



1H22

Results Presentation

ctt

Committed to deliver

27 July 2022

Disclaimer

DISCLAIMER

This document has been prepared by CTT – Correios de Portugal, S.A. (the “Company” or “CTT”) exclusively for use during the presentation of the first half 2022 results (1H22). As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason or purpose without the express and prior written consent of CTT. This document (i) may contain summarised information and be subject to amendments and supplements, and (ii) the information contained herein has not been verified, reviewed nor audited by any of the Company’s advisors or auditors.

Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any of the information contained in this document. Consequently, the Company does not assume liability for this document if it is used for a purpose other than the above. No express or implied representation, warranty or undertaking is made as to, and no reliance shall be placed on, the accuracy, completeness or correctness of the information or the opinions or statements expressed herein. Neither the Company nor its subsidiaries, affiliates, directors, employees or advisors assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents. Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement.

This document has an informative nature and does not constitute, nor must it be interpreted as, an offer to sell, issue, exchange or buy any financial instruments (namely any securities issued by CTT or by any of its subsidiaries or affiliates), nor a solicitation of any kind by CTT, its subsidiaries or affiliates. Distribution of this document in certain jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. Moreover, the recipients of this document are invited and advised to consult the public information disclosed by CTT on its website (www.ctt.pt) as well as on the Portuguese Securities Market Commission’s website (www.cmvm.pt). In particular, the contents of this presentation shall be read and understood in light of the financial information disclosed by CTT, through such means, which prevail in regard to any data presented in this document. By attending the meeting where this presentation is made and reading this document, you agree to be bound by the foregoing restrictions.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. All the statements herein which are not historical facts, including, but not limited to, statements expressing our current opinion or, as applicable, those of our directors regarding the financial performance, the business strategy, the management plans and objectives concerning future operations and investments are forward-looking statements. Statements that include the words “expects”, “estimates”, “foresees”, “predicts”, “intends”, “plans”, “believes”, “anticipates”, “will”, “targets”, “may”, “would”, “could”, “continues” and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements included herein involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results, performance or achievements to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect our current views concerning future events and are subject to these and other risks, uncertainties and assumptions relating to the results of our operations, growth strategy and liquidity, and the wider environment (specifically, market developments, investment opportunities and regulatory conditions).

Although CTT believes that the assumptions beyond such forward-looking statements are reasonable when made, any third parties are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of CTT, what could cause the models, objectives, plans, estimates and / or projections to be materially reviewed and / or actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements (in particular, the objectives, estimates and projections as well as the corresponding assumptions) do neither represent a commitment regarding the models and plans to be implemented, nor are they guarantees of future performance, nor have they been reviewed by the auditors of CTT. You are cautioned not to place undue reliance on the forward-looking statements herein.

All forward-looking statements included herein speak only as at the date of this presentation. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Operational review

ctt

Committed to deliver

Key takeaways



2Q22 recurring EBIT of €12.0m, within the guidance of €10–14m announced at the Capital Markets Day



E&P in Portugal returned to CEP volume growth, nevertheless lower average revenue per item penalized revenue growth



Revenue growth in E&P in Spain driven by improved pricing, which more than compensates volume slowdown driven by market dynamics and changing commercial model



The pricing lever is enhancing sustainability of mail while benefiting from historically low volume¹ decline of –2.5%



Solid and expanding balance sheet positions Banco CTT for further revenue growth and offers interest rate leverage



2030 Net-zero ambition announced at Capital Markets Day

¹ Addressed mail excluding inbound mail

Significant sequential improvement in recurring EBIT, in line with guidance at the CMD

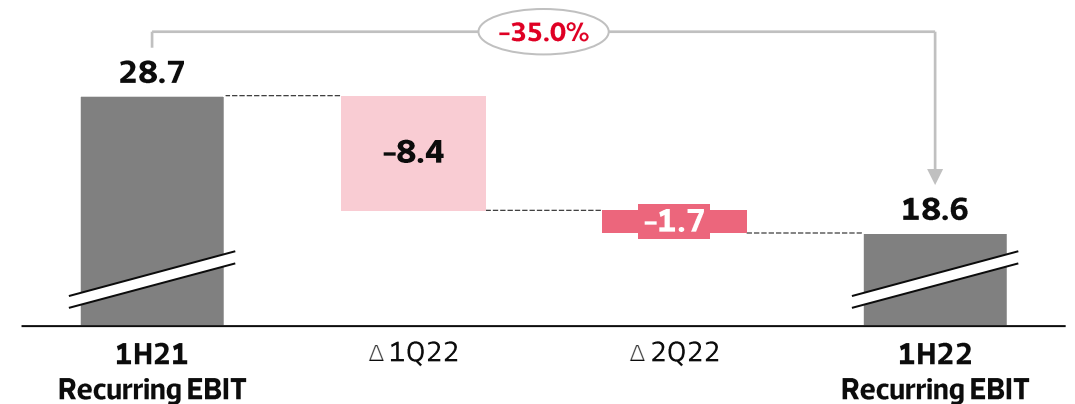
Group CTT – Financials

€ million

	2Q22	1H22
Revenues ¹	€211.7m (+2.0%)	€446.4m (+8.2%)
Recurring EBIT	€12.0m (-12.2%)	€18.6m (-35.0%)

Recurring EBIT evolution

€ million; % change vs. prior year



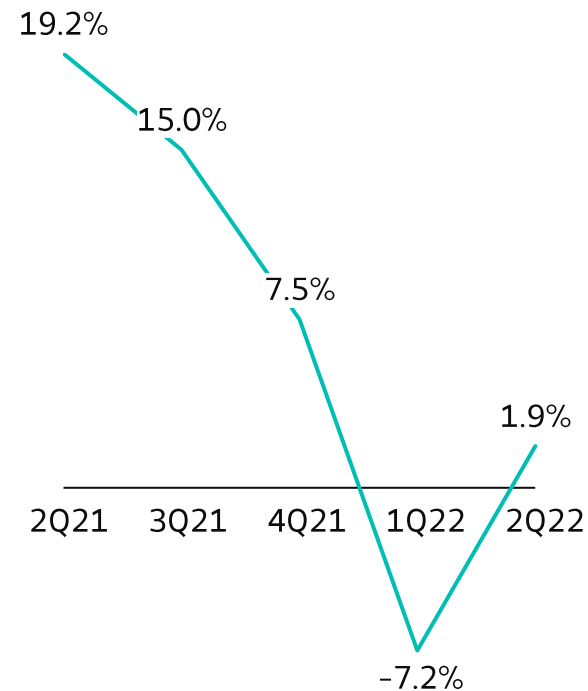
	Express & Parcels		Mail & other ²		Financial Services & Retail		Banco CTT	
	Revenues	Recurring EBIT	Revenues	Recurring EBIT	Revenues	Recurring EBIT	Revenues	Recurring EBIT
2Q22	€61.3m (-1.7%)	€2.4m (-18.1%)	€108.1m (-0.8%)	€1.6m (-66.6%)	€12.3m (+6.3%)	€6.0m (+17.2%)	€29.9m (+22.0%)	€2.1m (+109.6%)
1H22	€122.7m (-2.5%)	€3.7m (-31.7%)	€241.6m (+11.0%)	€-1.7m (-118.1%)	€24.2m (+2.2%)	€11.2m (-0.6%)	€57.9m (+26.8%)	€5.5m (+128.9%)

¹ Excluding Specific items; ² Including Central Structure.

E&P Portugal: Upturn in CEP volumes

Express & Parcels Portugal CEP Volumes

% change vs. prior year



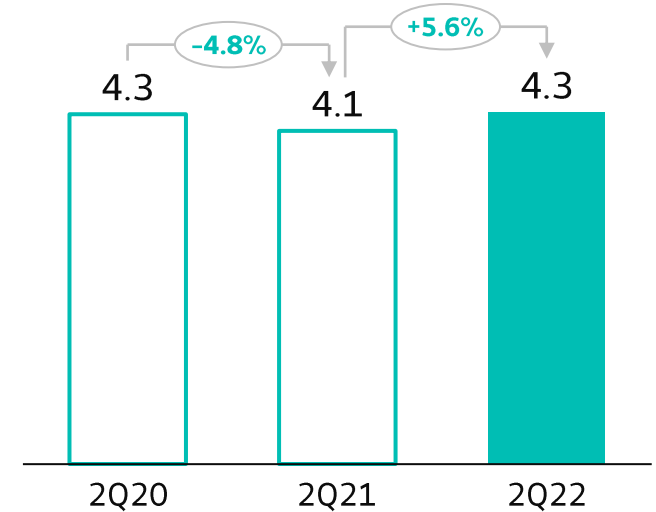
Express & Parcels Portugal Revenues

€ million; % change vs. prior year



Express & Parcels Portugal EBITDA ¹

€ million; % change vs. prior year

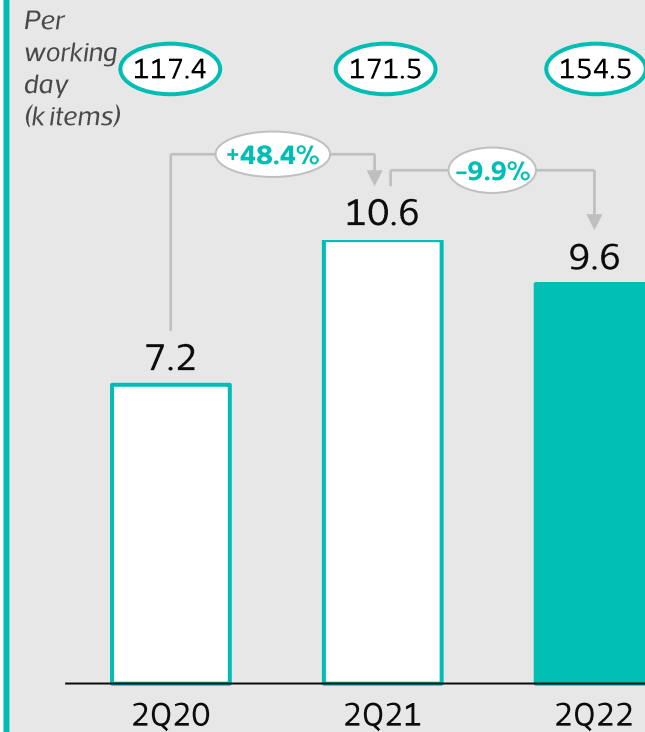


¹Individual accounts.

E&P Spain: Favorable evolution of pricing driving profitability

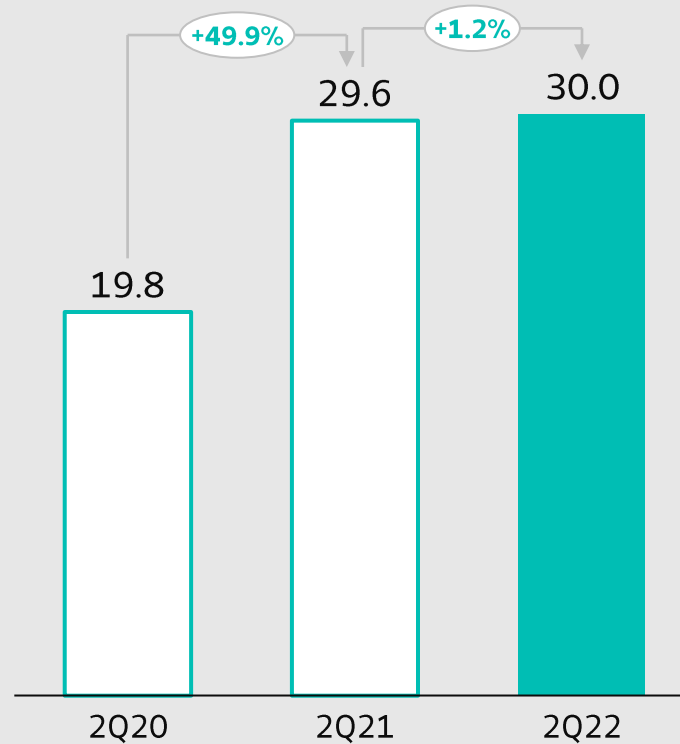
Express & Parcels Spain CEP Volumes

million items; % change vs. prior year



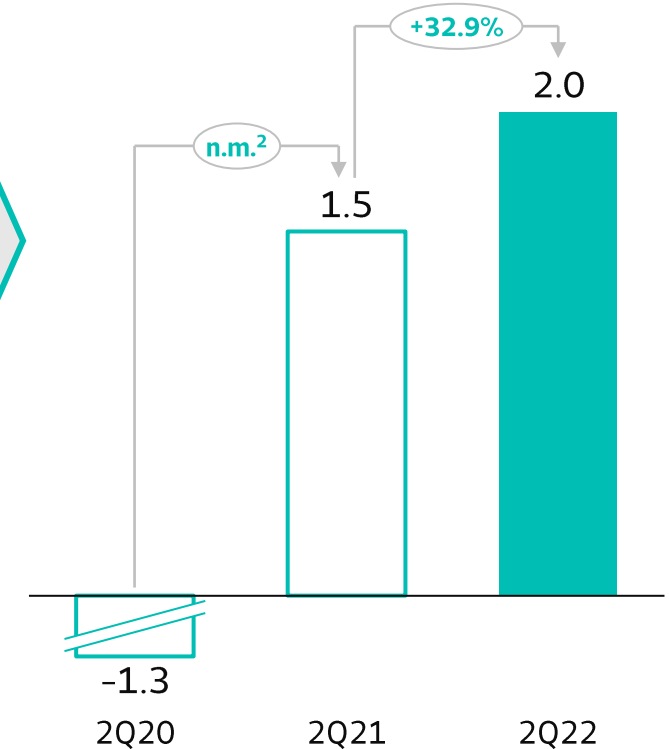
Express & Parcels Spain Revenues

€ million; % change vs. prior year



Express & Parcels Spain EBITDA ¹

€ million; % change vs. prior year

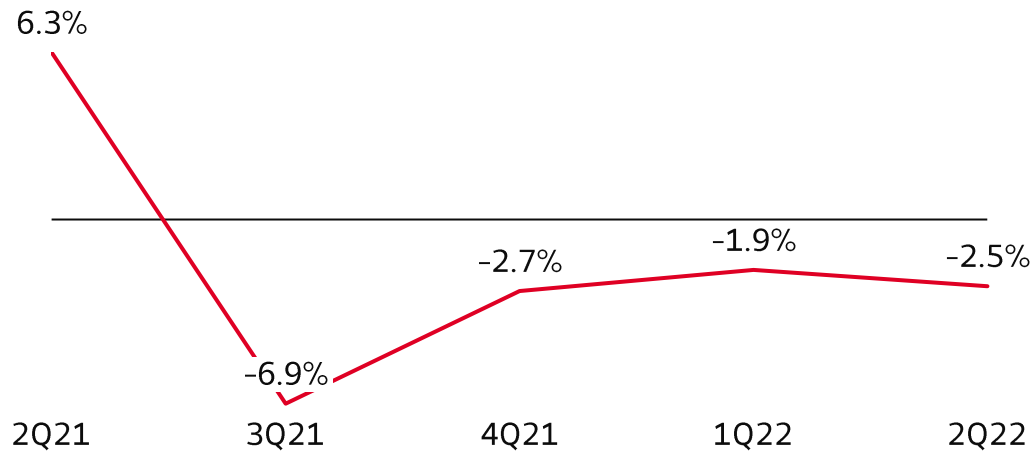


¹Individual accounts; ²Not meaningful.

Historically low decline in volume, despite *de minimis*, which annualizes in 3Q22

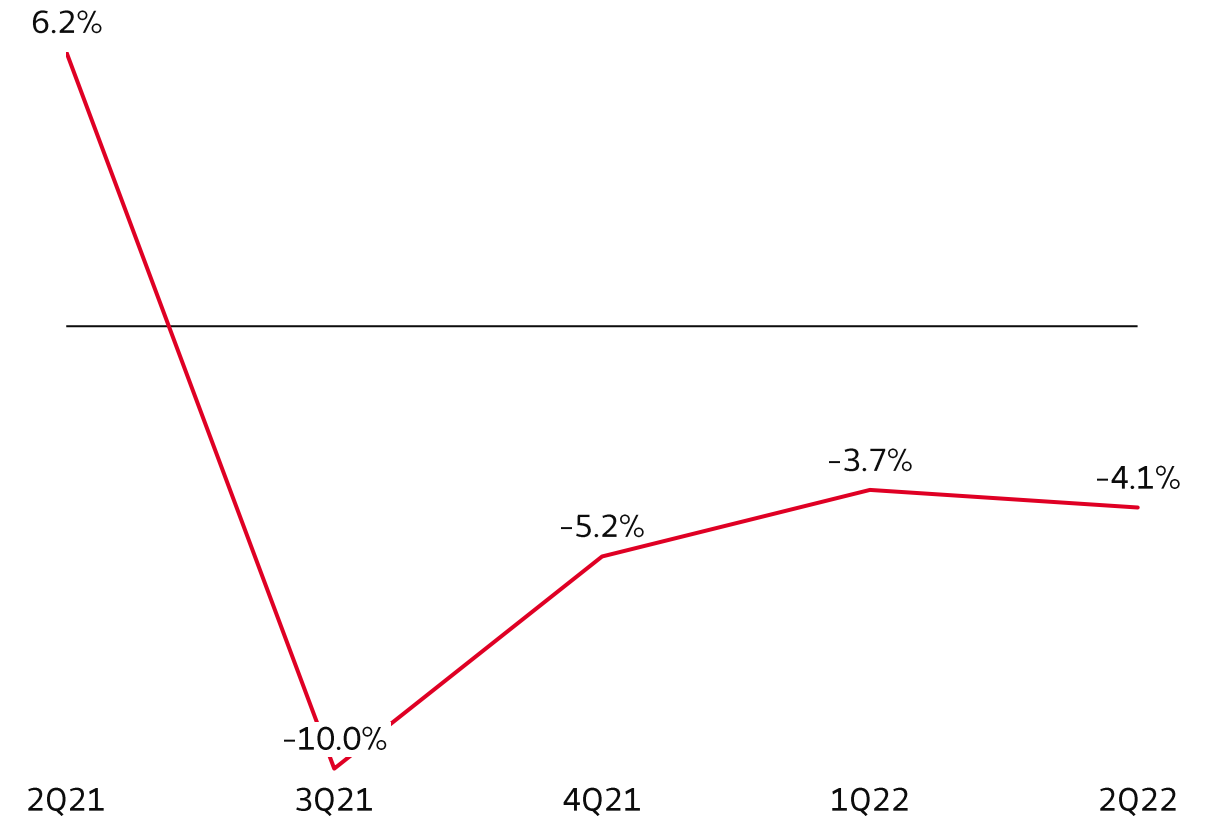
Addressed mail volumes (exc. Inbound)

% change vs. prior year



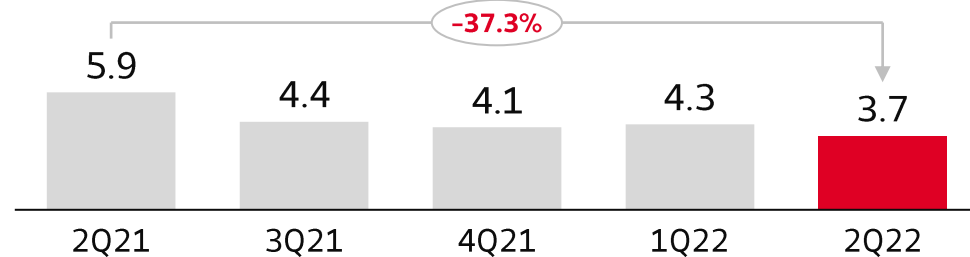
Addressed mail volumes (total)

% change vs. prior year



Inbound volumes

million items; % change vs. prior year

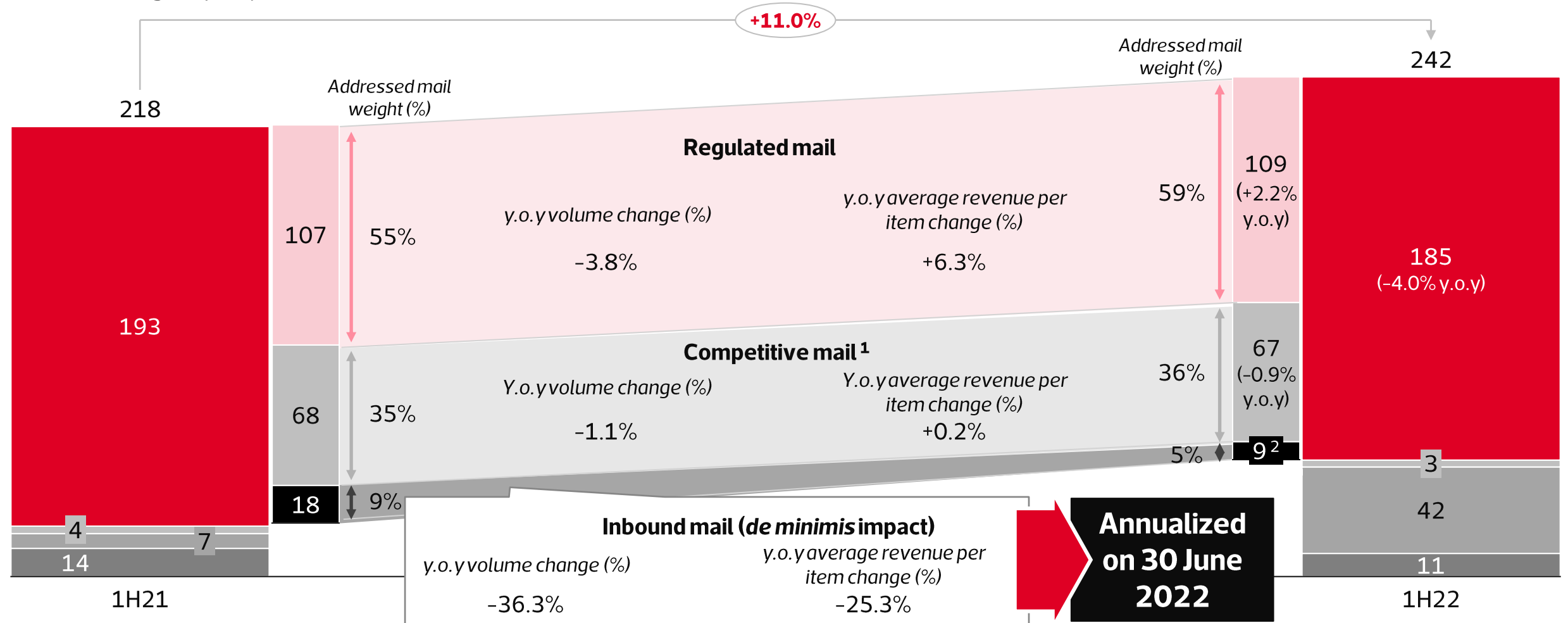


Regulated price increase over 55% of revenues, while competitive segment registers volume and price stability

Mail & other revenues

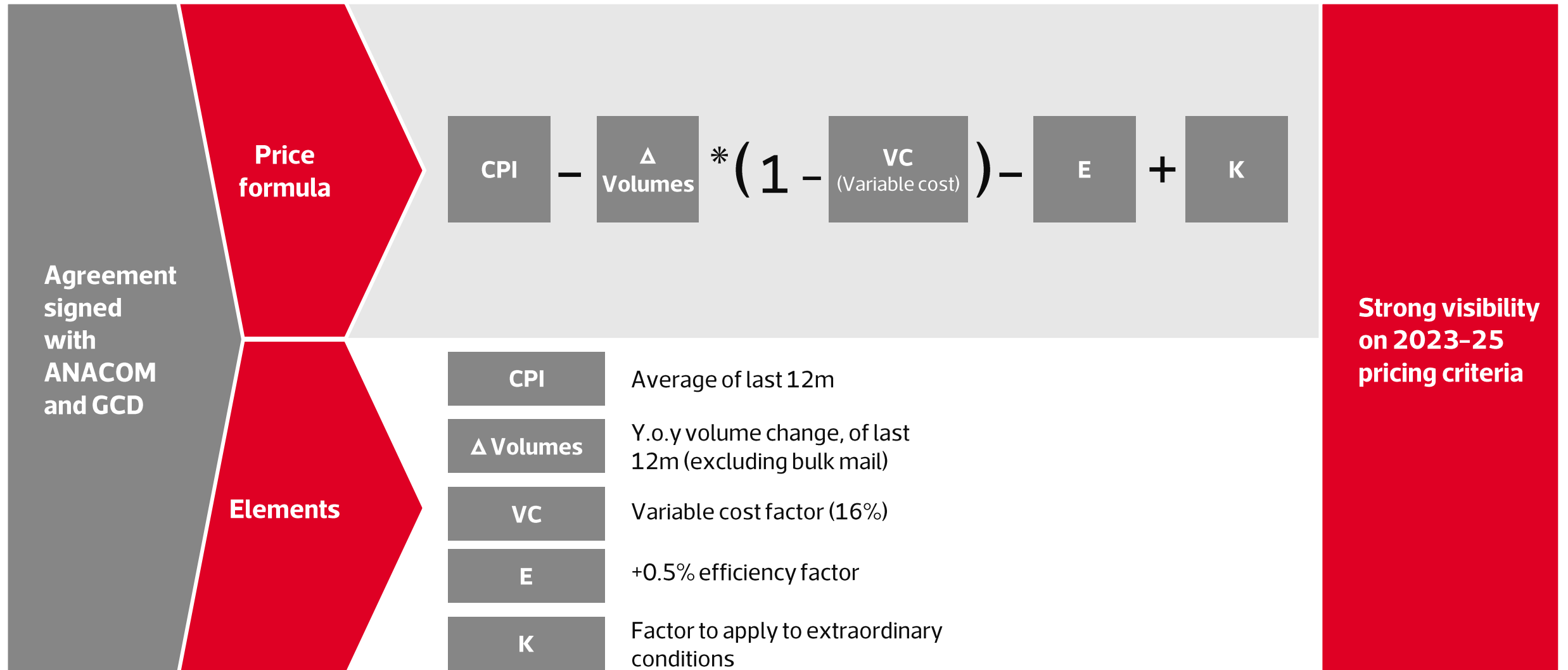
€ million; % change vs. prior year

Addressed Unaddressed Business solutions Other



¹Includes bulk and advertising mail; ² -52.4% y.o.y

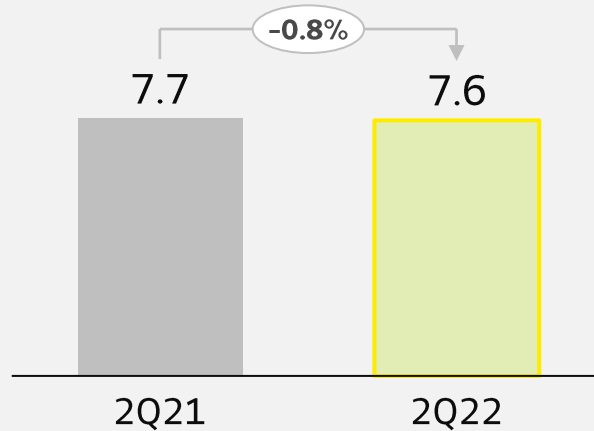
Positive outcome on the negotiation with ANACOM and General Consumer Directorate improves visibility on pricing mechanism for 2023-25



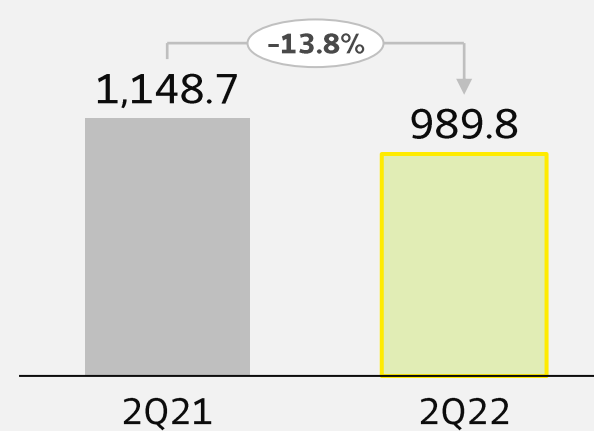
Positive performance of retail compensates for slowdown in public debt placements

Financial Services

Financial Services revenues¹
€ million; % change vs. prior year



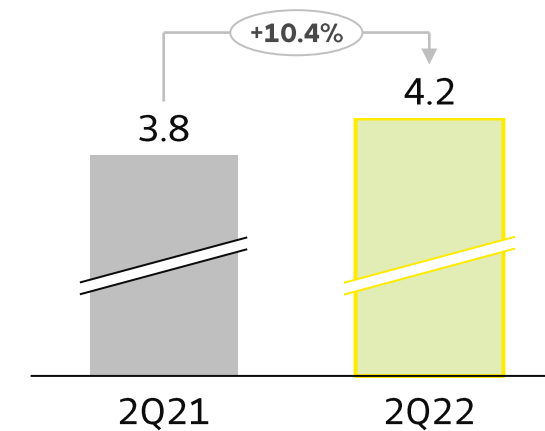
Public debt placements
€ million; % change vs. prior year



- In 2022, public debt placements declined 13.8% y.o.y to €1.0bn due to lower maturities in CTT's client base
- The attractiveness of public debt savings linked to short term interest rates is increasing and partially compensating lower competitiveness of long-term rate products
- July daily subscription data pointing to recovery to levels above 2021 as the short-term interest linked product is increasing its awareness

Retail products & services

Retail revenues¹
€ million; % change vs. prior year



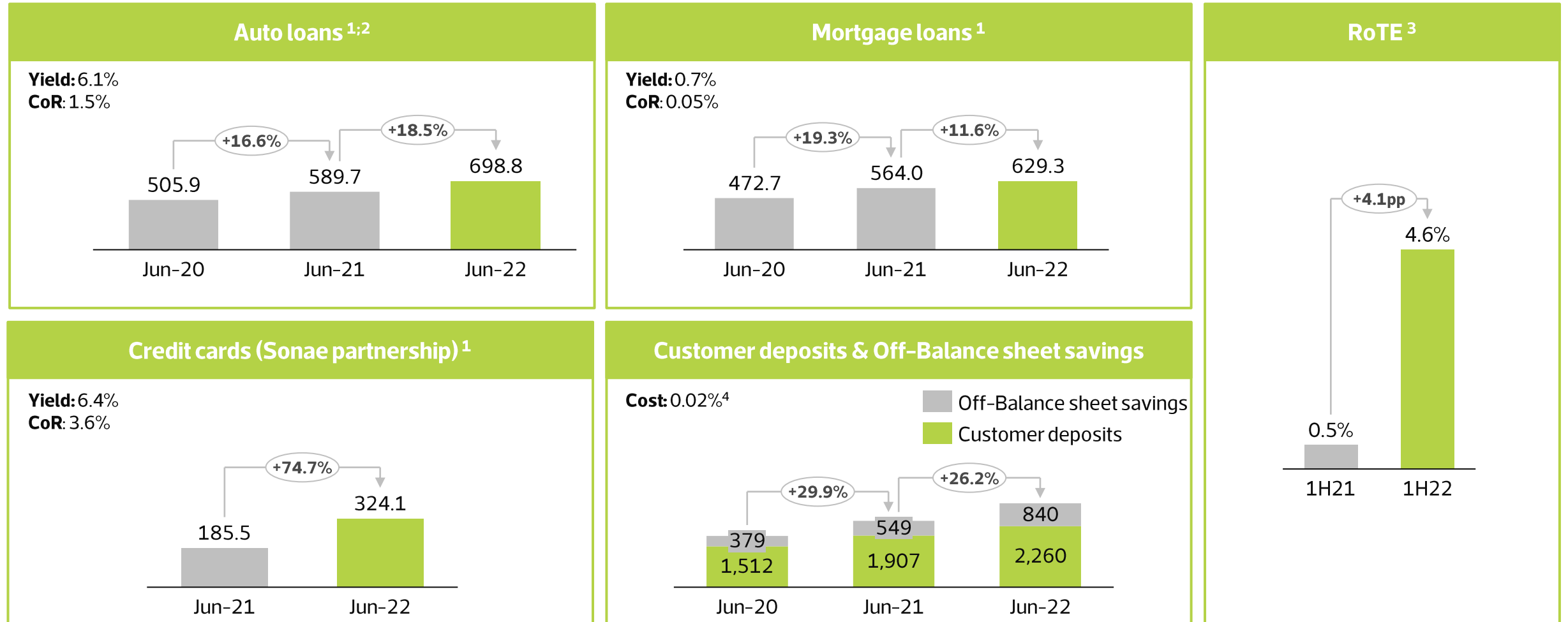
- Retail revenues growing in 2022 on the back of new products, renewed commercial dynamics and less restrictions on physical retail from the pandemic, when compared with 2021

¹ Excludes other revenues that account for €0.05m in 2021 and €0.4m in 2022

Solid volume growth, resulting in revenue growth and in healthy expansion of RoTE

Banco CTT – Book volumes evolution

€ million, except otherwise indicated



¹ Net of impairments; ² Consolidated contribution; ³ Excluding Specific items, annualized. ⁴ Average cost of customer deposits.

Progress on environmental and social initiatives

Environmental



2030 Net-zero ambition announced at Capital Markets Day



4 new green delivery centers



Distance covered by green fleet: +124% in 1H22



Tree for the forest project resumed this year
(c. 6,000 trees planted in 1H22)



CTT ECO reusable package project distinguished with
honorable mention at Sustainability National Award

Social



Fundraiser campaign to support Ukrainian people



CTT obtained the certification of “efr – Responsible
Family Entity” awarded by “Fundación Másfamilia”
in partnership with ACEGE and certified by APCER.

ESG



Financial review

ctt

Committed to deliver

Revenue growth, flat EBITDA and recurring EBIT in line with expectations already disclosed at the CMD

Key financial indicators

€ million; % change vs. prior year

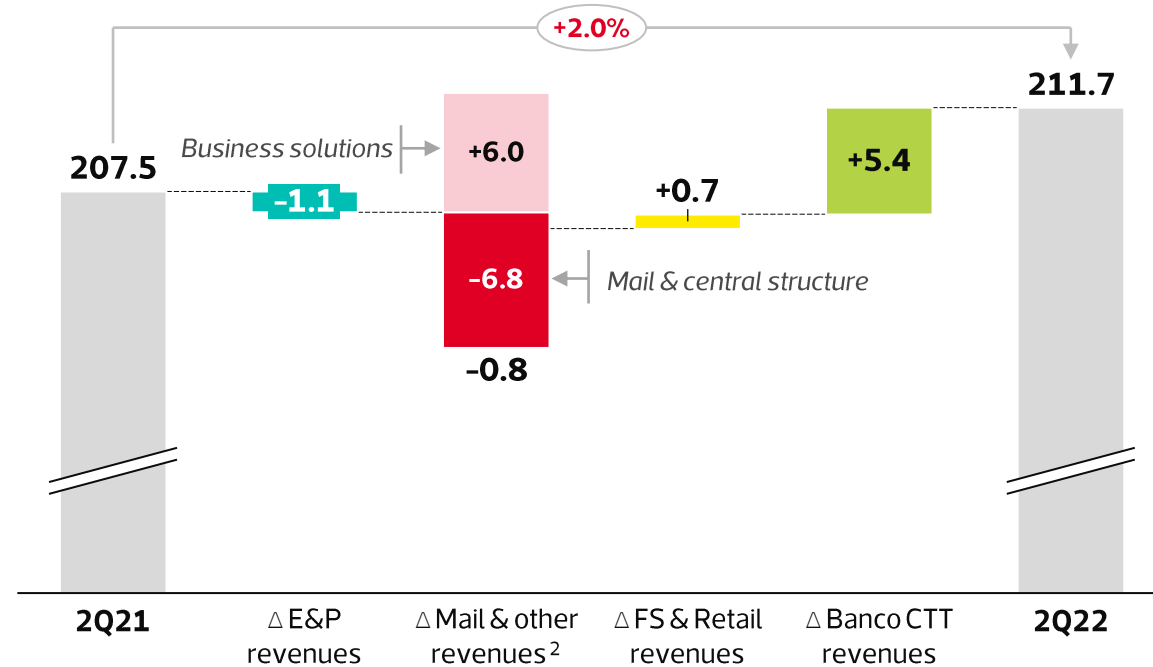
	Quarter			Half		
	2Q21	2Q22	y.o.y	1H21	1H22	y.o.y
Revenues¹	207.5	211.7	2.0%	412.8	446.4	8.2%
Operating costs – EBITDA ²	179.2	183.3	2.3%	355.5	396.0	11.4%
EBITDA²	28.3	28.4	0.5%	57.3	50.4	-12.0%
Depreciation & amortization	14.6	16.4	12.4%	28.6	31.8	11.1%
Recurring EBIT¹	13.6	12.0	-12.2%	28.7	18.6	-35.0%
Specific items	-1.5	0.6	n.m.³	-2.3	-2.1	10.6%
EBIT	15.1	11.3	-24.9%	31.0	20.7	-33.2%
Financial result	-2.7	-2.5	7.2%	-5.4	-4.7	13.1%
Tax	3.9	-0.3	-108.4%	8.4	1.5	-82.2%
Net profit attributable to equity holders	8.5	9.2	7.9%	17.2	14.5	-15.3%
Free cash flow	21.4	-2.4	-111.2%	31.3	3.8	-87.7%

¹ Excluding Specific items; ² Excluding Specific items, depreciation & amortization; ³ Not meaningful

Banco CTT consistent growth driving revenue growth in the quarter

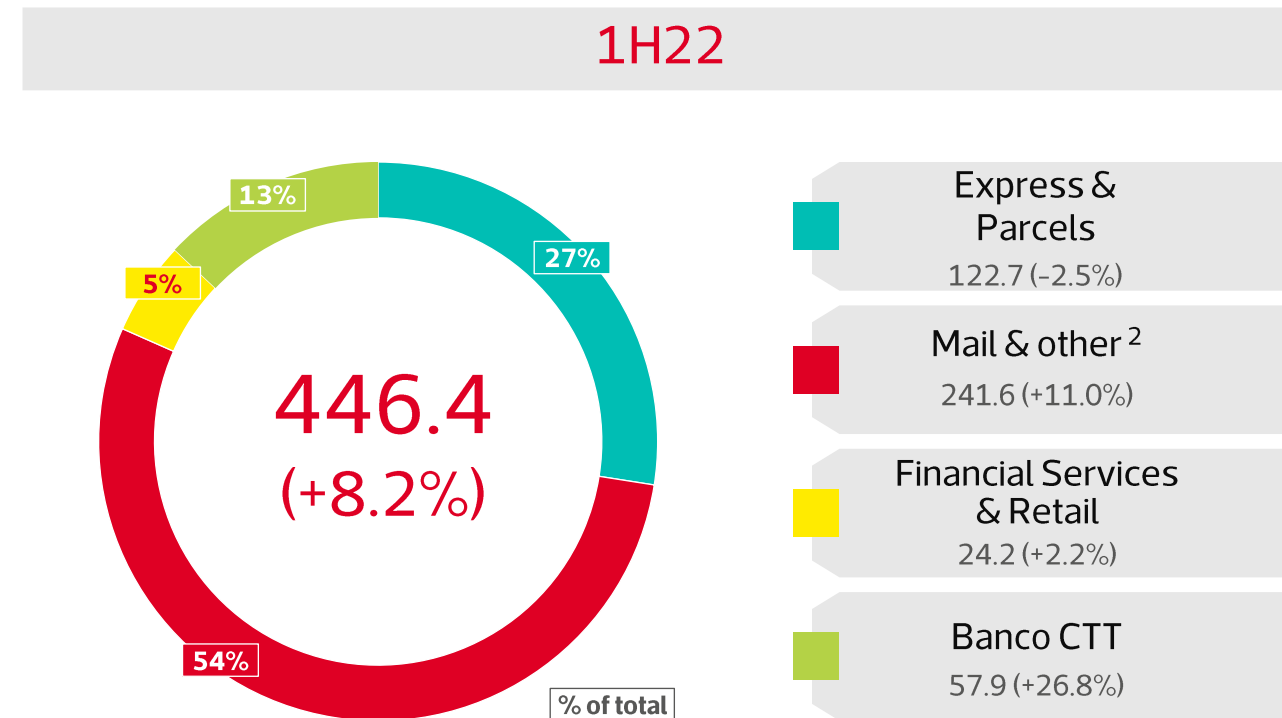
Revenues ¹

€ million; % change vs. prior year



Revenues ¹ breakdown

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

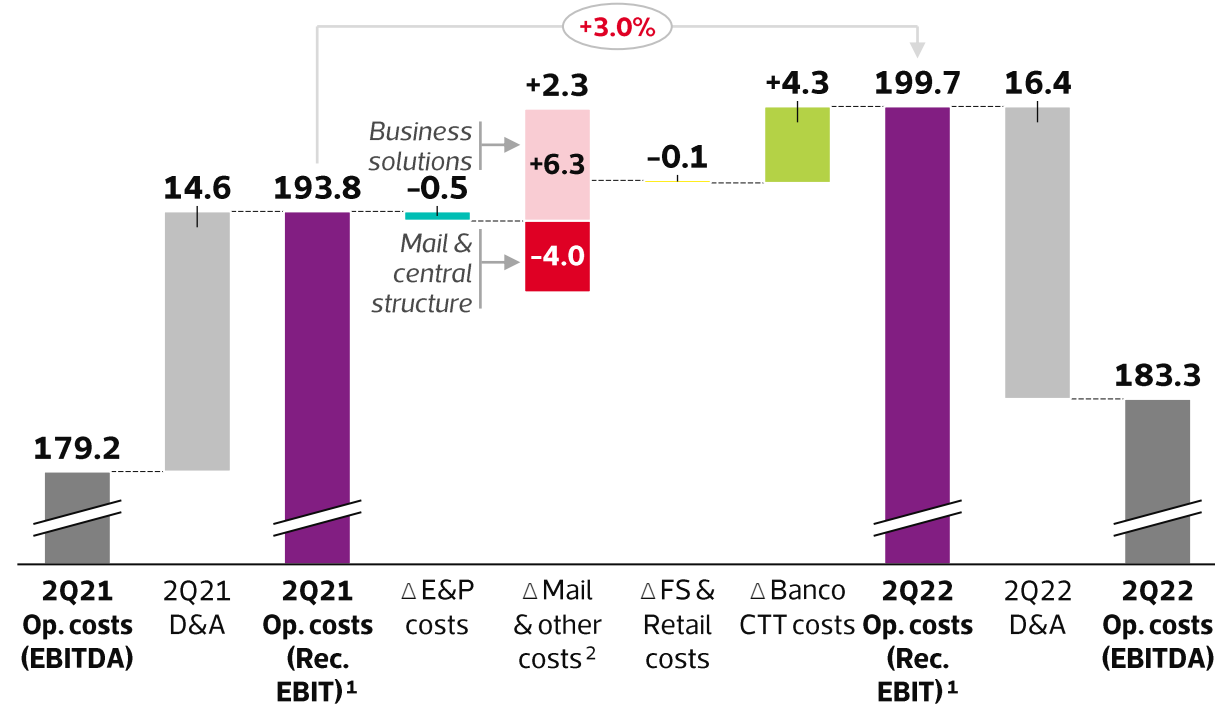


¹ Excluding Specific items; ² Including Central Structure

Significant growth and CoR volatility in consumer credit book at Banco CTT, penalizing impairments & provisions

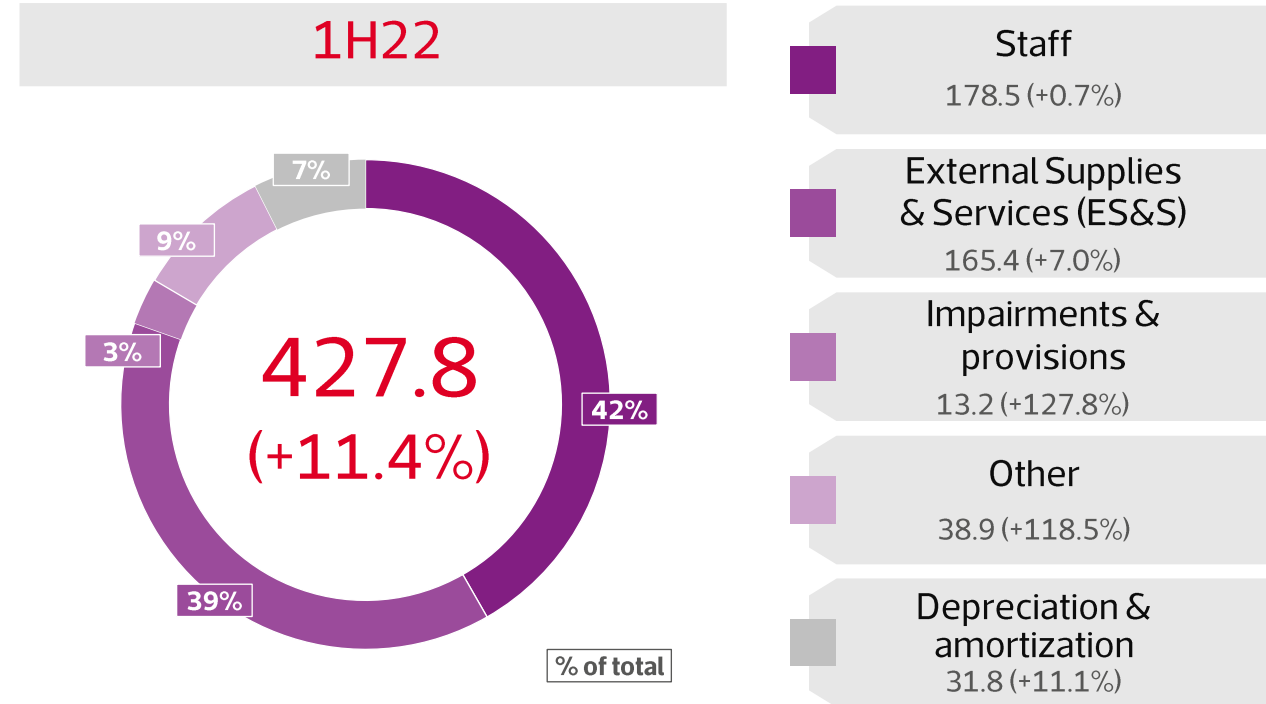
Operating costs¹

€ million; % change vs. prior year



Operating costs (Rec. EBIT)¹ breakdown

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



In 2022:

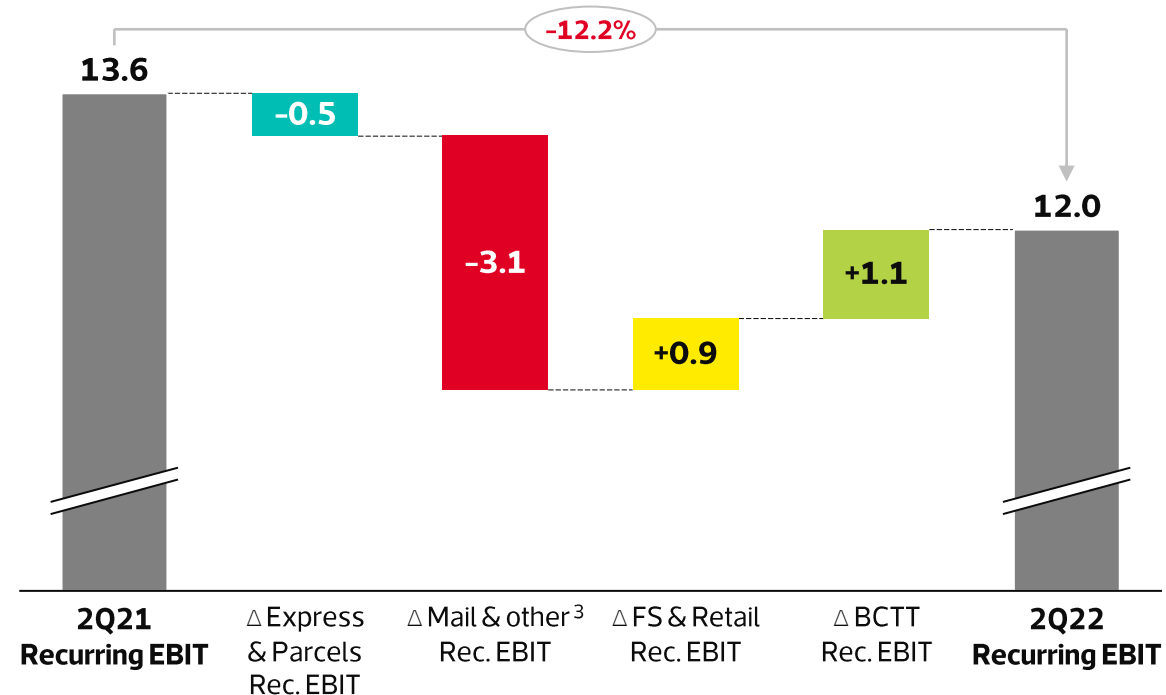
- **Staff costs decreased in all BUs y.o.y, with Mail & other (–€0.7m) leading the decline.** In the remaining BUs a similar trend was observed: Express & Parcels (–€0.4m), Banco CTT (–€0.3m) and Financial Services & Retail (–€0.01m).
- **ES&S costs grew by €1.1m**, mainly as a result of a €2.1m increase due to the integration of NewSpring

¹ Excluding Specific items; ² Including Central Structure

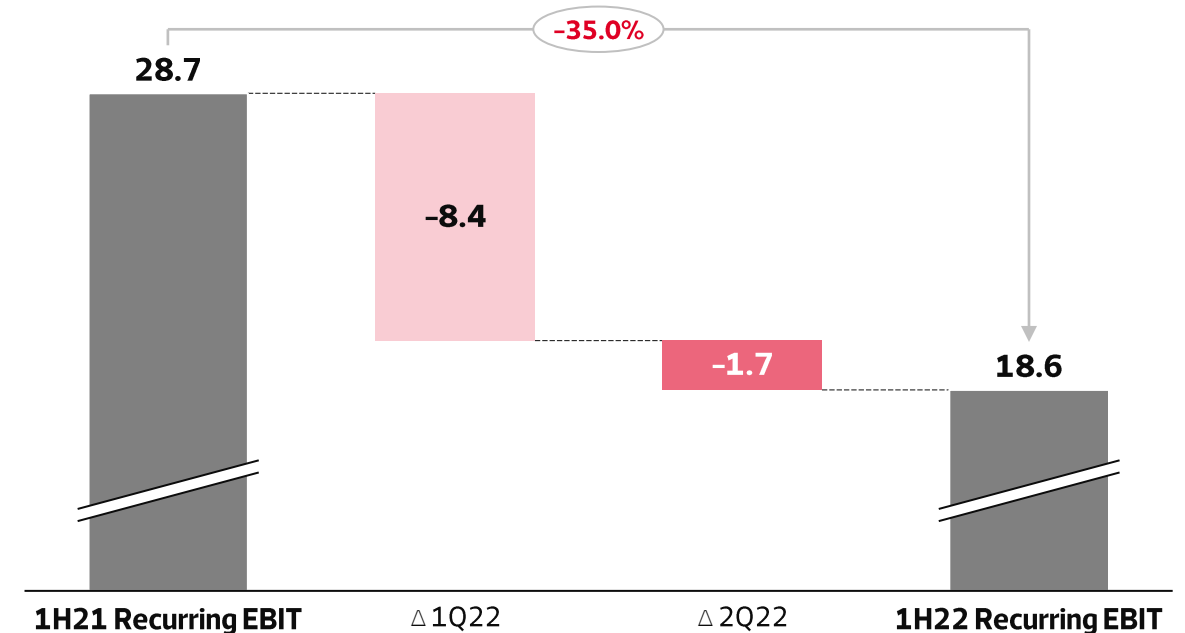
EBIT performance reflects the tough comparable in mail due to *de minimis*, which will stop affecting 3Q22 comparable

Recurring EBIT ¹

€ million; % change vs. prior year



2Q22		
6.6%	Recurring EBIT margin	5.7%



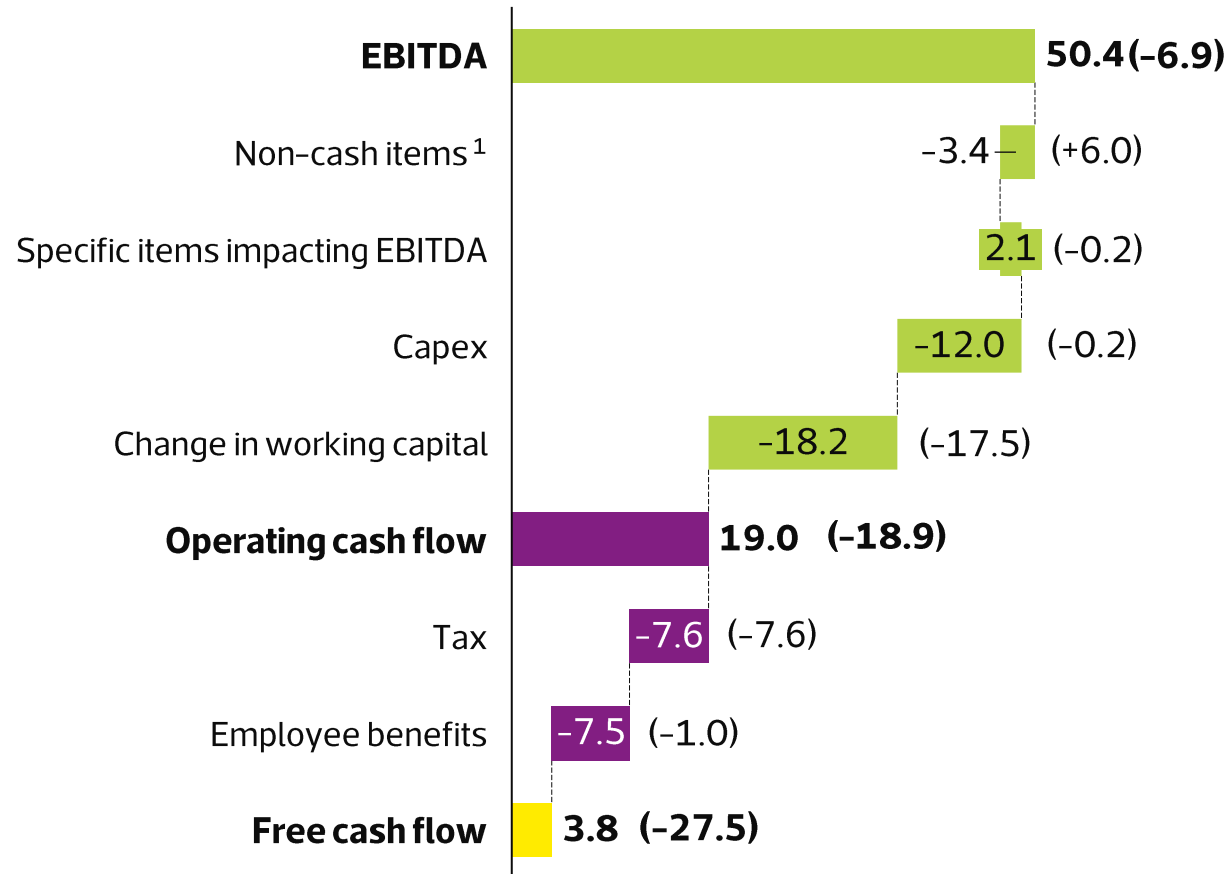
1H22		
7.0%	Recurring EBIT margin	4.2%

¹ Excluding Specific items; ² Annualized 1H22 RoTE; ³ Including Central Structure

Ample balance sheet flexibility

1H22 Cash flow

€ million; impact on cash flow vs. prior year



30 June 2022 Net financial debt²

€ million

(+) Cash & cash equivalents	847.3
(-) Net Financial Services & other payables ³	198.4
(-) Banco CTT liabilities, net ³	510.4
(-) Other ⁴	33.6
(=) Adjusted cash	104.9
(-) Financial debt	77.2
(=) Net cash position	27.8
(-) Lease liabilities (IFRS 16)	125.0
Net financial debt²	97.2

¹ Impairments, provisions and IFRS 16 affecting EBITDA; ² Only financial debt presented in the table; it does not include net employee benefits of €169.8m as at 30 June 2022; 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

Increasing share buyback +20%

Deadline
18 Dec 22

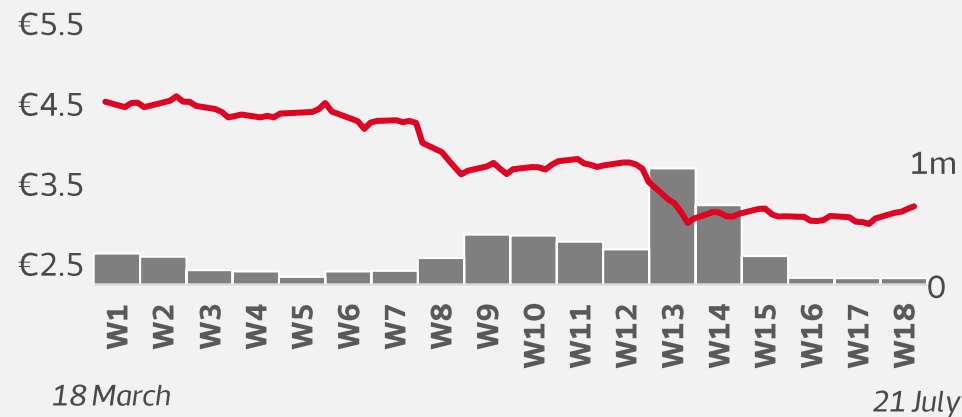
Share buyback

Realized: €16m

Outstanding:
€2m

Extension: +20%
(€3.6m)

Share price
vs.
SBB weekly volumes

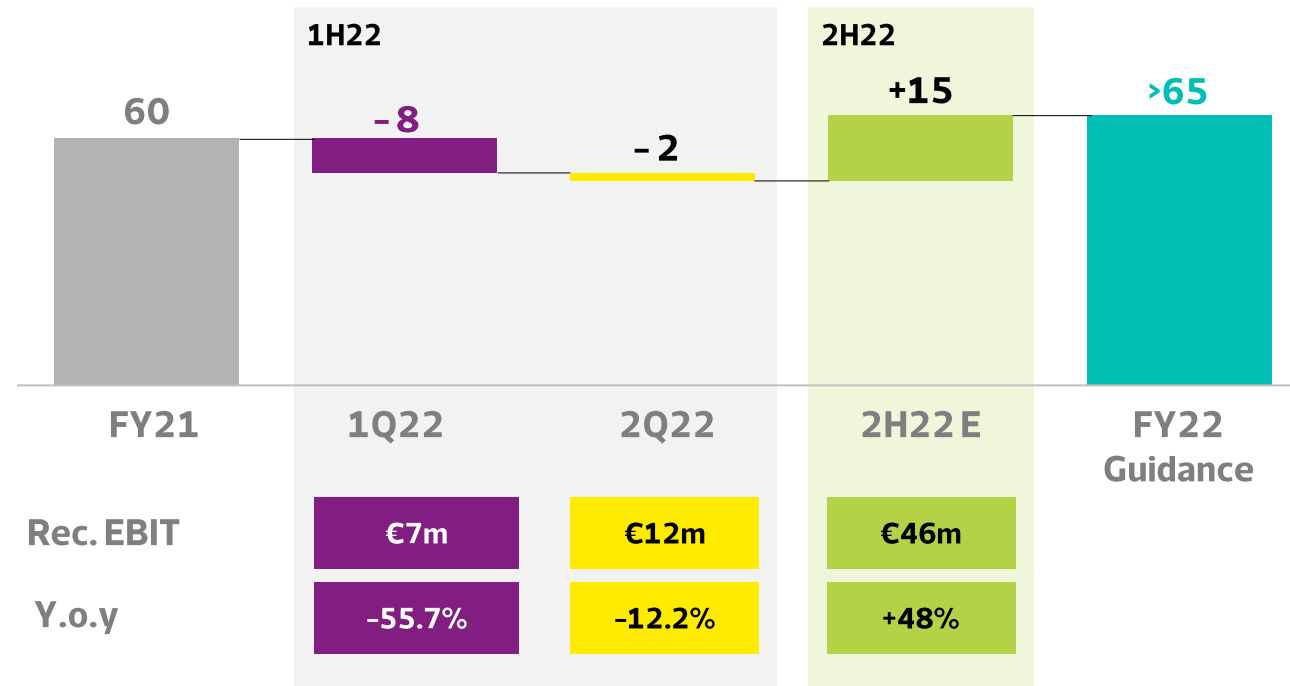


Total SBB of 2022 equivalent to c. 4% of
current market cap

We remain committed to achieving the €65m FY22 recurring EBIT guidance

Recurring EBIT

€ million; change vs. prior year



2H22 Operational levers

- Pricing increase in mail and annualization of the *de minimis* impact
- Improving growth in E&P across Portugal and Spain
- Continued growth in Banco CTT
- Higher efficiency of operations against increasing volumes and corporate center optimization

- €5m cost savings in 2H22 on track: Quarter update
 - Facilities optimization
 - Paperless policy
 - Revision of licensing

CTT

Correios de Portugal, S.A.

Investor Relations

Contacts:

Phone: +351 210 471 087

E-mail: investors@ctt.pt

ctt.pt

