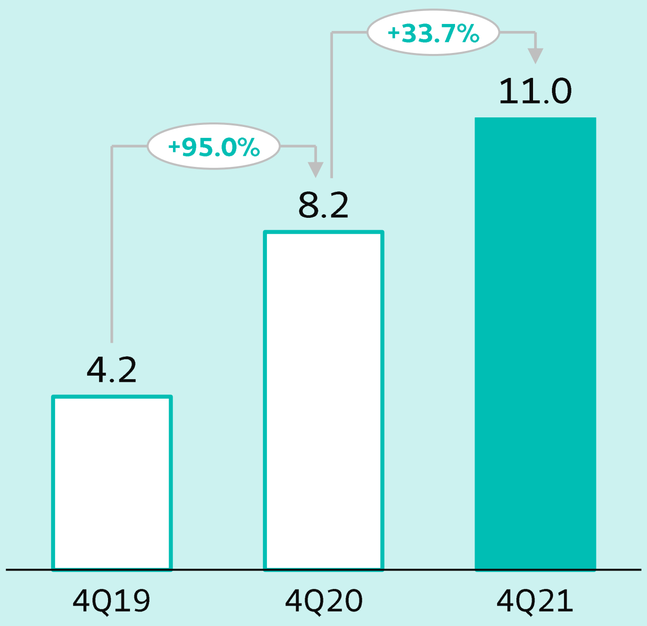
Volume growth despite slow-down in multichannel e-tailers

Cargo & other revenues declined due to churn of unprofitable clients, upon the new cargo operating model

FY EBITDA of €4.3m, having achieved breakeven well ahead of plan

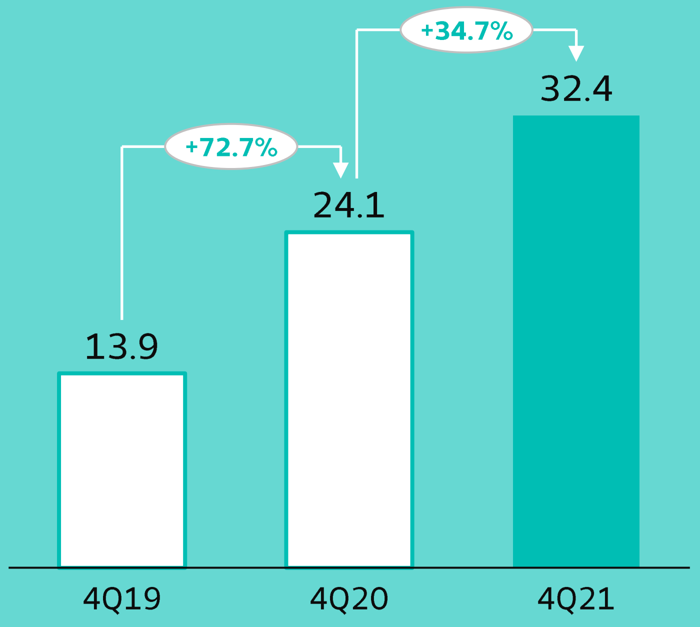
Express & Parcels Spain – CEP Volumes

million items; % change *vs.* prior year



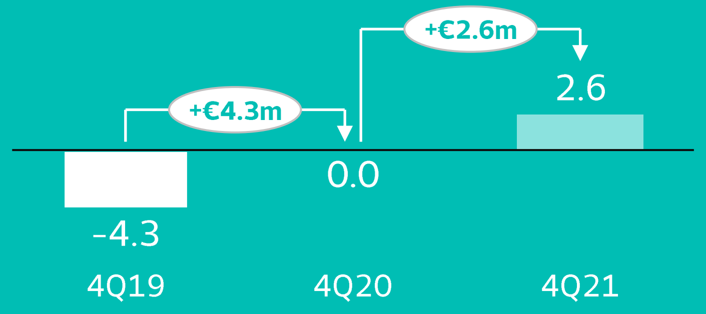
Express & Parcels Spain - Revenues

€ million; % change *vs.* prior year



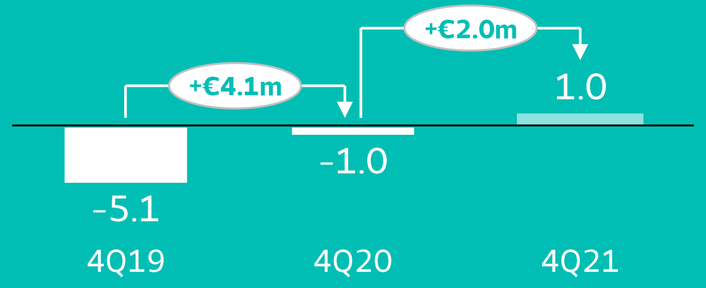
Express & Parcels Spain – EBITDA

€ million; change *vs.* prior year



Recurring EBIT

€ million; change *vs.* prior year



Consistent volume growth is translating into revenue growth and turnaround in profitability

Concession contract signed for a 7-year period

Concession contract – key highlights

- **7-year contract composed of a transition year (2022) and two 3-year terms (2023-25 and 2026-28)**
- **In accordance with the new postal law, a set of checks and balances were implemented for the definition of each term's pricing and quality parameters**
  - **Price:** Criteria to be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years; if no agreement is reached, the Government will set out the criteria
  - **Quality:** To be approved by the Government upon ANACOM's proposal following European best practices, also for three-year periods

Price

- For 2022, the transition period, the prices to be implemented shall reflect a maximum annual average variation of 6.80% - which considers the decline in volumes of 9M21 and the CPI for the Transport expense category
- For the remaining duration of the agreement the pricing criteria should encourage an efficient operation, ensure the economic and financial sustainability of the universal service provider, taking into account the variation of volumes, the relevant costs and the quality of service

Quality

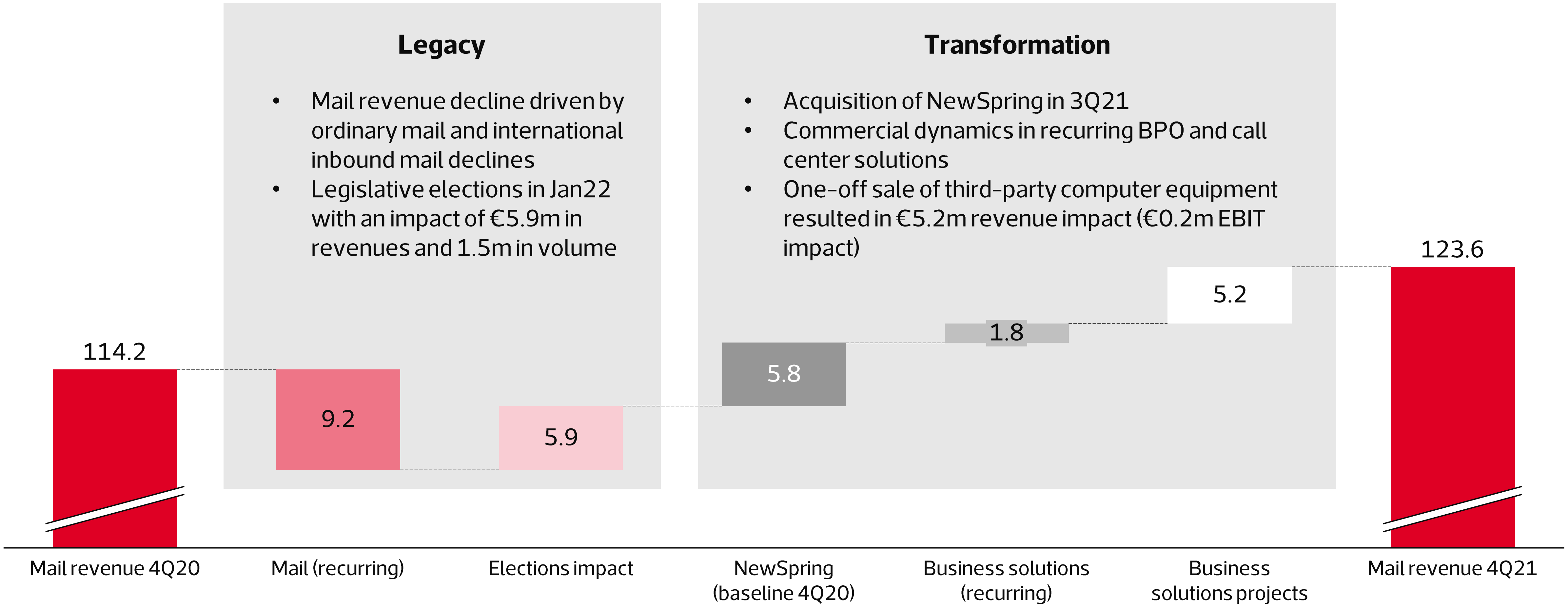
- In the transition period the quality parameters will remain untouched, while if any penalty is due, it will be translated into investment obligations
- New quality parameters should ensure high service levels aligned with the best practices in the European Union, considering the average standards of European Union countries, applicable to each indicator

Density

- The requirements for the density of the postal network remain under the jurisdiction of ANACOM, who determines the relevant indicators on the basis of a proposal submitted by CTT
- For the initial period, the current indicators apply with the new requirement of ensuring one post office per municipality (which is already the case)

Transformation of revenue profile under progress

Mail revenues
€ million



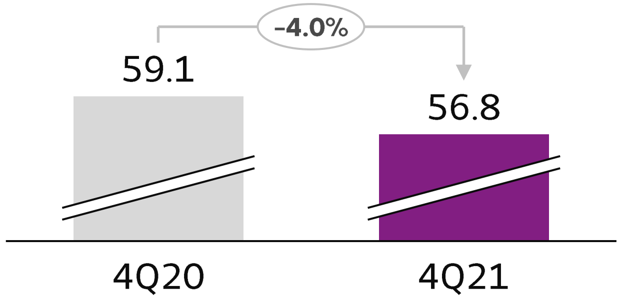
Transformation of operations and other cost efficiency initiatives starting to bear fruits

Operations Transformation

- **c.60% of mail routes have been optimized in FY21**; the whole network to be fully optimized during 2022
- Start of operation of a **decision support system to maximize parcel distribution capacity** in the mail network
- **Lean methodology** implemented in 2 processing centres and being expanded to the remaining network in 2022

Mail – staff costs (excl. Business solutions)

€ million; % change *vs.* prior year

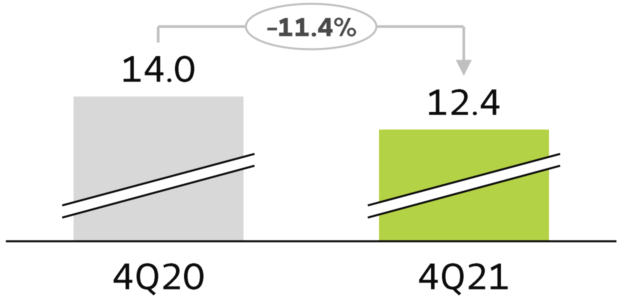


Central Structure Transformation

- Undergoing c.175-200 **suspension agreements**[1] by YE22, **with total annual savings of €5-6m**:
  - 135 suspension agreements in FY21
  - €10.6m restructuring charge incurred in FY21
- Implementation of **work-life balance, personal/professional development and equality of opportunities initiatives** within the Familiar Responsible Entity (EFR) certification process

Central Structure – staff costs

€ million; % change *vs.* prior year

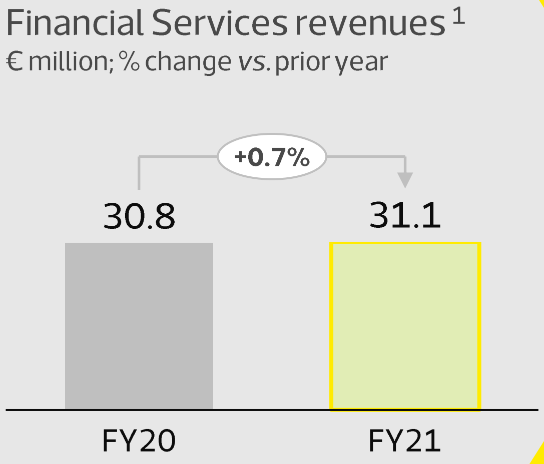


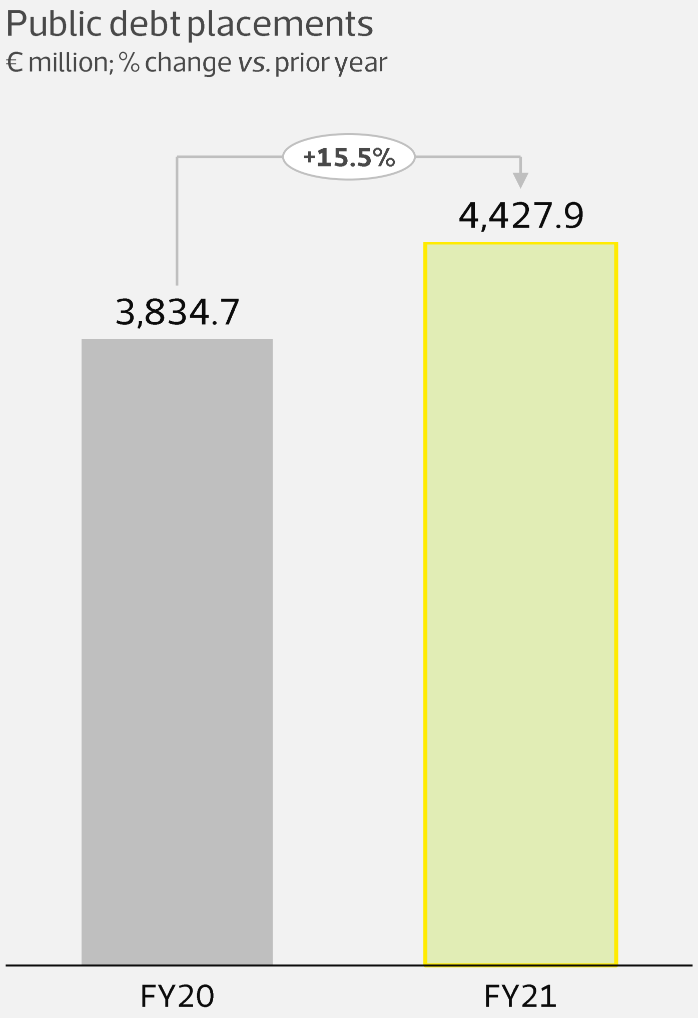
[1] Suspension agreements and other accretive exit mechanisms

CTT retail network engaged in fruitful commercial activity

Financial Services

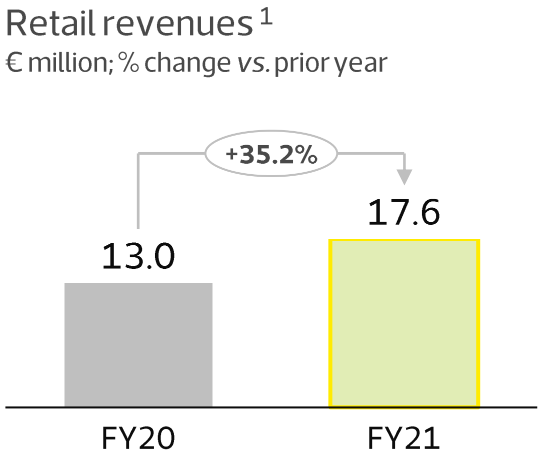
- More than €4bn in public debt placement in FY21 and placement of €43.7m in new savings products launched in 2H21 display financial services placement strength of CTT retail network





Retail products & services

- Retail revenues growing in FY21 on the back of new products and renewed commercial dynamics



[1] Excludes other revenues that account for €0.2m in FY20 and €0.2m in FY21

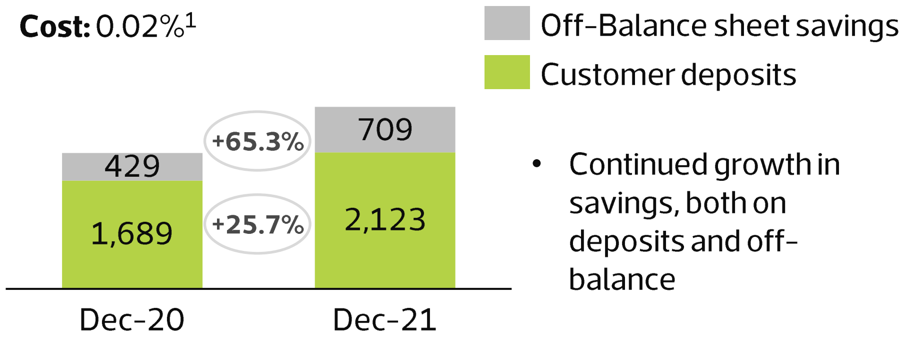
Another quarter of solid growth across the board

Banco CTT – Book volumes evolution

€ million except otherwise indicated

Customer deposits & Off-Balance sheet savings

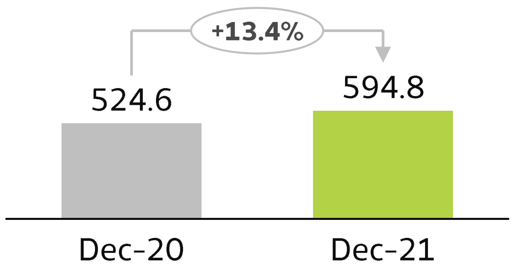
Cost: 0.02%[1]



- Continued growth in savings, both on deposits and off-balance

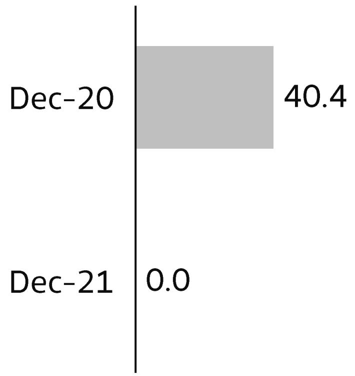
Mortgage loans [2]

Yield: 0.6%



- Steady growth in mortgage loans aligned with the commercial focus on products with higher risk-adjusted returns

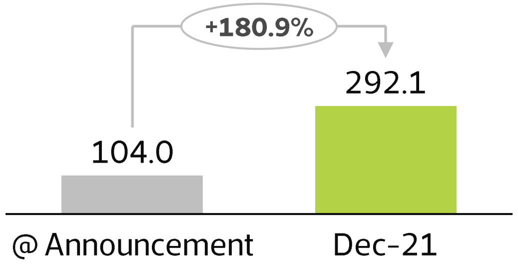
Moratoria



- All moratoria balances were terminated as at Dec-21
- Of the terminated moratoria, there are €3.5m in arrears of >30 days (5.4% of private moratoria expired)

Credit cards (Sonae partnership) [2]

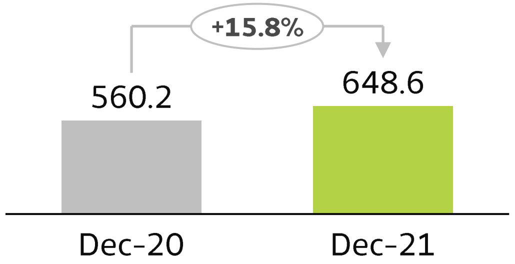
Yield: 6.1%



- Onboarding of clients ahead of schedule
- On track to reach the €300m ambition in the first 12 months

Auto loans [2]

Yield: 6.1%



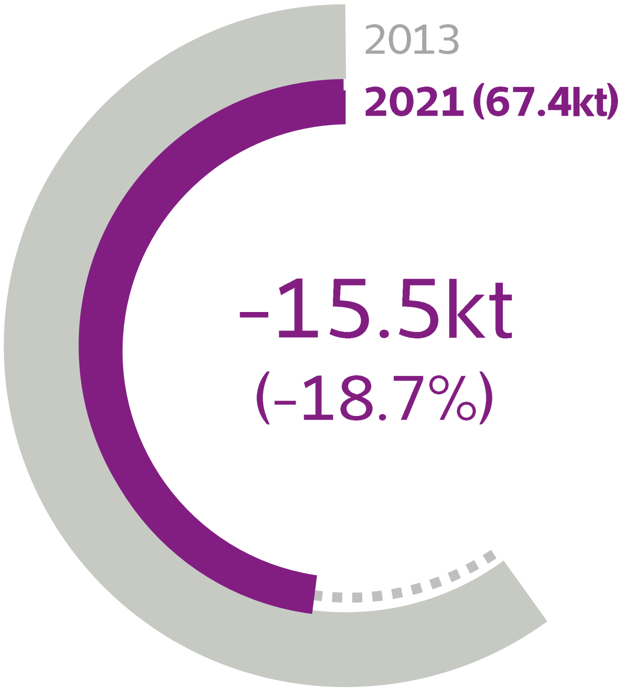
- Auto loans production increased to €63.2m (+25.5%) in 4Q21 *vs.* 4Q20, resulting in a market share gain in production

[1] Average cost of customer deposits; [2] Net of impairments

Continued focus on ESG measures and alignment with UN Sustainable Development Goals

Carbon Emissions

CO_2 (scopes 1+2+3) vs. 2013 base year (CTT science-based target)



Leadership A-

CDP Carbon Disclosure Project™

CTT distinguished at CDP rating on Climate Change

+57%

km in alternative vehicles

First 100% Electric Hub and the largest green transport and distribution fleet in Portugal

80%

% recyclable packaging

80% of letters, parcels and boxes sold to clients contain recycled paper and/or plastic

>€500k

Donated to social and environmental causes

Strong focus on culture, social exclusion and poverty projects

Financial review

ctt

Committed to deliver

2021 was a year of relentless transformation, marked by resilient revenue growth and improved profitability

Key financial indicators

€ million; % change *vs.* prior year

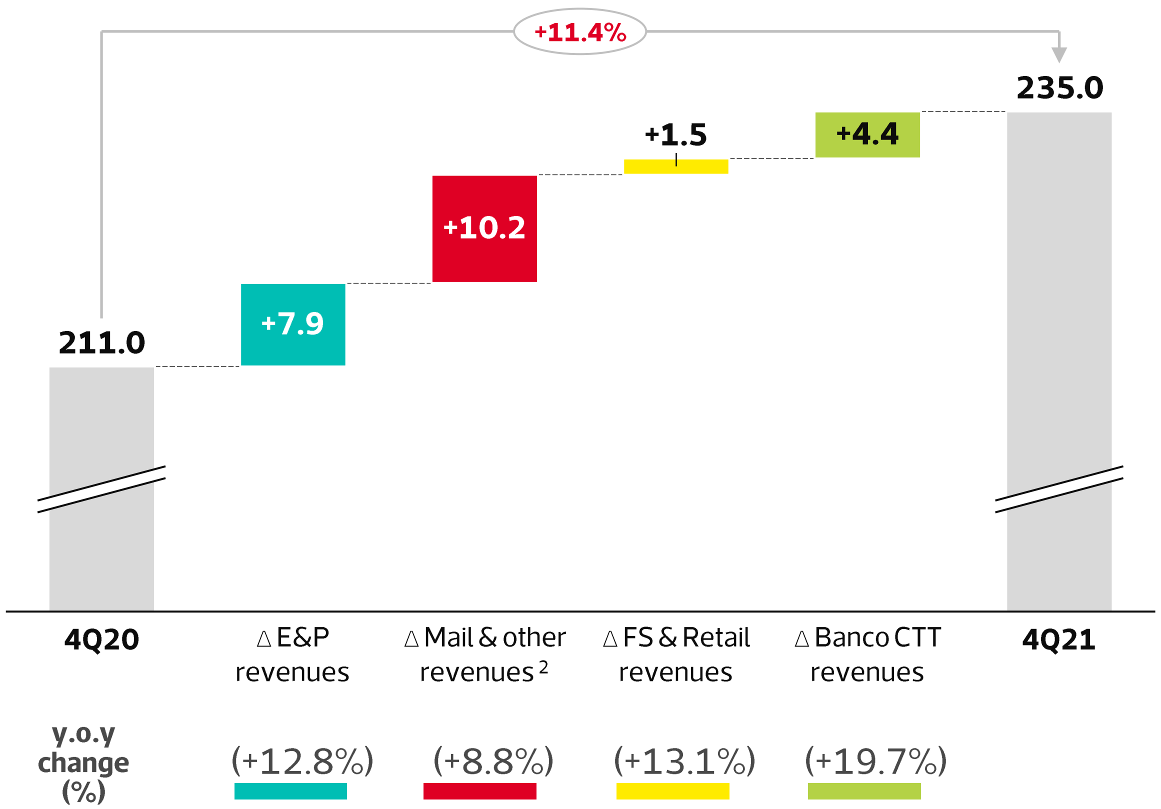
	Quarter			Full year		
	4Q20	4Q21	y.o.y	FY20	FY21	y.o.y
Revenues [1]	211.0	235.0	11.4%	745.2	847.9	13.8%
Operating costs – EBITDA [2]	172.8	199.8	15.7%	641.6	729.8	13.7%
EBITDA [2]	38.2	35.2	-8.0%	103.6	118.1	14.0%
Depreciation & amortization [3]	16.1	14.8	-8.0%	62.1	58.0	-6.6%
Recurring EBIT [1]	22.1	20.4	-7.9%	41.5	60.1	44.8%
Specific items	4.9	4.0	-18.4%	7.0	-1.8	-125.5%
EBIT	17.2	16.4	-4.9%	34.5	61.9	79.3%
Financial result	-3.0	-3.0	n.m.[4]	-11.4	-11.1	n.m.
Tax	1.9	1.2	-35.4%	6.4	12.2	92.1%
Net profit attributable to equity holders	12.3	12.1	-2.0%	16.7	38.4	130.4%
Free cash flow	22.0	5.9	-73.2%	21.8	45.3	107.5%

[1] Excluding Specific items; [2] Excluding Specific items, depreciation & amortization; [3] Depreciation & amortization were positively impacted in FY21 by the revision of the useful life of some assets; [4] Not meaningful

Growth in all business units in 4Q21 propels double-digit revenue growth

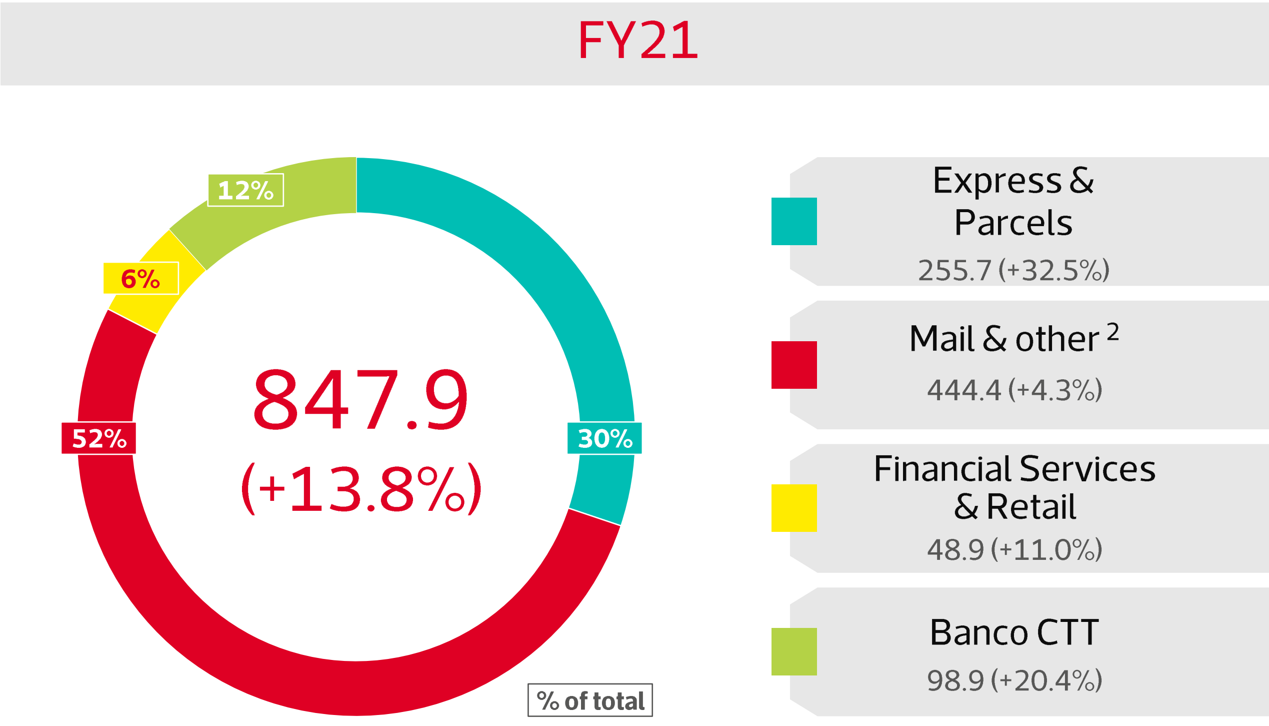
Revenues [1]

€ million; % change *vs.* prior year



Revenues [1] breakdown

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

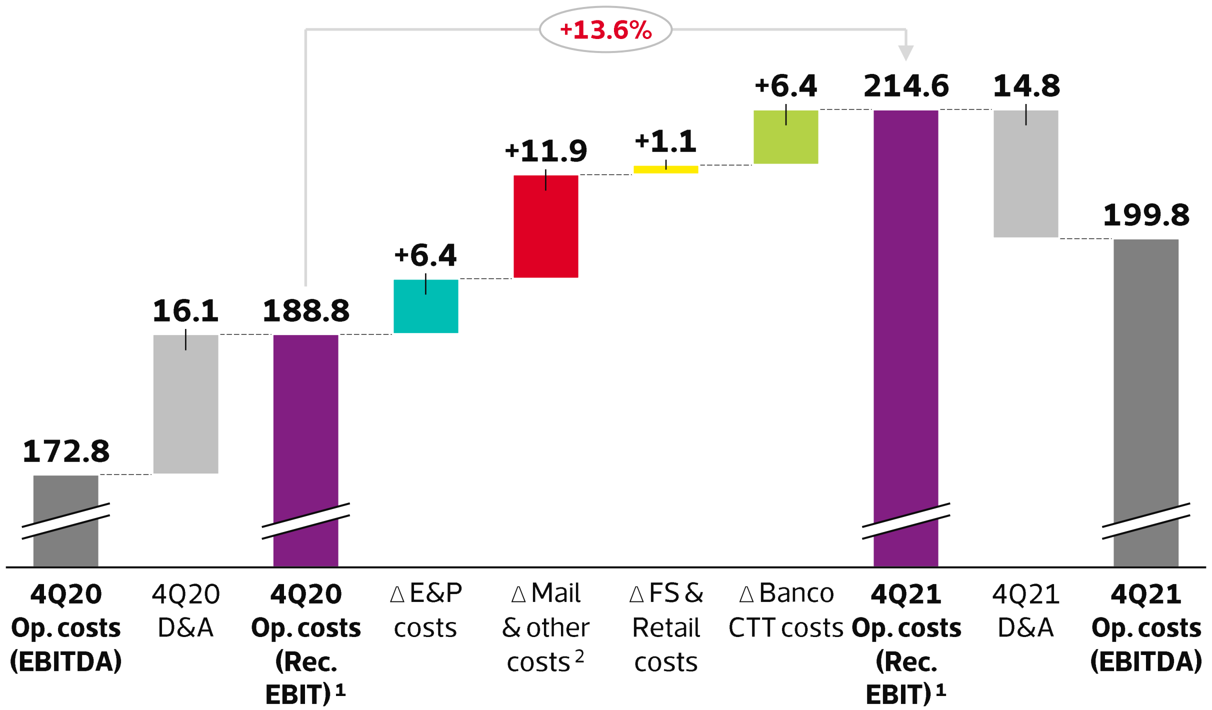


[1] Excluding Specific items; [2] Including Central Structure

Opex reflects increased activity across the various business areas

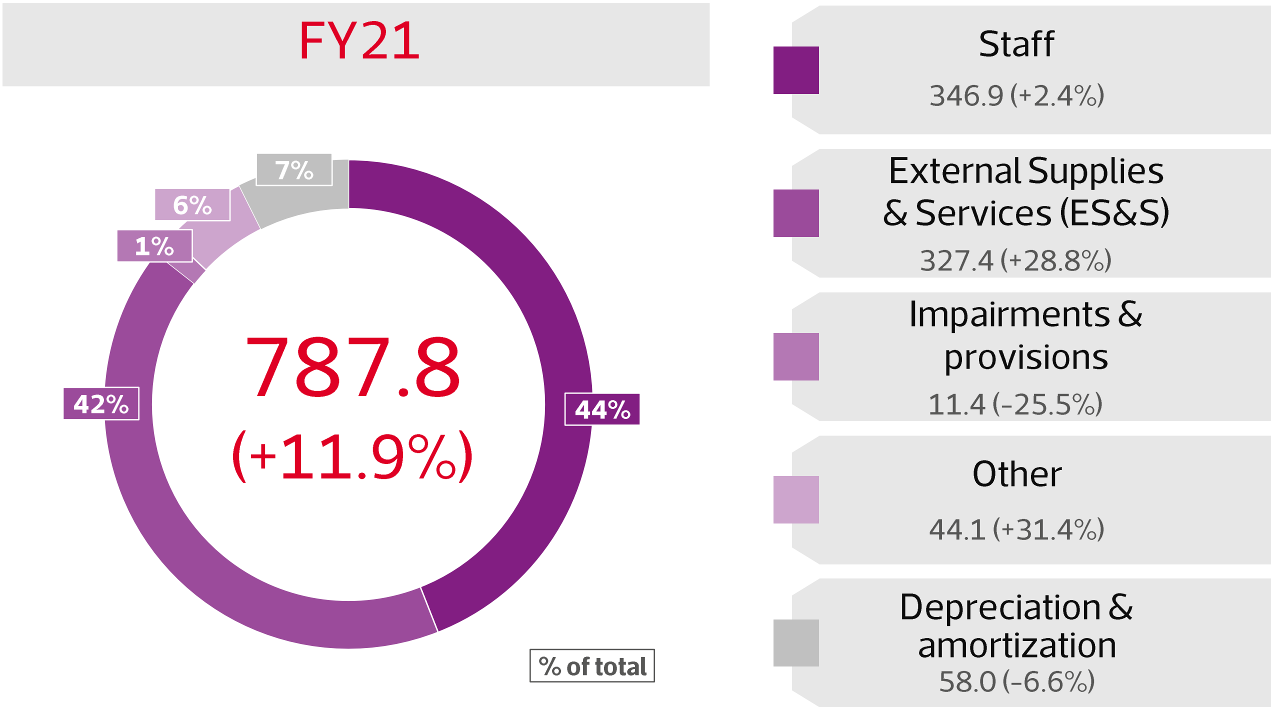
Operating costs

€ million; % change *vs.* prior year



Operating costs (Rec. EBIT) [1] breakdown

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



In **4Q21**:

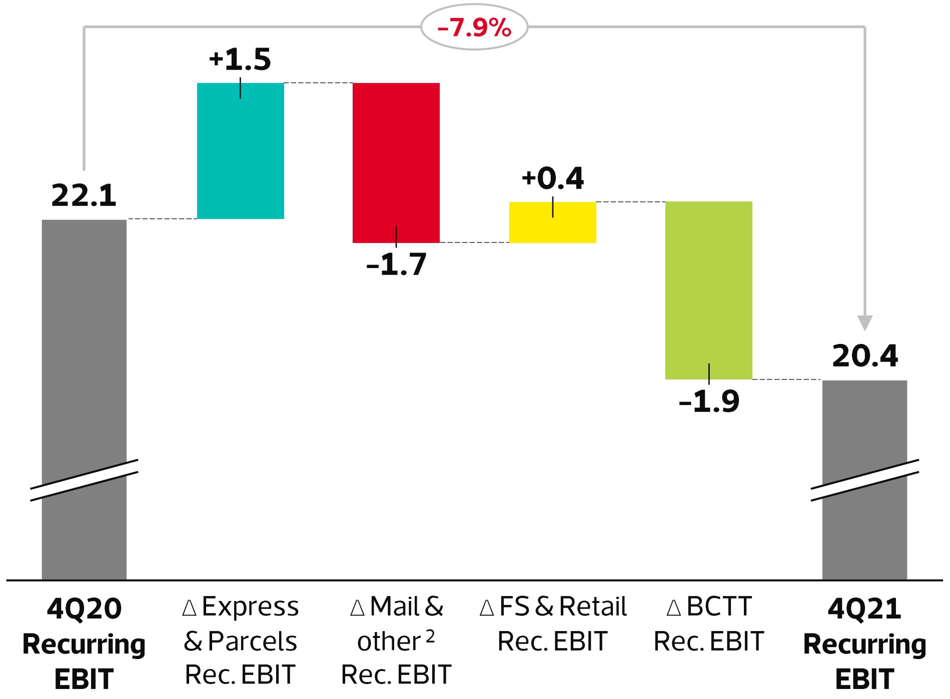
- **Staff costs decreased in Mail & other (-€0.9m), notwithstanding the integration of NewSpring (+2.9m), which was offset by the decline in Mail (-€2.4m) and Central Structure (-1.6m**). The remaining BU staff costs decreased (Express & Parcels -€0.1m and Financial Services & Retail -€0.2m), with the exception of Banco CTT (+€0.7m)
- **ES&S costs grew by €18.4m**, mainly as a result of a €5.8m increase in transport and distribution costs, a €3.5m increase in foreign operators from the international outbound mail from the elections, and a €2.7m increase in business solutions costs due to the increased commercial dynamic and integration of NewSpring
- **Other costs increased by €10.6m**, mainly due to the €5.0m cost registered in the sale of computer equipment

[1] Excluding Specific items. In 2021 and in the same period of the previous year (proforma), operating costs (EBITDA) include impairments and provisions and the impact of the leases covered by IFRS 16 being presented pursuant to this standard; [2] Including Central Structure

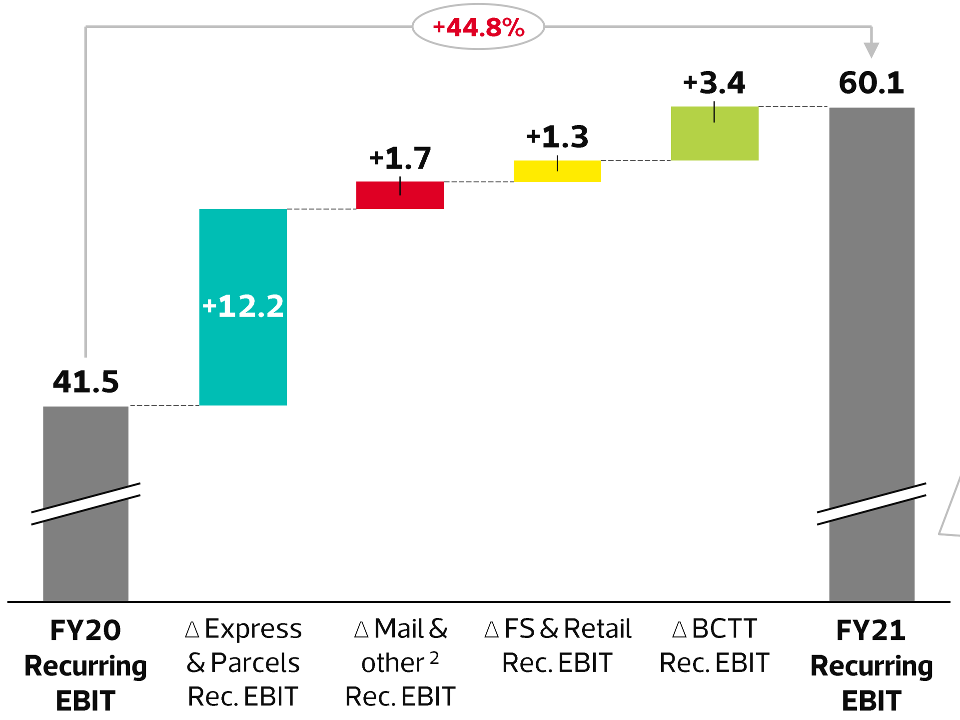
Solid growth of recurring EBIT in 2021 underpinned by E&P performance

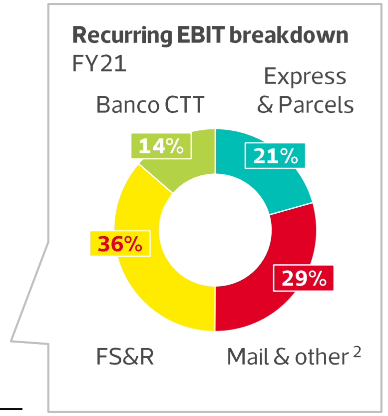
Recurring EBIT [1]

€ million



4Q21		
10.5%	Recurring EBIT margin	8.7%





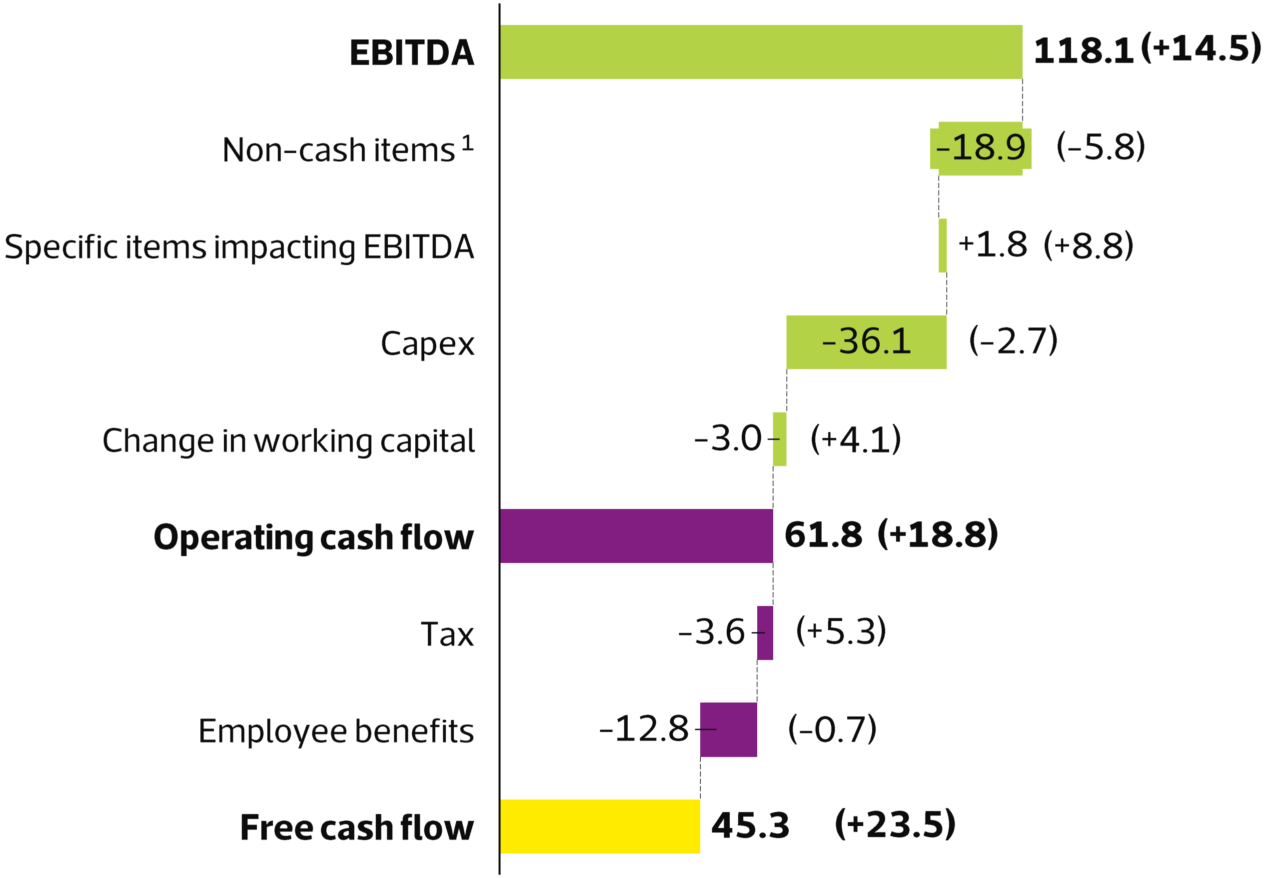
FY21		
5.6%	Recurring EBIT margin	7.1%

[1] Excluding Specific items; [2] Including Central Structure

Adjusted cash increased by c.€6.8m in FY21

FY21 Cash flow

€ million; impact on cash flow *vs.* prior year



31 December 2021 Net financial debt [2]

€ million

(+) Cash & cash equivalents	877.9
(-) Net Financial Services & other payables [3]	199.1
(-) Banco CTT liabilities, net [3]	515.6
(-) Other [4]	20.9
(=) Adjusted cash	142.3
(-) Financial debt	85.8
(=) Net cash position	56.4
(-) Lease liabilities (IFRS 16)	115.3
Net financial debt [2]	58.9

[1] Impairments, provisions and IFRS 16 affecting EBITDA; [2] Only financial debt presented in the table; it does not include net employee benefits of €204.5m as at 31 December 2021; [3] The change in net liabilities of Financial Services and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities/banking financial assets, of entities of the CTT Group providing financial services, namely CTT financial services, Payshop, Banco CTT and 321 Crédito. [4] The change in other cash items reflects the evolution of Banco CTT's sight deposits at Bank of Portugal, outstanding cheques/clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications

Business transformation and operations optimization as main pillars for FY22

- Expand integrated Iberian footprint to enable grabbing the full potential of e-commerce convergence in Portugal and Spain
- Continue to implement transformation initiatives to drive revenue sustainability by reducing dependence on traditional mail services
- Improve structurally mail profitability given a more balanced and sustainable concession contract
- Propel Banco CTT's growth, underpinned by balance sheet optionality and potential equity and industry partnerships
- Compensate pressure in mail revenues through implementation of profitability and efficiency initiatives, which are already visible
- Exploit inorganic expansion opportunities in logistics and fulfilment segments in Iberia

Improving shareholder remuneration while maintaining financial flexibility

Key principles

Ambition to implement an attractive shareholder remuneration policy, constituting an adequate source of income for its shareholders

Enable CTT to continue to pursue its objectives of investing in business growth and to be a reference Iberian player in logistics and e-commerce

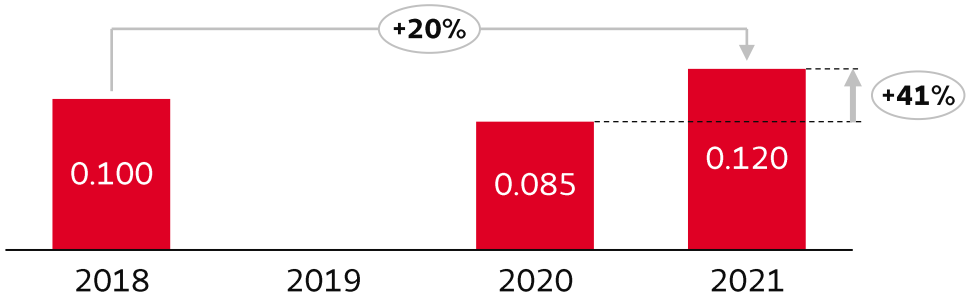
Combine recurrent, dividend-based, and opportunistic shareholder remuneration, based on SBB and subsequent cancellation of shares, that is within the context of specific market conditions

Dividends

- Dividend of €0.12 per share for the 2021 financial year to be proposed and subject to approval in the AGM, payable in May 2022

DPS

€ per share



	2018	2019	2020	2021
Divi. Payout[1]	76.4%	-	76.3%	47.3%[2]
Divi. Yield[3]	3.4%	-	3.6%	2.6%

Share buyback

- €18m share buyback plan (equivalent to 2.7% of market cap[4])
- SBB to be implemented until YE22

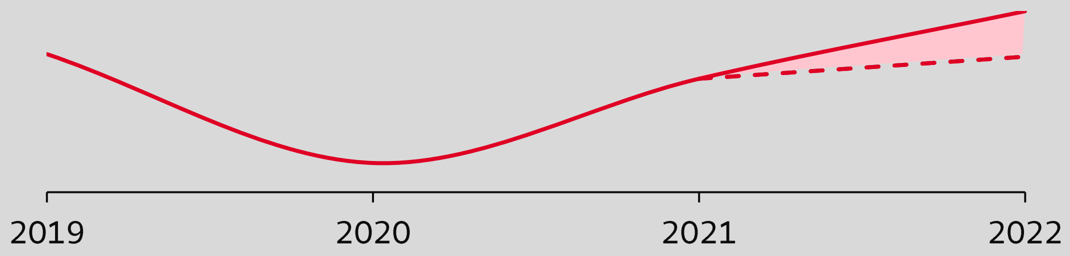
[1] Based on individual accounts; [2] Excludes the dividend paid on the 1.5m own shares of the share buyback of 2021; [3] Yield calculated taking as a reference the year end share price of each year; [4] Using market cap of 15 March 2022

Continued growth and transformation, notwithstanding a challenging environment

Guidance

- High single digit decline in mail volumes
- Low double digit growth in Iberian E&P volumes, subject to normalization of supply chains
- Mid-to-high single digit revenue growth
- Recurring EBIT in FY22 expected to be within €65-75m range
- EBIT generation to be more geared towards 2H22:
  - de minimis impact to phase out as from 3Q;
  - annual mail price increases as of 7 March;
  - E&P with more demanding comparable in 1H due to lockdown period in 1Q21.

Recurring EBIT expected to grow above pre-pandemic levels



Risk outlook

- Macro risks are relevant and persistent: geopolitical uncertainty, inflation, cost of energy and raw materials and de minimis
- The COVID-19 pandemic continues to represent a relevant risk factor
- There are also severe risks in the functioning of logistics chains, namely originated in Asia

CTT

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