



1H20

Results Presentation

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01

Key takeaways &
2Q20 highlights

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Key takeaways

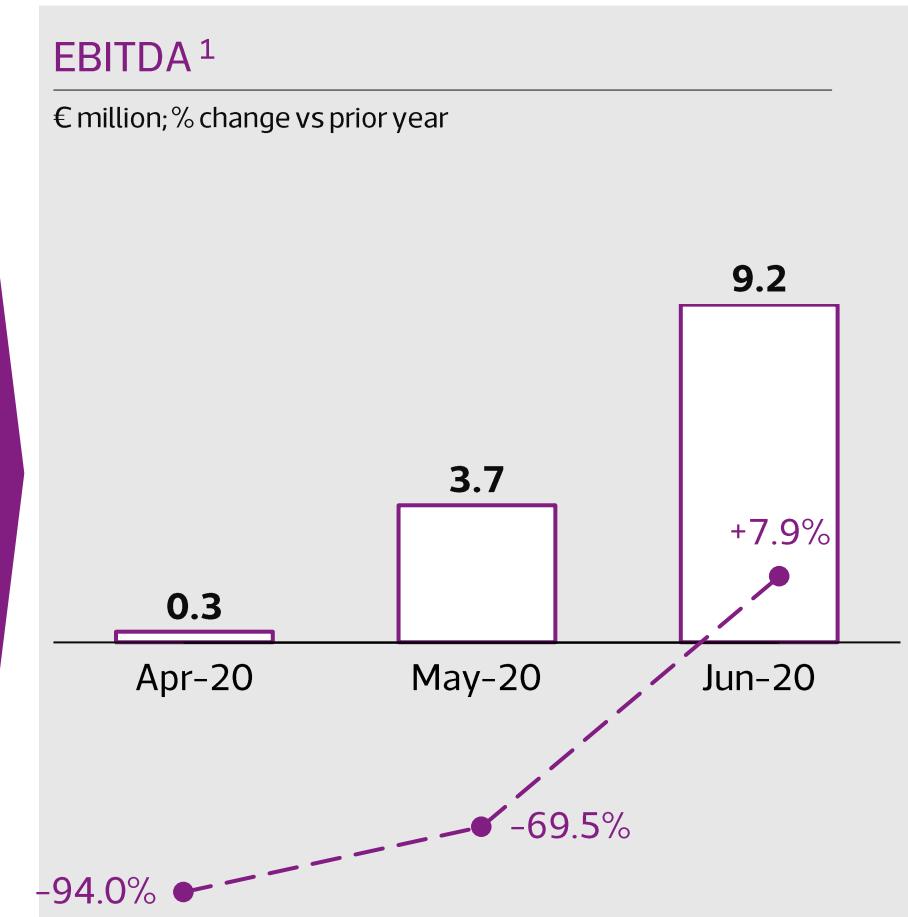
- Challenging 2Q20, in which CTT's **six-pillar response to COVID-19 has been proven rather effective**, namely in prioritizing employee and customer safety, in investing in new B2B and B2C client relationships (e-commerce, BPO, business solutions), **thus enabling a more dynamic, growth-oriented business for the future**
- The Company chose not to participate in government layoff schemes, despite the extra costs incurred with excess capacity, focusing instead on providing a lifeline to communities and demonstrating its commitment to a sustainable universal postal service
- Strong performance of the growth levers, propelled by record quarterly growth in parcels with improved profitability, despite the testing shift in mix between B2B and B2C. Increased confidence that the performance of the Spanish parcels business is aligned with the communicated plan, based on the performance of the local management, market share gains, and favorable market conditions towards e-commerce
- Conservative provisioning in order to prepare Banco CTT to face potentially challenging macroeconomic scenarios in 2H20. Throughout the pandemic crisis, CTT preserved its solid Balance sheet, cash generation capacity, ample liquidity and low level of net financial debt
- Margin and cost focus coming to the foreground in 2H20, with various operational improvement initiatives being launched. The notable recovery towards the end of 2Q20 provides a steppingstone for the remainder of the year. As a result of sales countermeasures to cope with the sudden decline in mail, **CTT expects to achieve growth in revenues driven by parcels, more than €90m in EBITDA¹ and more than €30m in EBIT in FY20**

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

2Q20 highlights

Notable recovery as the quarter progressed, benefiting from the easing of the lockdown restrictions and the gradual return to normality by businesses, individuals and cargo

- **Addressed mail volumes**, affected by delayed or cancelled clients' mail campaigns and air freight disruptions, **declined by 24.5% (recovering to a more customary 6.9% decline in June, after a steep 28.4% drop in April)**, producing a **19.3% decrease in Mail revenues**
- **Stellar Express & Parcels volumes growth in Portugal (37.4%) and Spain (91.5%) gave rise to a record €11.7m increase in revenues.** Margins improved, despite the initial investment in the e-commerce ecosystem; divisional EBIT turned positive (€0.3m)
- **Banco CTT's activity was not immune to the pandemic**, which caused reduced hours of operation at the retail network and partial closure of auto dealerships; however, EBITDA benefited from **growth in net interest & commissions income and strict cost control**
- **Public debt certificates placements amounted to €1.9bn (+11.1%) in 1H20, despite the 31.0% decline experienced in 2Q20.** The activity, which went down by >50% at peak of the crisis in April, has been steadily recovering since then



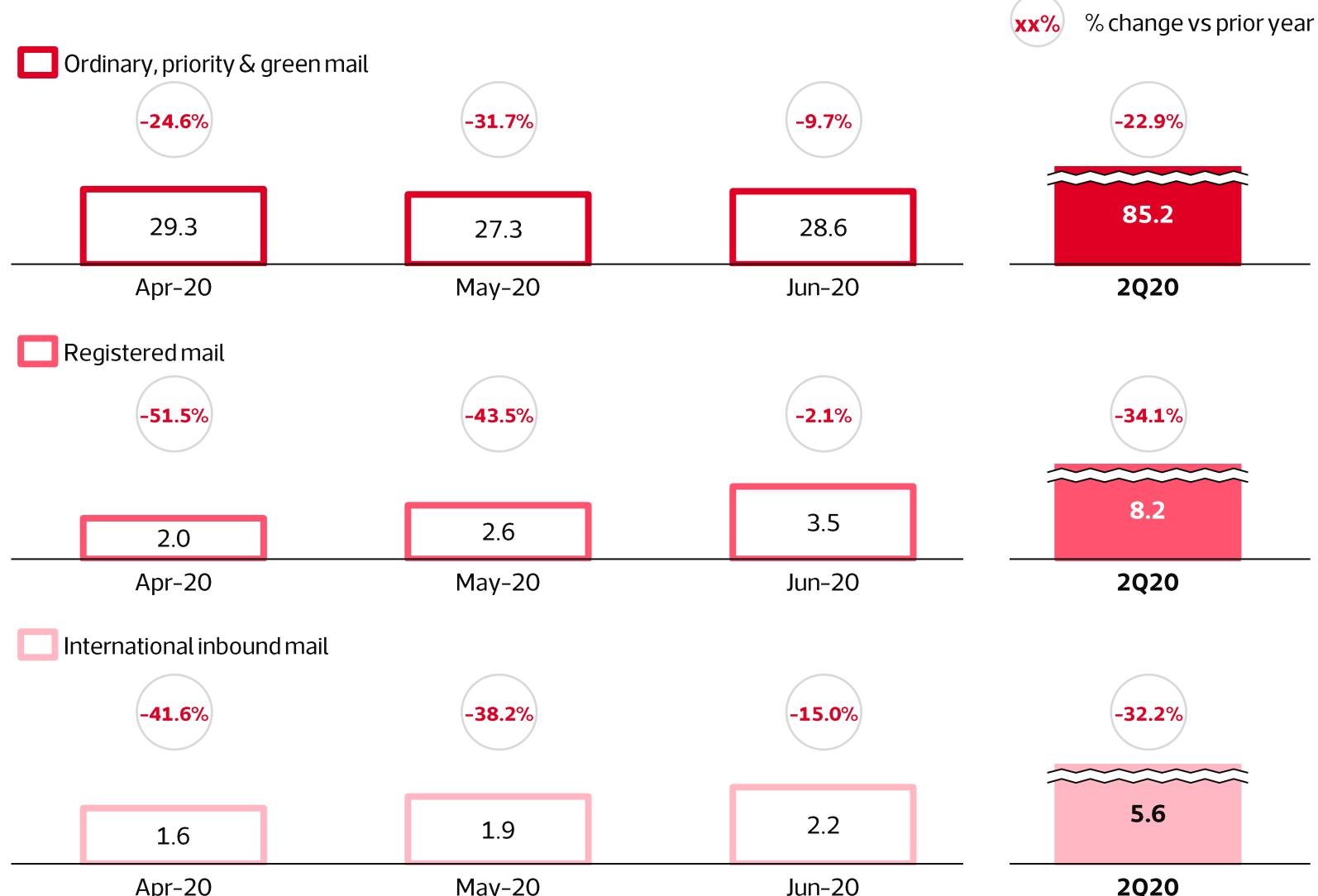
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

Mail volumes, severely impacted by the global restrictions on the movement & operations of individuals, businesses & cargo in April & May, staged a meaningful recovery in June

Mail volumes

million items

- The lockdown restrictions and the reduced retail network hours of operation impacted individuals and SME customers and led to diminished demand by large (banking, telecoms & utilities) clients, resulting in totally atypical mail volumes decline in April and May
- Registered mail, which was affected by delays in the issuance of statements by Government entities (such as tax notices and notifications from courts), as the relevant bodies were not operating at full capacity during the months of April and May, recovered in June
- International inbound mail volumes began to recover in June, as the limitations in global air freight capacity, especially pronounced in the period from February to May, started to ease

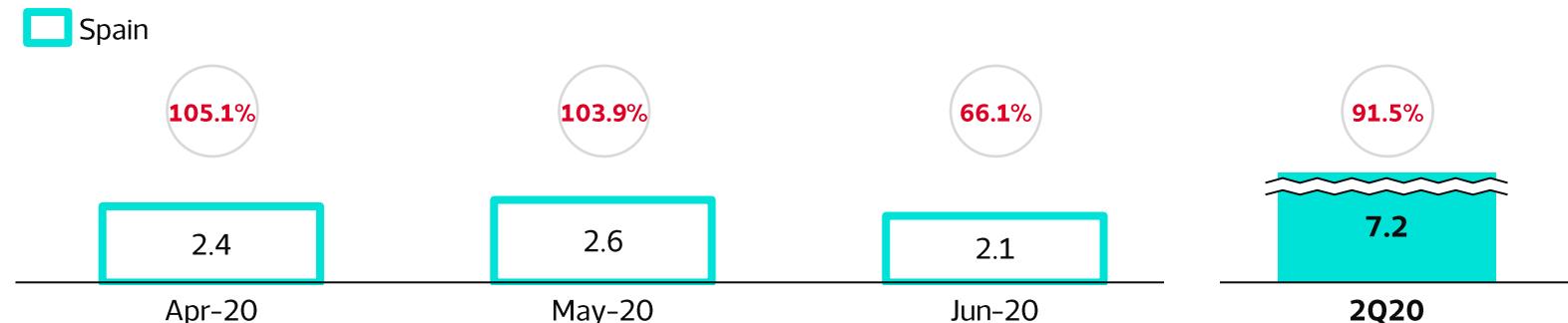


Record quarterly growth in parcels, as CTT initiatives to foster the development of e-commerce are starting to bear fruit; public debt placements are gaining momentum

Parcels volumes

million items

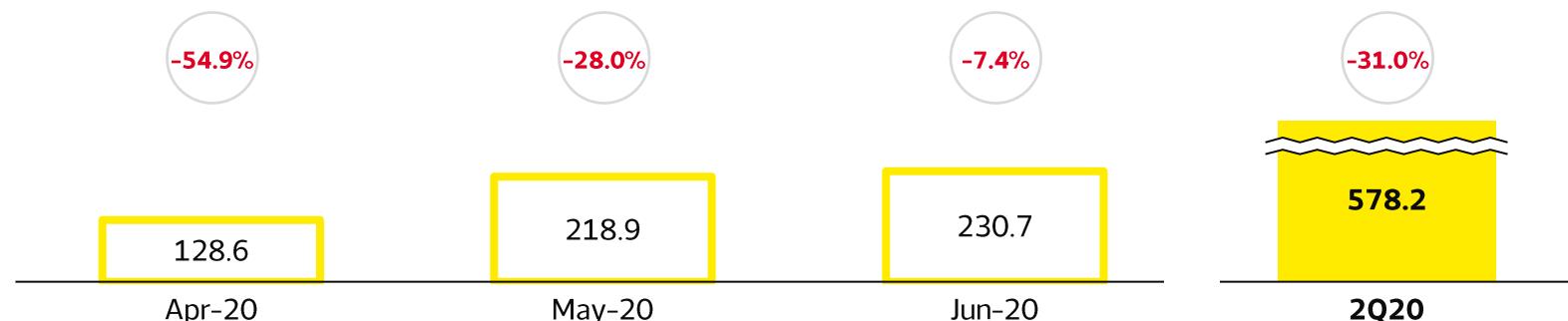
- Portugal's population long-awaited embrace of online shopping is quickly becoming a reality, as CTT investments in e-commerce meet rapidly changing clients' needs, spurred by the pandemic. >300 (out of >1000 contracted so far) SME clients' online shops have been made operational to date, while Dott reached 1K online vendors & 150K registered users in June
- The capture of new global B2C e-tailer clients in Spain, albeit at lower margins, more than compensated for the decline in B2B volumes



Public debt placements

€ million

- Public debt sales benefited from the lifting of restrictions on the movement of people and the resumption of normal retail activity along the quarter, with placements almost doubling from €6.1m/workday in April to €11.5m/workday in June

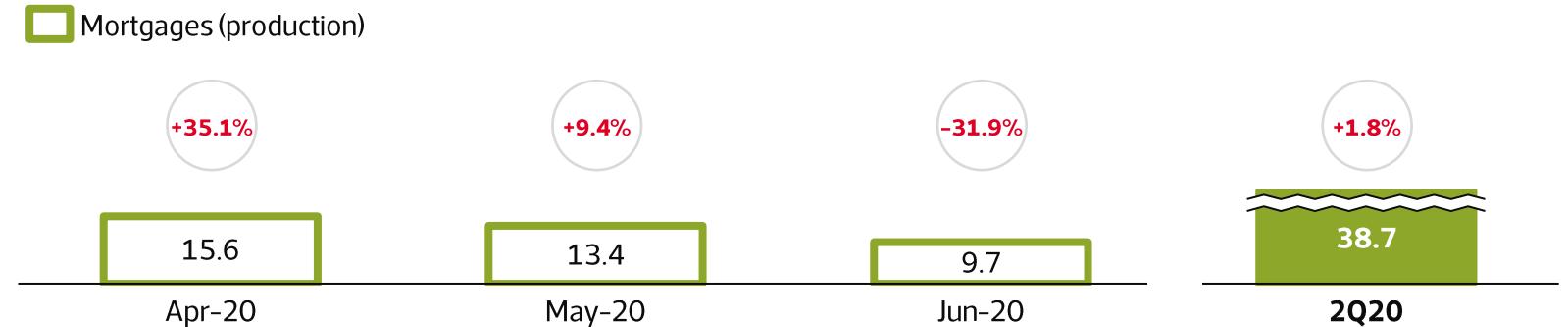
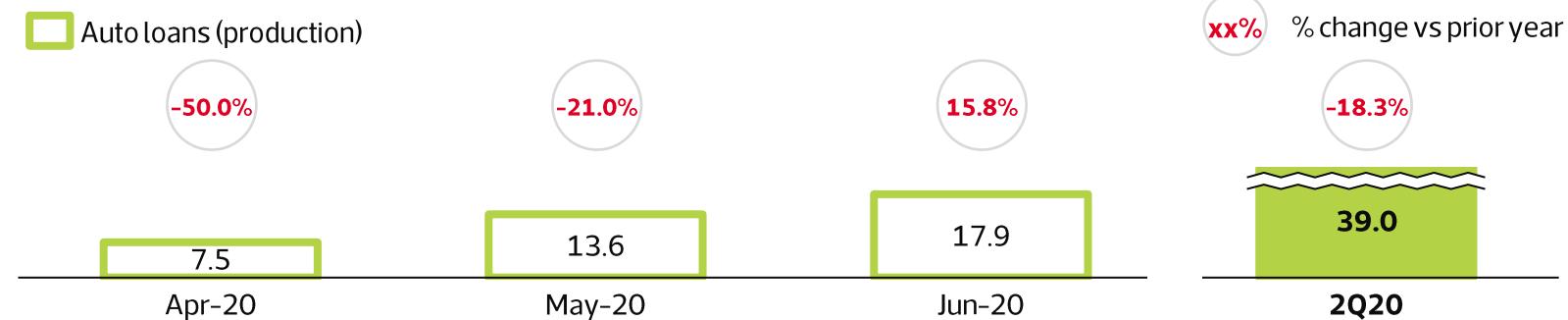


Banco CTT customers' flight to safety was evident in the renewed strong capture of deposits; credit activity is gradually recovering, under stricter lending standards

Credit to clients

€ million

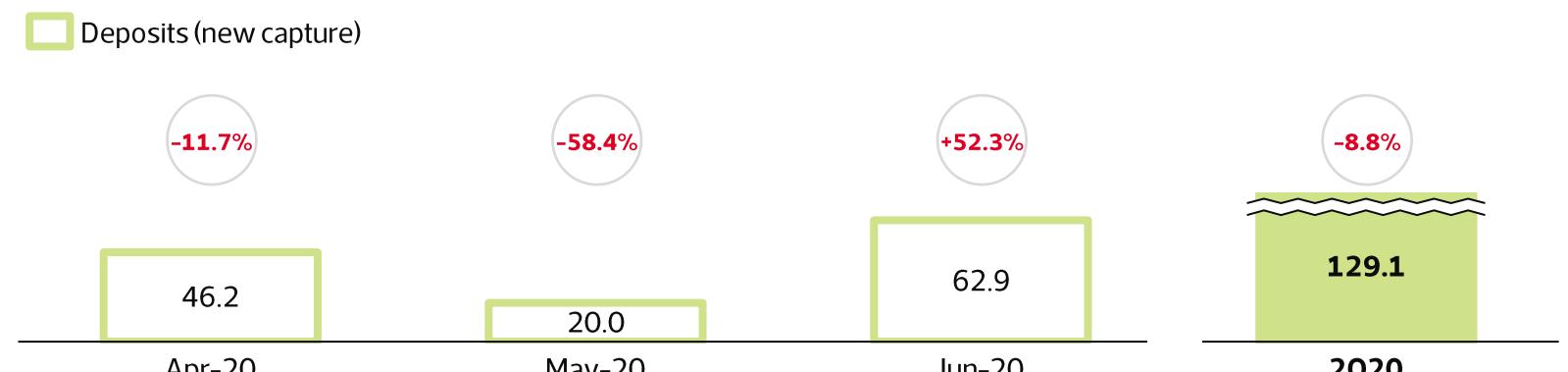
- Auto loans production, impacted by the closure of the auto dealerships as non-essential businesses during the lockdown, recovered strongly in the month of June



Customer deposits

€ million

- Deposits capture recovered strongly, evidencing Banco CTT's excellent standing among the population, despite the introduction of new debit card commissions in the quarter



02

1H20
financials

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The unprecedented business interruption in Mail and the uncommon level of provisions at Banco CTT posed a temporary profitability challenge in 2Q20

Key financial indicators

€ million; % change vs. prior year

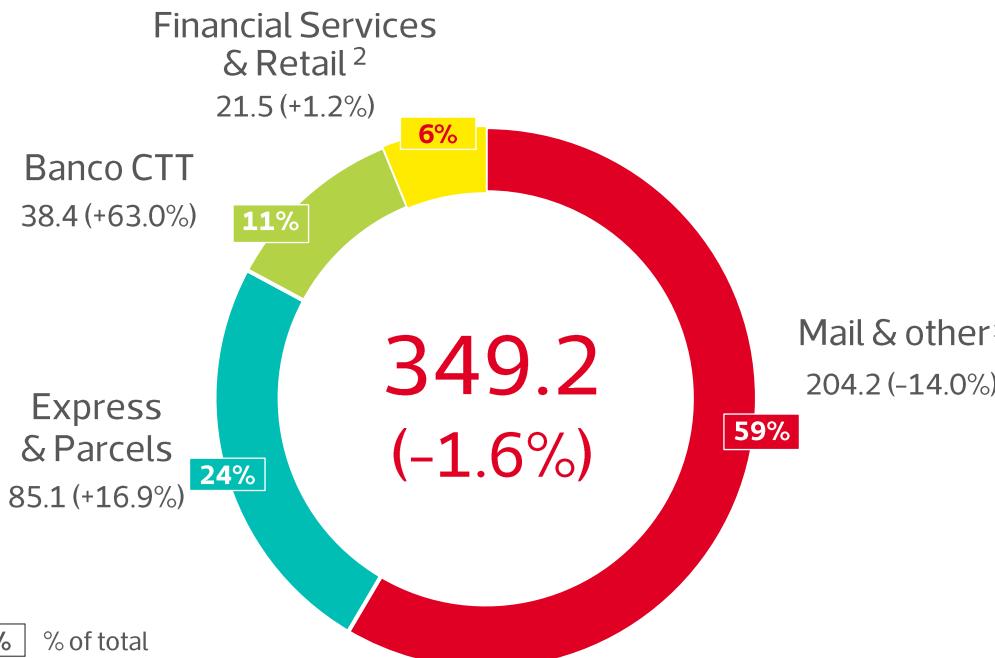
	Quarter			Half		
	2Q19	2Q20	Δ%	1H19	1H20	Δ%
Revenues	178.1	169.3	-5.0%	355.0	349.2	-1.6%
Operating costs ¹	152.7	156.1	2.2%	308.6	315.8	2.3%
EBITDA¹	25.4	13.2	-48.2%	46.4	33.4	-28.0%
Impairments and provisions	1.9	8.2	>>	2.3	11.1	>>
Depreciation and amortization	13.2	15.6	18.3%	26.4	30.0	13.6%
Specific items	6.1	0.8	-87.3%	11.7	0.8	-93.2%
EBIT	11.0	-4.4	<<	19.7	4.9	-75.3%
Net profit attributable to equity holders	5.3	-5.7	<<	9.0	-2.0	<<

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

Strong performance in the growth levers, led by an acceleration in parcels in 2Q20, was unable to offset the impact of the atypical addressed mail volumes decline on revenues

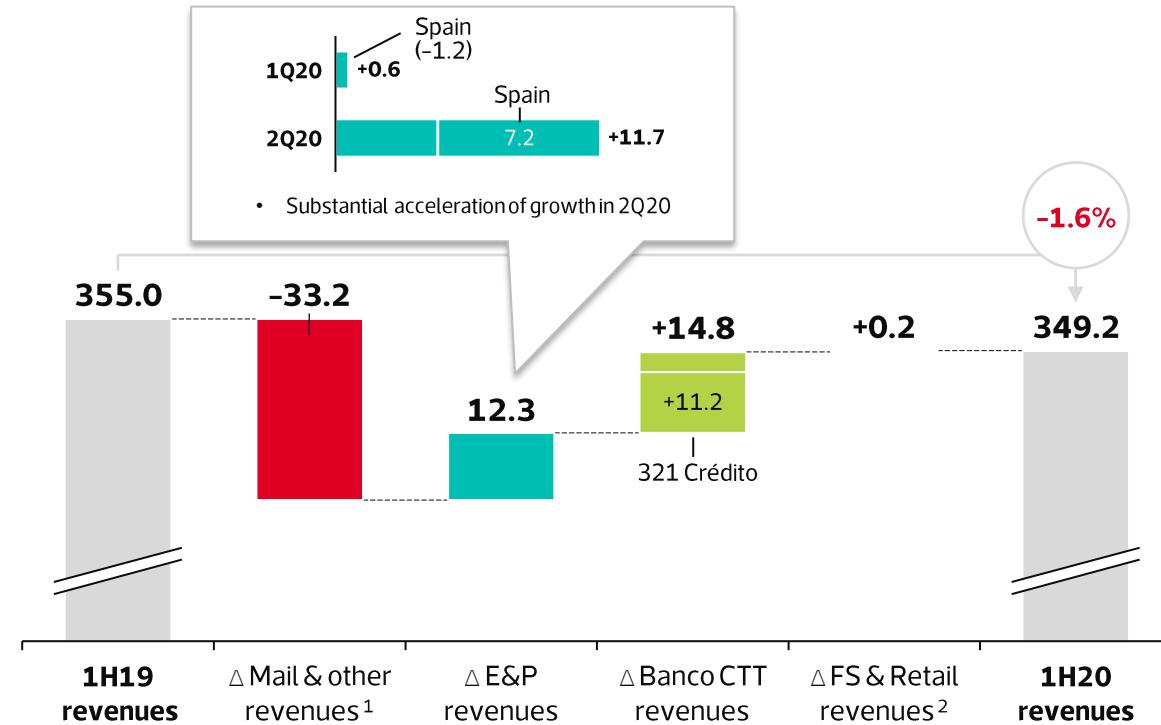
Revenues

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



Revenues breakdown

€ million; % change vs. prior year



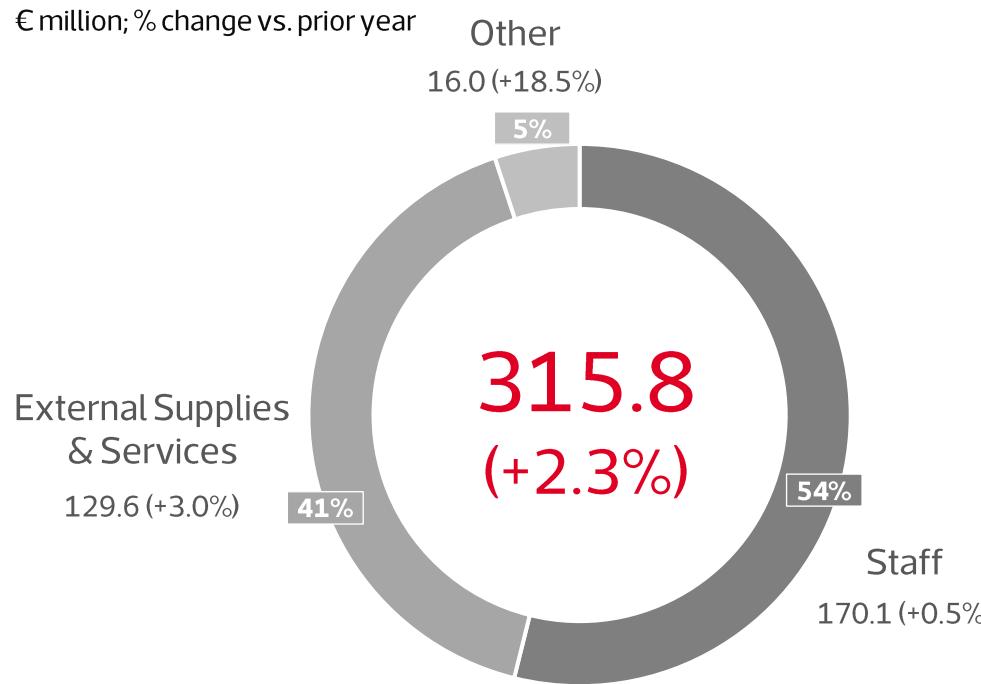
- Excluding the impact of 321 Crédito (inorganic in the first four months of 2020), revenues declined by €17.0m (-4.9%), as stellar parcels growth and €5.4m (62.9%) increase in Banco CTT net interest and fees & commissions income were unable to offset the Mail revenues decline, which resulted higher than the one expected at the start of the year, due to COVID-19

¹ Including Central Structure.

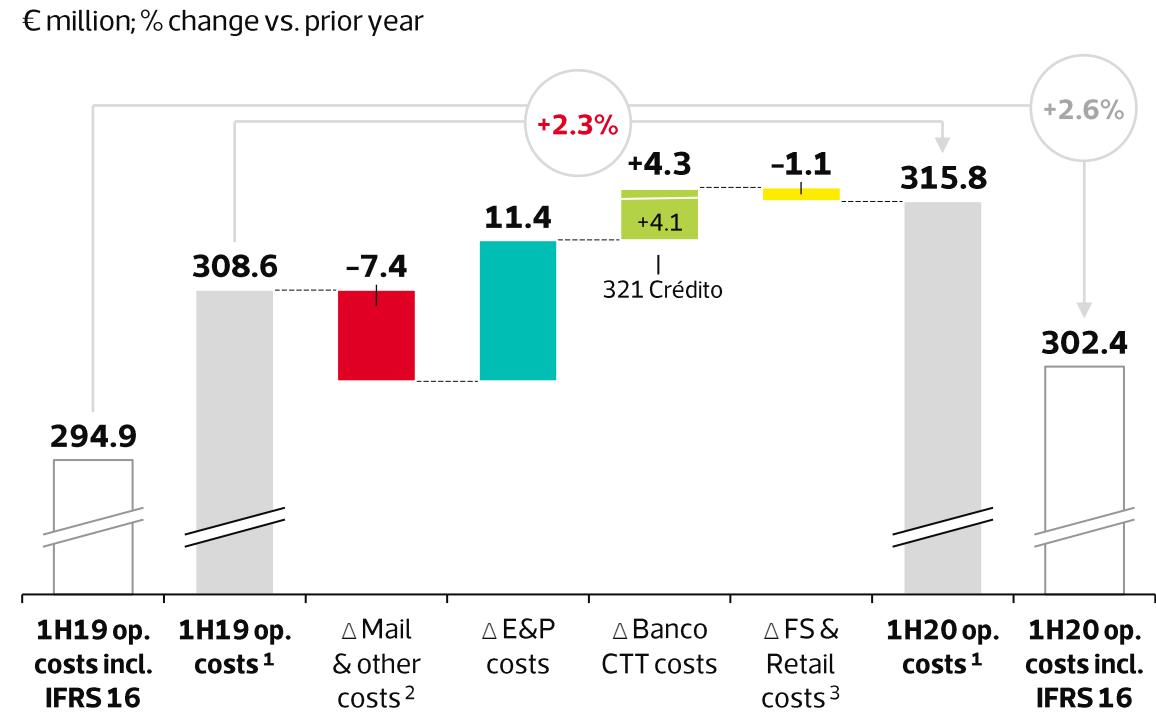
² The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

Efforts to build a more dynamic and growth-oriented business, by investing in the e-commerce ecosystem and providing a lifeline to communities, have brought a short-term increase in costs

Operating costs¹



Operating costs¹ breakdown



- Excluding 321 Crédito, a company acquired in May-19, and therefore making the comparison to the 1H19 costs structure more difficult, operating costs increased by €3.1m (1.0%)
- Staff costs, excluding 321 Crédito, declined by €0.9m (-0.5%). Staff healthcare costs decreased €1.8m as the pandemic provoked lower utilization of the healthcare system by the employees. CTT chose not to participate in furlough schemes during the pandemic and instead sought to provide a lifeline to communities and strengthen its relationship with key customers
- External Supplies & Services & Other costs, excluding 321 Crédito, increased by €4.0m (2.9%), as the €2.2m reduction in marketing costs was more than offset by the increase in direct sales costs related to the capture of new clients (€2.6m) and the related increase in parcels transport & distribution costs in both Portugal & Spain (€4.5m)

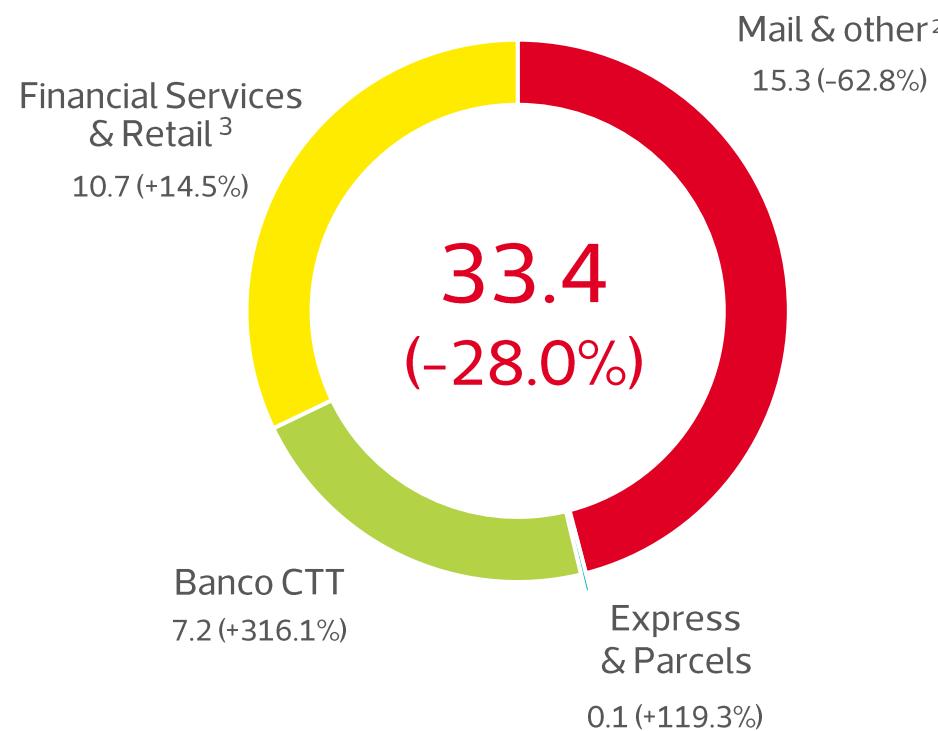
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ² Including Central Structure.

³ The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

EBITDA was affected by the extraordinarily challenging operational environment in Mail in the months of March to May, despite the positive evolution in all remaining business units

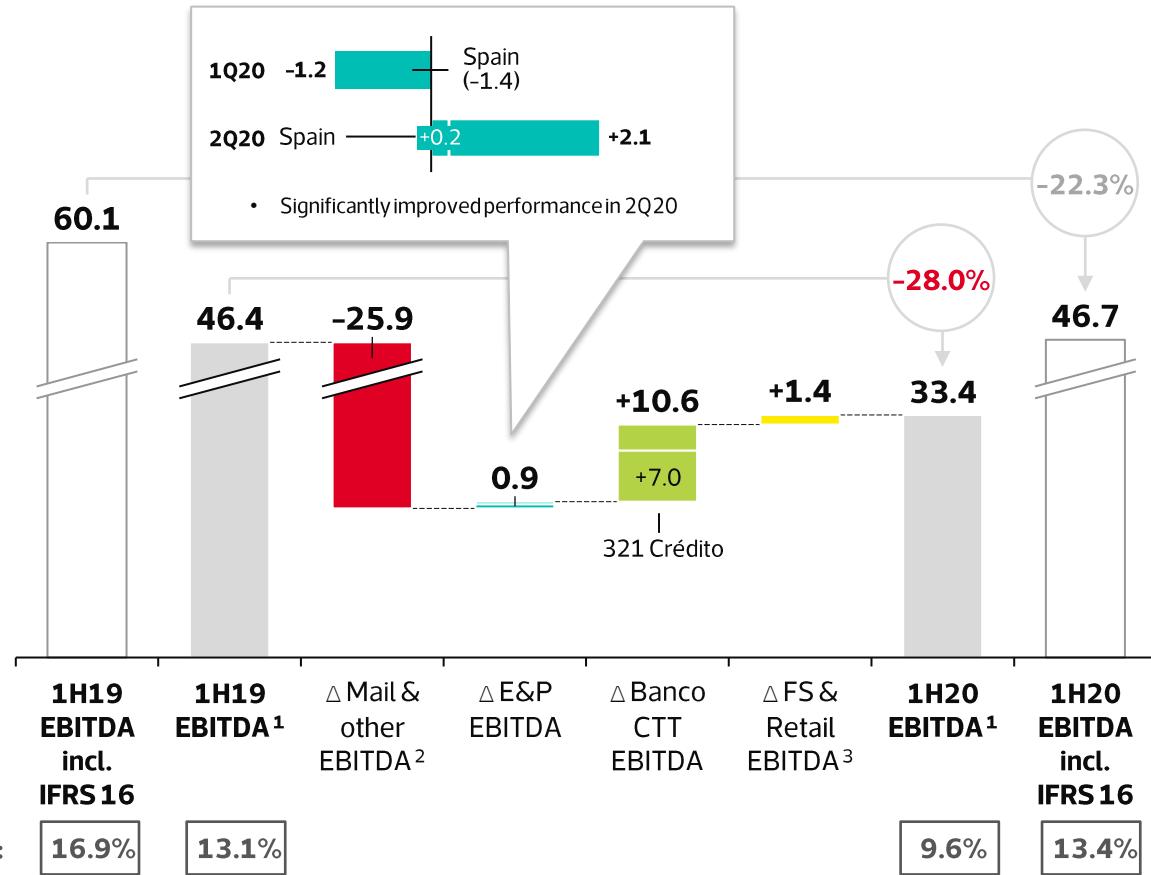
EBITDA¹

€ million; % change vs. prior year



EBITDA¹ breakdown

€ million; % change vs. prior year



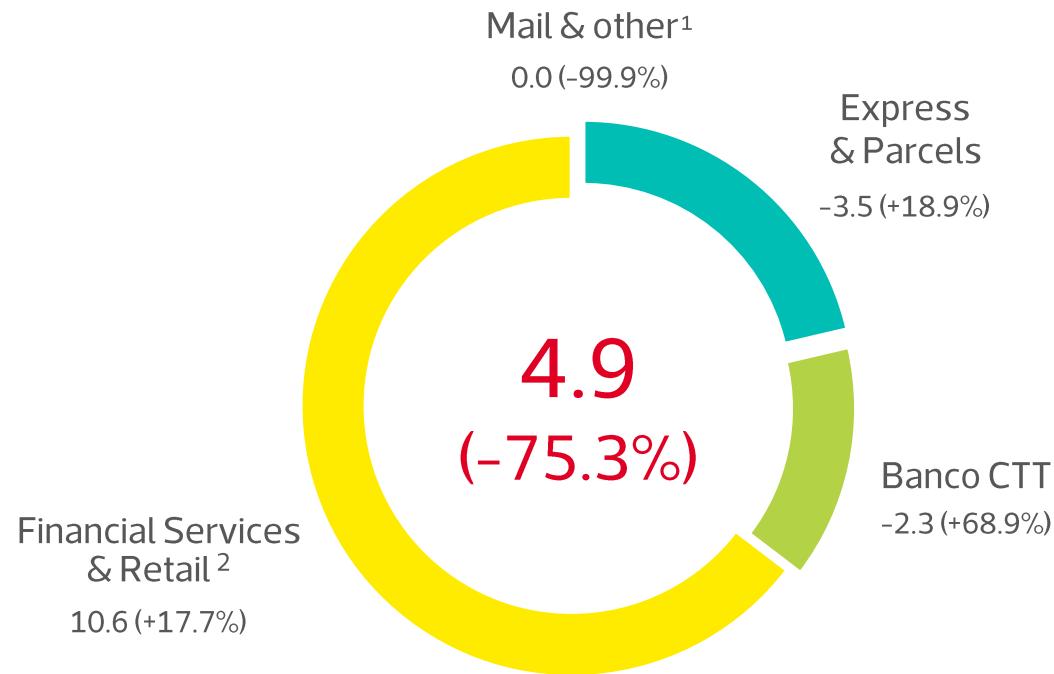
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ² Including Central Structure.

³ The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

Conservative provisioning policy and an increase in depreciation & amortization, stemming from recent growth in Capex, offset the favourable impact of lower specific items on EBIT

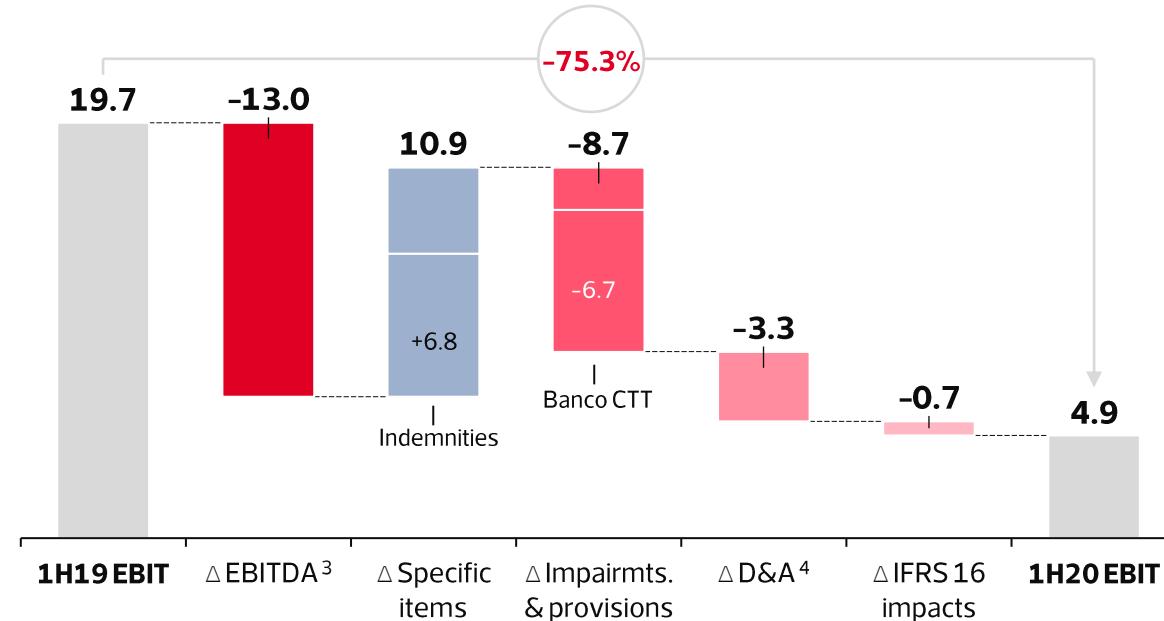
EBIT

€ million; % change vs. prior year



EBIT breakdown

€ million; % change vs. prior year



- **Specific items decreased by 93.2% vs. prior year levels and now include mainly small extra expenditures** related to the new concession contract negotiation and the COVID-19 pandemic
- **Impairments & provisions were reinforced - including €2.7m in impairments and additional €3.1m in provisions** (forward-looking, based on expected lower future GDP growth and projected increase in unemployment), registered in the 321 Crédito lending book in 2Q20, as a result of Banco CTT's conservative provisioning policy

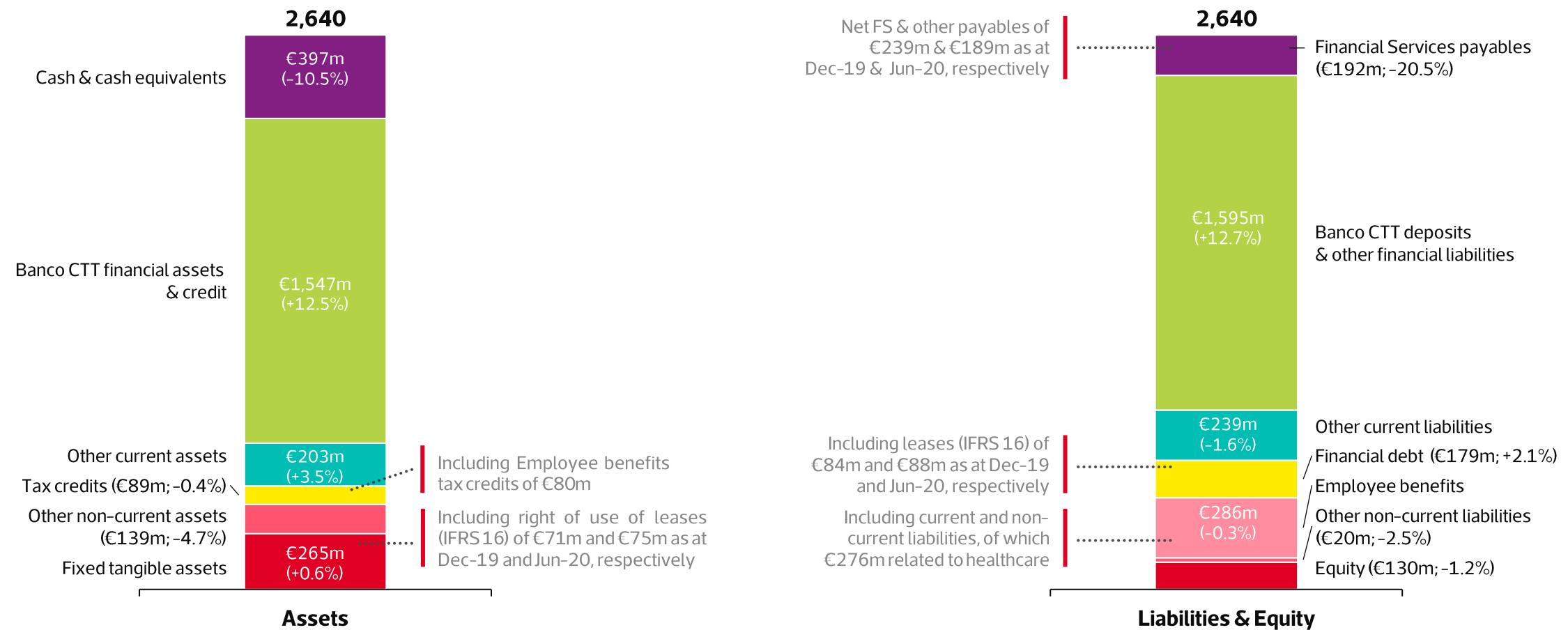
¹ Including Central Structure. ² The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19 throughout the presentation).

³ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. ⁴ Excluding IFRS 16 impact

CTT faces the current period of economic uncertainty with a solid Balance sheet...

Balance sheet – 30 June 2020

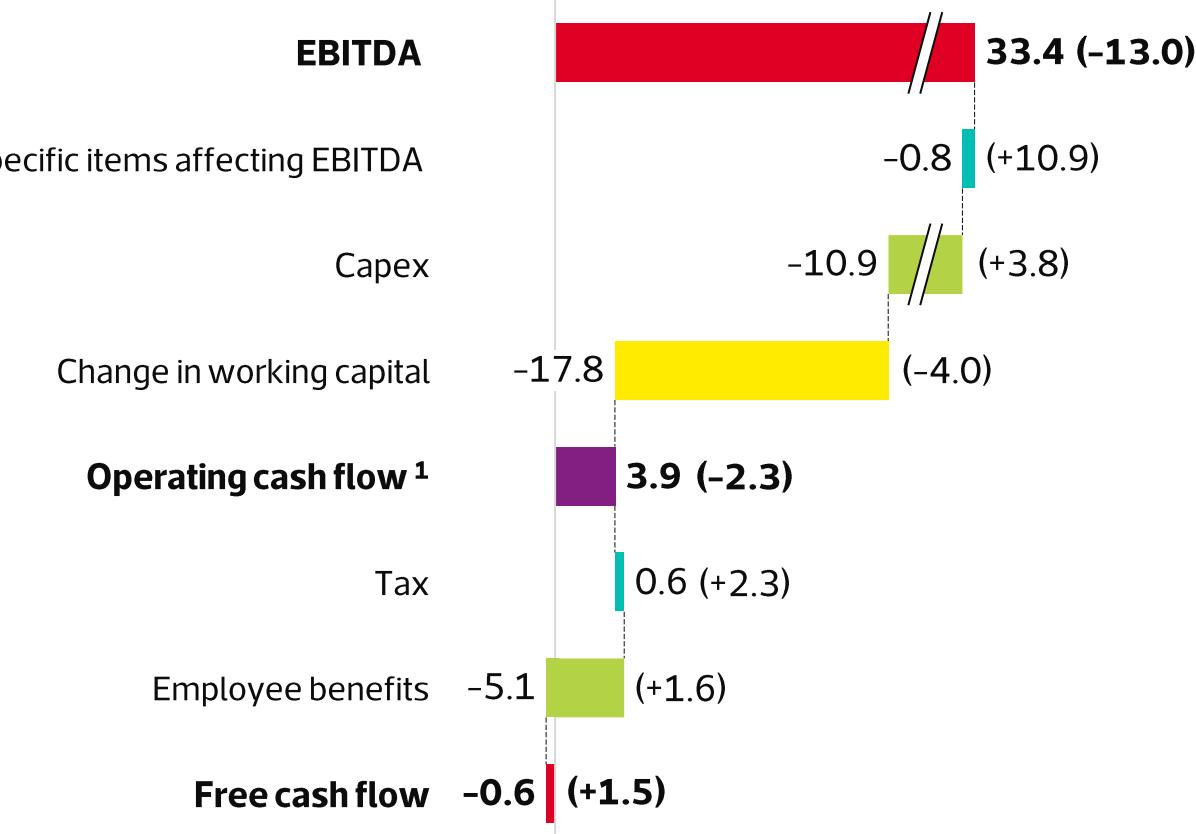
€ million; % change vs. 31 December 2019



...ample liquidity and a low level of net financial debt

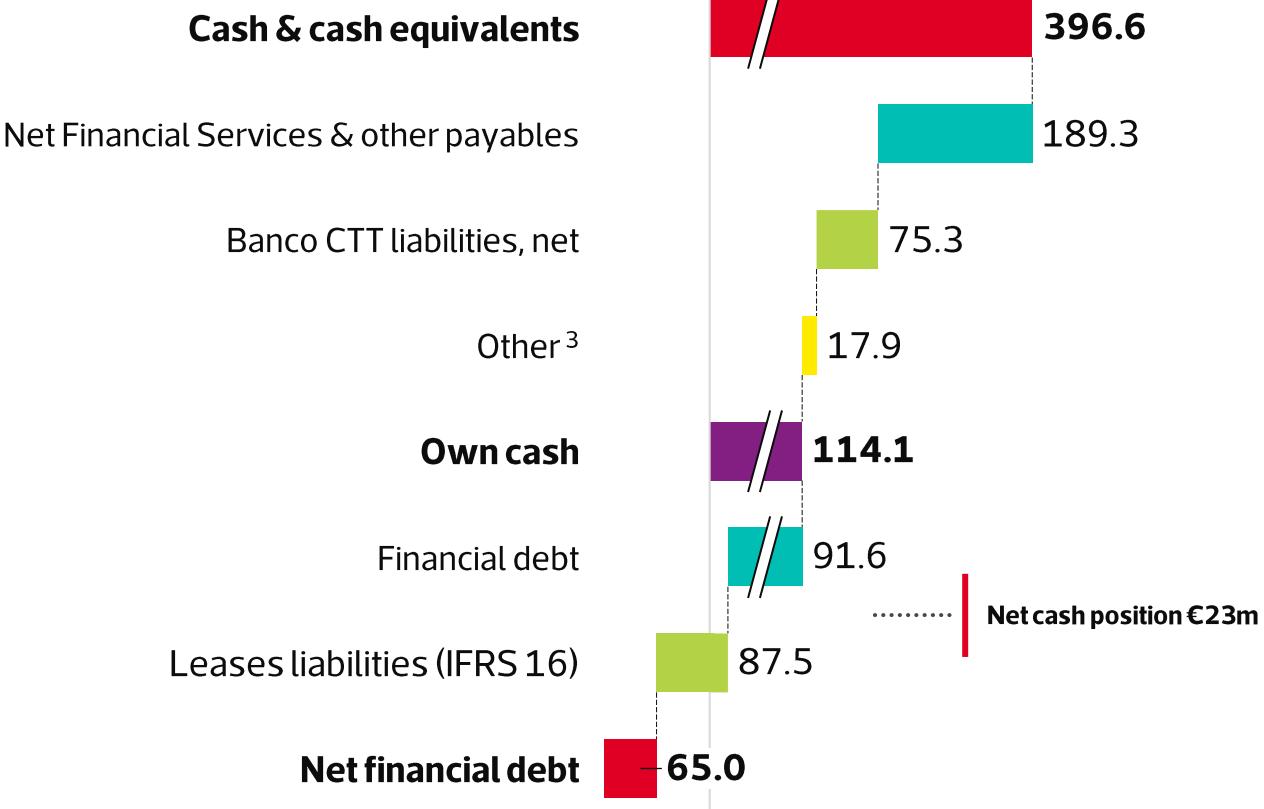
Cash flow

€ million; impact on cash flow vs. prior year



Net financial debt²

€ million



¹ The 1Q19 Operating cash flow was restated to be comparable with that of 1Q20. In 2Q19, the methodology of calculating the Operating cash flow was changed, in particular regarding the Change in working capital, which no longer includes one non-cyclical value related to the mobility allowance.² Does not consider Employee benefits, net.³ Including €14.2m Banco CTT cash deposits at Bank of Portugal.

03

Outlook
update

The logo consists of the lowercase letters "ctt" in a bold, white, sans-serif font.

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FY20 outlook

Assuming gradual recovery of the economy and continued improvement of the pandemic situation, CTT expects that the positive dynamics in its growth levers will endure

- ✉️ • Significant reductions in letter (statements) and advertising mail are expected to lead to **double-digit addressed mail volumes decline for the year**

- 🚚 • Express & Parcels will continue to be the main growth engine, spurred by **fast e-commerce adoption and continued market share gains**

- 💳 • **Banco CTT is currently well provisioned and capitalized** to face potential challenges in 2H20, assuming a gradual recovery of the economy

- 💶 • The Portuguese **population's propensity to save has been steadily increasing after the pandemic**, which bodes well for a strong placement of public debt



CTT expects to achieve growth in revenues driven by parcels, more than €90m in EBITDA¹ and more than €30m in EBIT in FY20

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

04

Appendix

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Mail experienced a total loss of profitability in the semester, as a result of the extraordinary volumes decline, due to the pandemic-driven interruption from March to May

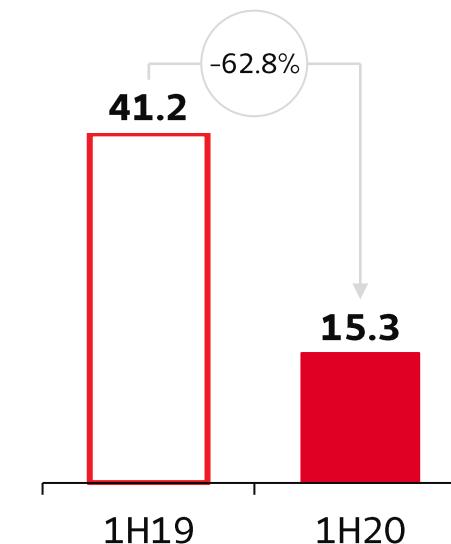
Revenues¹

€ million; % change vs. prior year

Transactional	€173.1m (-14.9%)
Advertising	€8.6m (-21.3%)
Editorial	€6.4m (-13.0%)
Business Solutions	€8.3m (+49.8%)
USO Parcels	€2.7m (-13.4%)
Philately & other ¹	€5.1m (-28.6%)
Total	€204.2m (-14.0%)

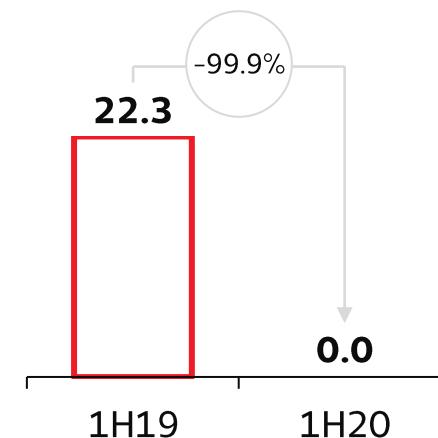
EBITDA^{1,2}

€ million



EBIT^{1,3}

€ million



Volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
1H20	N / D	263.0	228.3	19.6	15.1	183.2
vs. 1H19	+1.0%	-18.0%	-18.2%	-19.5%	-12.5%	-22.9%

¹ Including Central Structure. The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q20 (proforma figures presented for 1H19).

² Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

³ Including Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

The tremendous growth in parcels was reflected in the improved profitability, despite the continued CTT investments in the e-commerce infrastructure

Revenues

Consolidated view; € million; % change vs. prior year

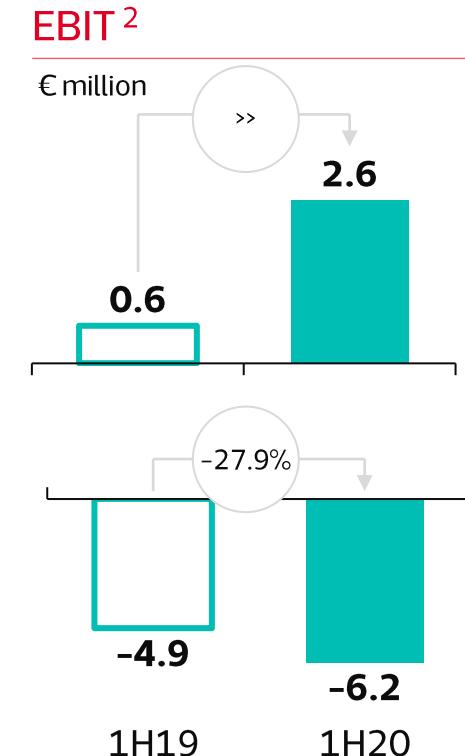
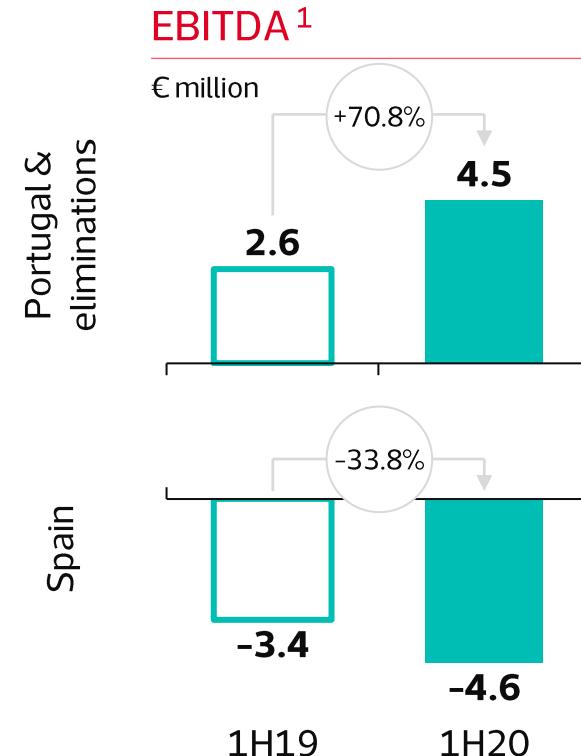
Portugal	€51.8m (+12.8%)
Parcels	€41.5m (+20.2%)
Cargo	€5.4m (-17.2%)
Banking network	€3.4m (+1.2%)
Logistics	€1.2m (-17.8%)
Other	€0.4m (+160.0%)
Spain	€31.9m (+23.2%)
Mozambique	€1.4m (+43.2%)
Total	€85.1m (+16.9%)

Volumes by region (m items)

Metric	Total	Portugal	Spain	Mozambique
1H20	23.7	12.4	11.3	0.02
vs. 1H19	+33.9%	+26.1%	+43.9%	-28.7%

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. Individual company views (not consolidated).

² Including Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions. Individual company views (not consolidated).



Banco CTT EBIT was impacted by the prudent increase in auto loans impairments and provisions in 2Q20

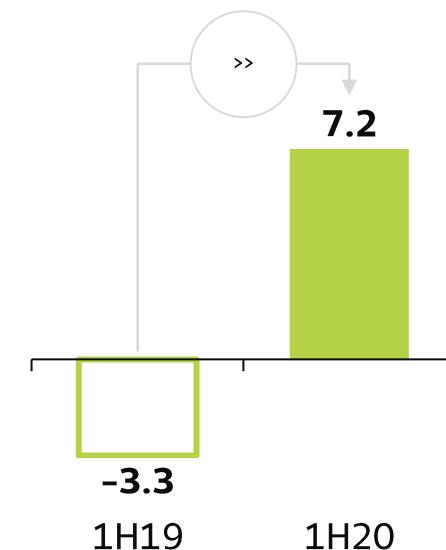
Revenues

€ million; % change vs. prior year

Net interest income	€8.3m (+63.2%)
Interest income	€8.8m (+61.6%)
Interest expense	-€0.5m (-39.4%)
Fees & commissions income	€5.8m (+62.5%)
Own products	€3.4m (+48.4%)
Consumer credit & insurance	€2.3m (+88.9%)
Payments & other	€8.0m (-18.1%)
321 Crédito (auto loans)	€16.3m (+220.0%)
Total	€38.4m (+63.0%)

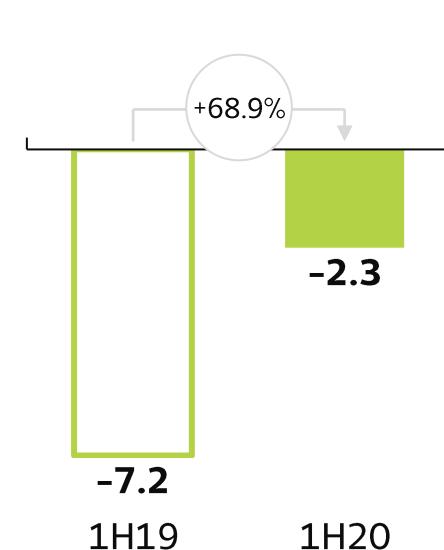
EBITDA¹

€ million



EBIT²

€ million



Selected Banco CTT Balance sheet indicators

Metric	Assets (€m)	Cash & equivalents	Investments	Credit to clients (net of impairments)	Customer deposits (€m)	Equity (€m) / CET 1 Fully implemented (%)
31-Jun-20	1,841.4	214.2	523.3	988.3	1,511.9	208.7 / 17.5%
vs. 31-Dec-19	+10.5%	+3.6%	+14.7%	+11.6%	+17.8%	-1.2% / -1.6p.p.

¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

² Including Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

Solid performance by Financial Services & Retail, despite the operational challenges faced by the retail network for a large part of the semester, related to the state of emergency

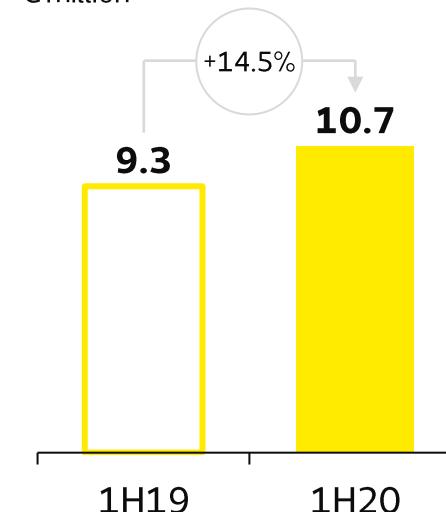
Revenues¹

€ million; % change vs. prior year

Savings & Insurance	€12.6m (+6.3%)
Money orders	€3.0m (+7.4%)
Payments	€0.8m (+21.0%)
Retail products & services	€5.0m (-12.1%)
Other	€0.1m (-81.5%)
Total	€21.5m (+1.2%)

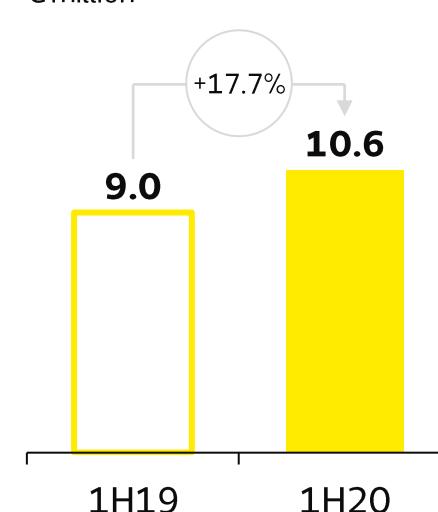
EBITDA²

€ million



EBIT³

€ million



Financial Services volumes by type

Metric	Savings & insurance flows (€bn)	Placements	Redemptions	Money orders (m ops.)
1H20	2.3	1.9	0.4	7.7
vs. 1H19	+4.6%	+9.2%	-14.3%	+4.3%

¹The business line "Retail sales" of the Mail & other business unit migrated to the Financial Services & Retail business unit in 1Q 20 (proforma figures presented for 1H19)

²Excluding Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

³Including Specific items & IFRS 16 impacts, depreciation, amortization, impairments and provisions.

Consolidated Income statement

Income statement

€ million

	Reported		With Banco CTT under equity method	
	1H19	1H20	1H19	1H20
Revenues				
Operating costs	355.0	349.2	340.3	318.4
EBITDA	308.6	315.8	288.4	291.1
EBITDA including IFRS 16	46.4	33.4	51.8	27.3
Impairments & provisions	60.1	46.7	65.3	40.3
Depreciation & amortization	2.3	11.1	1.7	3.7
of which IFRS 16 impact	26.4	30.0	24.1	27.3
Specific items	11.1	11.4	10.8	11.0
EBIT	11.7	0.8	10.5	0.8
Net financial income / (costs)	19.7	4.9	29.1	8.5
of which IFRS 16 impact	-4.8	-4.7	-4.8	-4.7
Associated companies – gains / (losses)	-1.9	-1.6	-1.9	-1.6
Earnings before taxes	-0.2	-1.2	-7.6	-4.1
Net profit attributable to equity holders	14.7	-1.0	16.6	-0.3
	9.0	-2.0	9.0	-1.9

Consolidated Balance sheet

Balance sheet

€ million

	Reported		With Banco CTT under equity method	
	31-Dec-19	30-Jun-20	31-Dec-19	30-Jun-20
Non-current assets	1,734.7	1,864.9	615.8	608.4
Current assets	778.8	775.4	456.9	415.4
Assets	2,513.4	2,640.3	1,072.8	1,023.7
Equity	131.4	129.8	131.4	129.9
Liabilities	2,382.0	2,510.5	941.3	893.9
Non-current liabilities	512.8	497.3	432.0	430.7
Current liabilities	1,869.2	2,013.2	509.3	463.1
Equity and Liabilities	2,513.4	2,640.3	1,072.8	1,023.7

Consolidated Cash flow statement

Cash flow

€ million	Reported			With Banco CTT under equity method		
	1H19	1H20	△ 20 / 19	1H19	1H20	△ 20 / 19
EBITDA	46.4	33.4	-13.0	51.8	27.3	-24.5
Specific items affecting EBITDA	11.7	0.8	10.9	10.5	0.8	9.7
Capex	14.7	10.9	3.8	12.0	9.3	2.7
Change in working capital	-13.8	-17.8	-4.0	-20.3	-14.3	5.9
Operating cash flow	6.2	3.9	-2.3	9.1	2.9	-6.2
Tax	-1.6	0.6	2.3	0.1	1.0	0.8
Employee benefits	-6.7	-5.1	1.6	-6.7	-5.1	1.6
Free cash flow	-2.1	-0.6	1.5	2.6	-1.2	-3.7
Debt (principal + interest)	36.7	-0.7	-37.5	36.7	-0.7	-37.5
Dividends	-15.0	0.0	15.0	-15.0	0.0	15.0
Financial investments & other	-106.1	0.0	106.1	-112.2	0.0	112.2
Net change in own cash	-86.4	-1.3	85.1	-87.8	-1.9	85.9
Change in liabilities FS & other & Banco CTT (net)	19.4	-34.9	-54.3	19.7	-49.8	-69.5
Change in other	8.0	-10.2	-18.2	0.0	0.0	0.0
Net change in cash	-59.0	-46.4	12.6	-68.2	-51.7	16.4

Specific items with minimal impact on the semester P&L

Specific items

€ million

	1H19	1H20
EBIT excluding Specific items	31.4	5.7
Specific items	11.7	0.8
Revenues	-0.2	-0.6
Staff costs	7.5	0.1
ES&S & other op. costs	4.4	1.3
EBIT	19.7	4.9

1H20 Specific items:

- €0.6m capital gain related to the sale of a non-strategic real estate asset
- €1.3m of ES&S & other op. costs, of which €0.5m of strategic studies (including €0.3m related to the new concession contract) and €0.5m related to COVID-19

CTT

Correios de Portugal, S.A.

Investor Relations

Contacts:

Phone: +351 210 471 087

E-mail: investors@ctt.pt

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