

ctt

1Q23 RESULTS PRESENTATION



4 May 2023

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Operational Review



- **Portugal:** Strong growth of CEP volumes in Portugal (y.o.y: +14.7% in 1Q23)
- **Spain:** Visible improvement in activity throughout a challenging quarter



- Recovery in mail revenues
- Revenue growth and cost reduction drove profitability improvement



- Exceptional high demand of public debt certificates continues to drive record high revenues in Financial Services & Retail
- Continued transformation of retail network towards services
- Early results from insurance distribution agreement with Generali



- Client, volumes and revenue with solid performance and growth
- Growth-driven profitability improvement



- Revenues up by 3.0% y.o.y. in 1Q23, notwithstanding special events in 1Q22 in Mail (€ 3.493m – elections) and business services (€21.505m – laptop sales)
 - Excluding these effects, revenues were up by 15.3%
- Recurring EBIT of €25.7m (+285.3% y.o.y.)



- Strong operating cash flow generation of €44.2 m (+326% y.o.y.)
- Free cash flow of €39.7m (up by 6.4x y.o.y)
- Consolidated net cash¹ position of €17.3m (€47.1m improvement vs. FY22)
- With Banco CTT equity accounted, net debt¹ stood at €150.1m, down €42.5m vs. FY22

¹includes IFRS16

Robust performance across all segments in Portugal, while focus is on improving E&P in Spain

1Q23 highlights

Group CTT - Financials

€ million

1Q23

Revenues¹

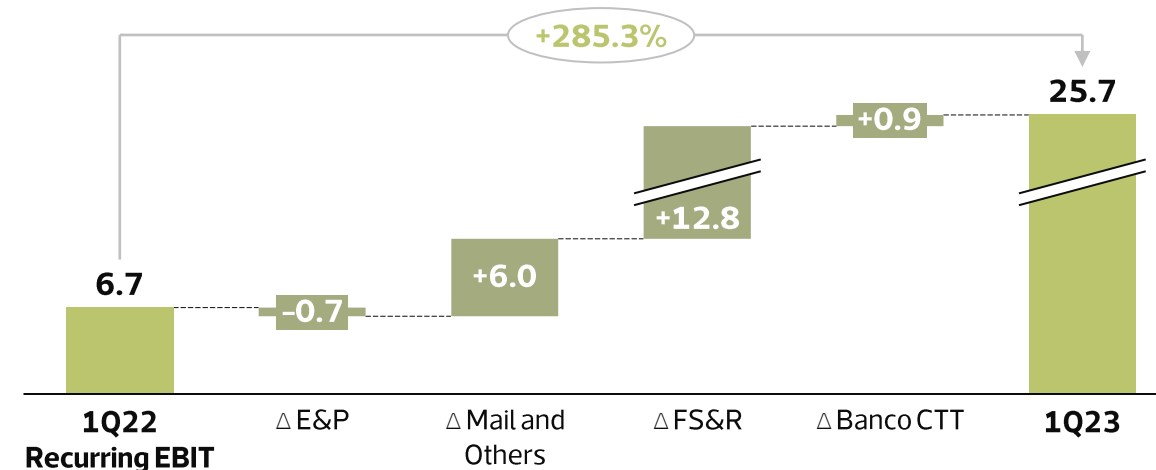
€241.8m
(+3.0%)

Recurring EBIT

€25.7m
(+285.3%)

Recurring EBIT evolution

€ million; % change vs. prior year

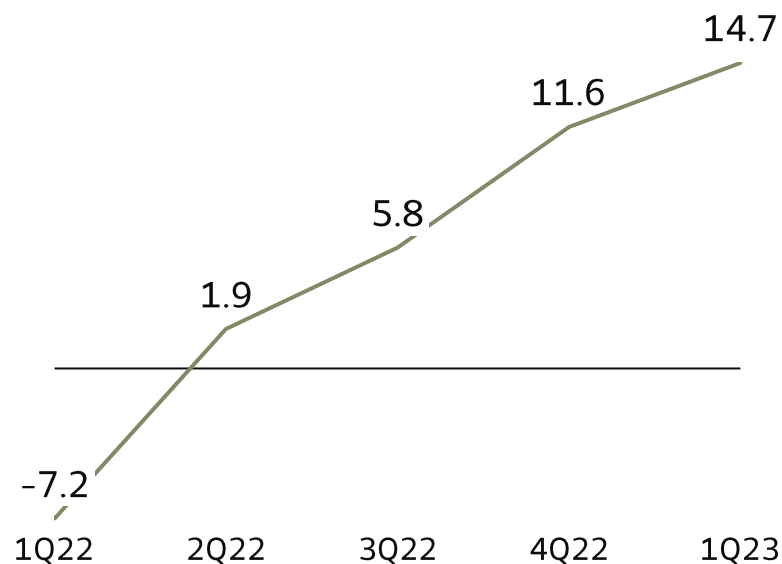


	Mail & Other ²		Express & Parcels		Financial Services & Retail		Banco CTT	
	Revenues	Recurring EBIT	Revenues	Recurring EBIT	Revenues	Recurring EBIT	Revenues	Recurring EBIT
1Q23	€114.4m (-14.3%)	€2.7m (+181.3%)	€64.7m (+5.4%)	€0.7m (-50.1%)	€28.7m (+141.6%)	€18.1m (+245.6%)	€34.1m (+21.4%)	€4.3m (+25.3%)

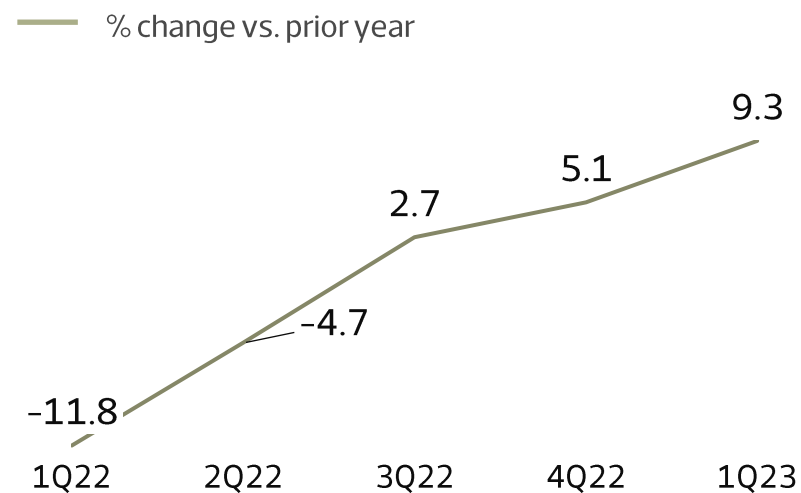
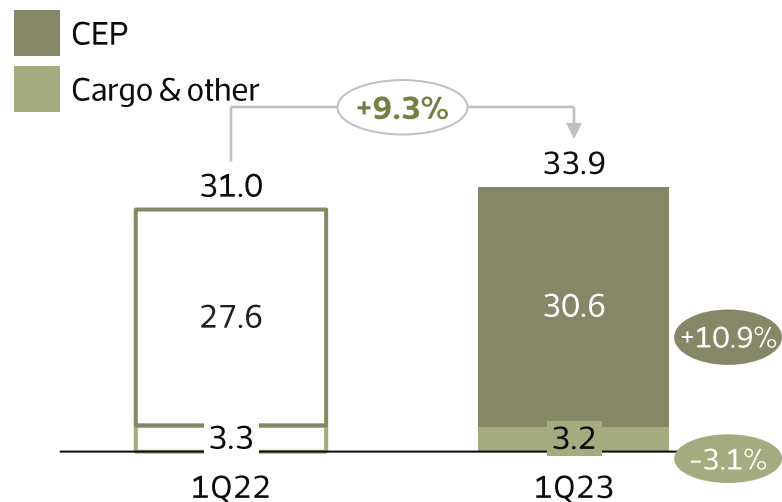
¹ Excluding Specific items; ² Including Central Structure

Continued recovery in volumes, revenues and profitability

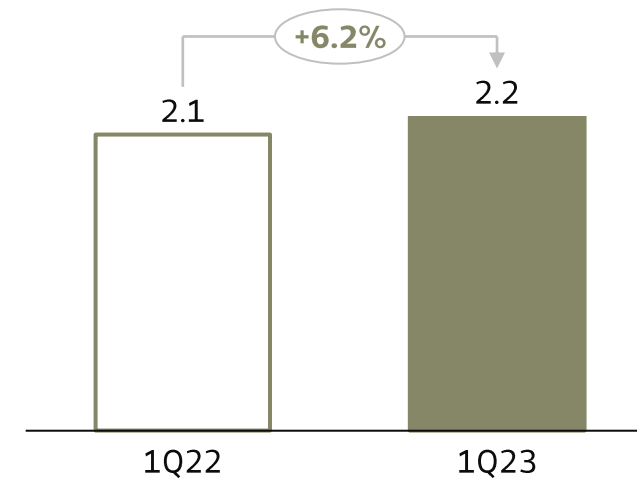
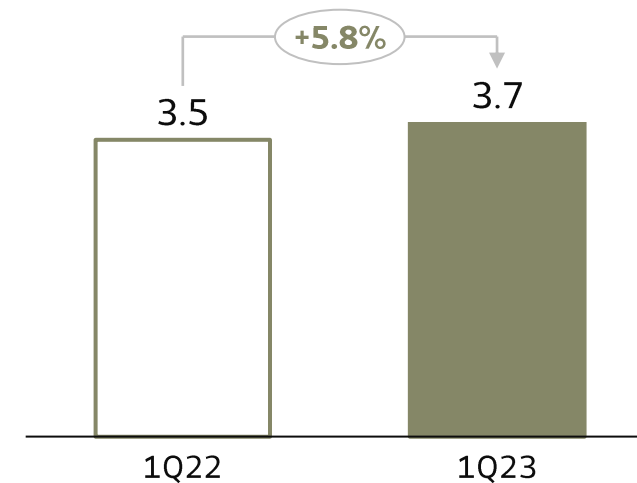
Express & Parcels Portugal | CEP Volumes
% change vs. prior year



Express & Parcels Portugal | Revenues
€ million; % change vs. prior year



Express & Parcels Portugal¹ | EBITDA & EBIT
€ million; % change vs. prior year.

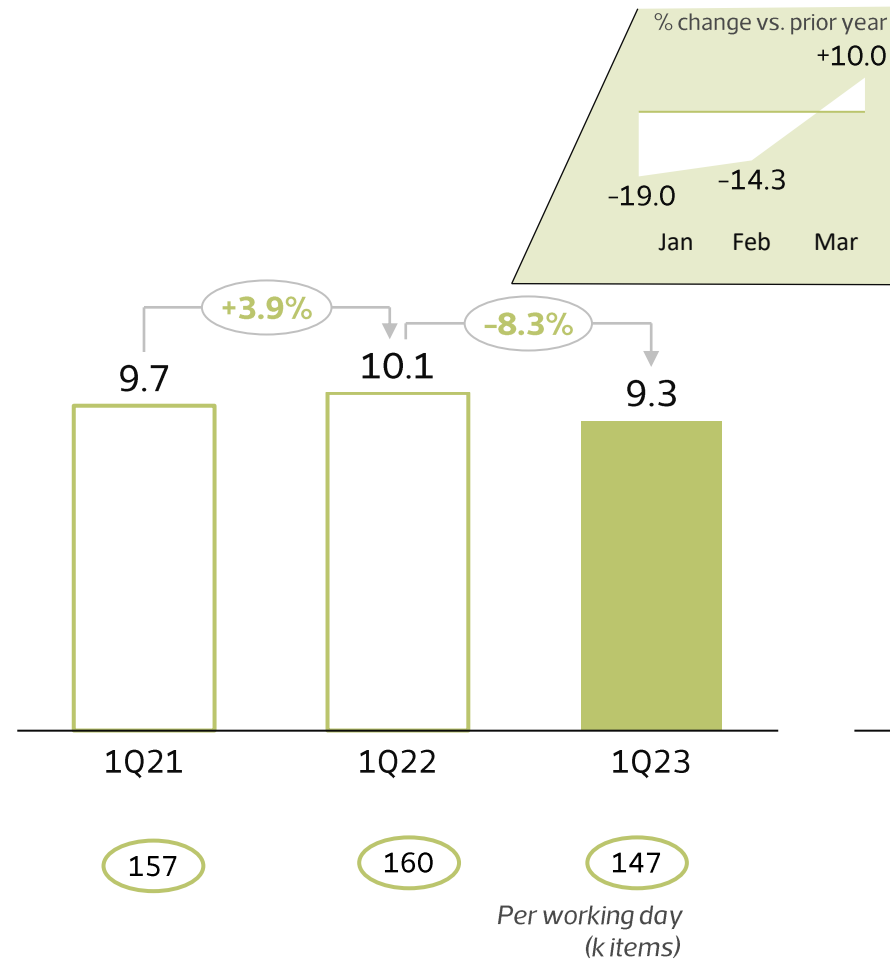


¹Individual accounts.

Volumes performance, inflation and capacity expansion penalized profitability

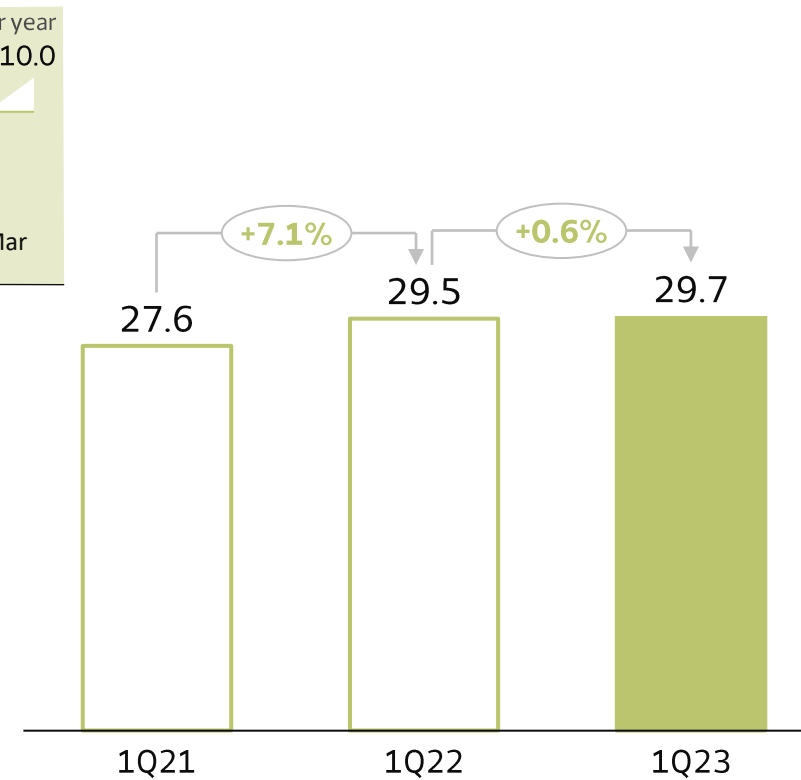
CEP Volumes

million items; % change vs. prior year



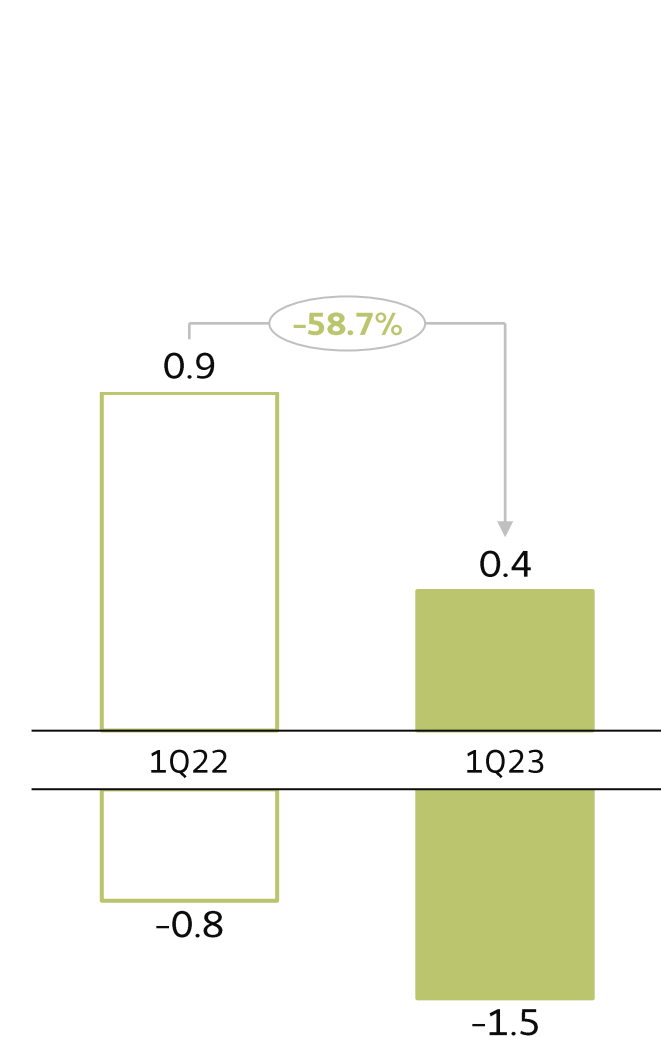
Express & Parcels Spain | Revenues

€ million; % change vs. prior year



Express & Parcels Spain¹ | EBITDA & EBIT

€ million; % change vs. prior year.



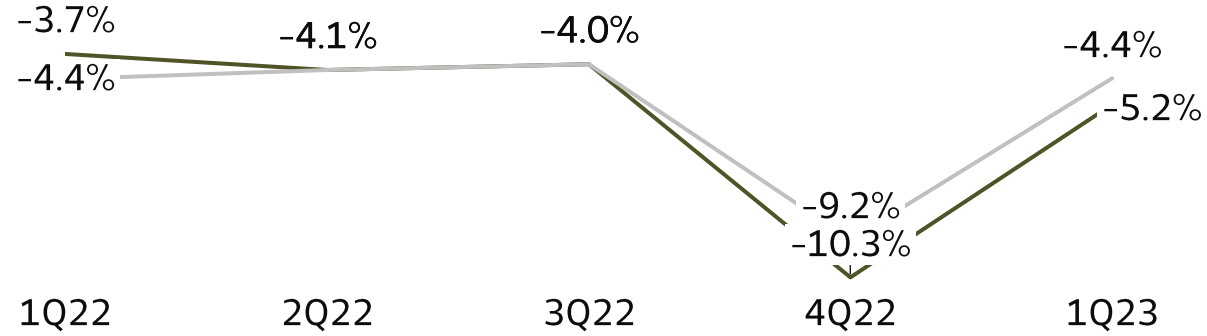
¹Individual accounts

Improving traffic and revenue dynamics leading to mail revenue growth

Addressed mail volumes

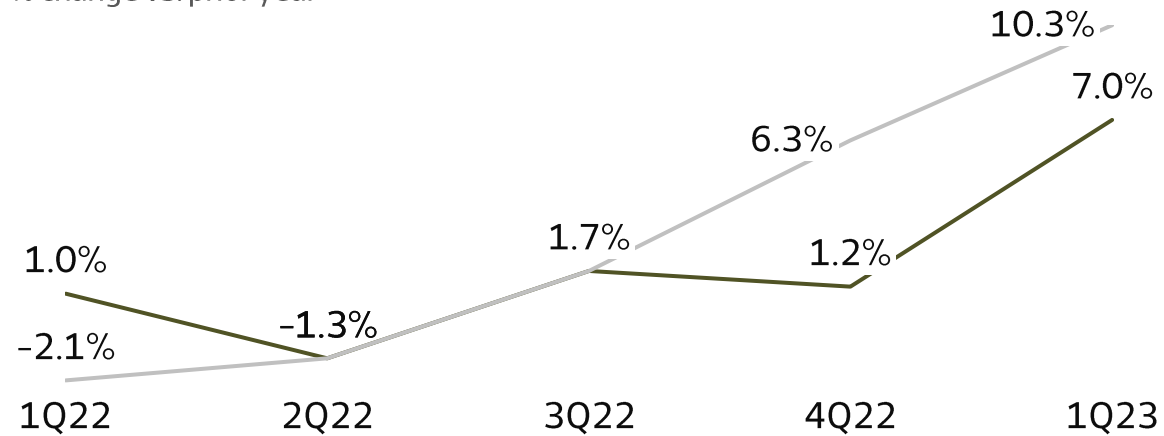
% change vs. prior year

Adjusted for elections impact
Reported



Average revenue per item

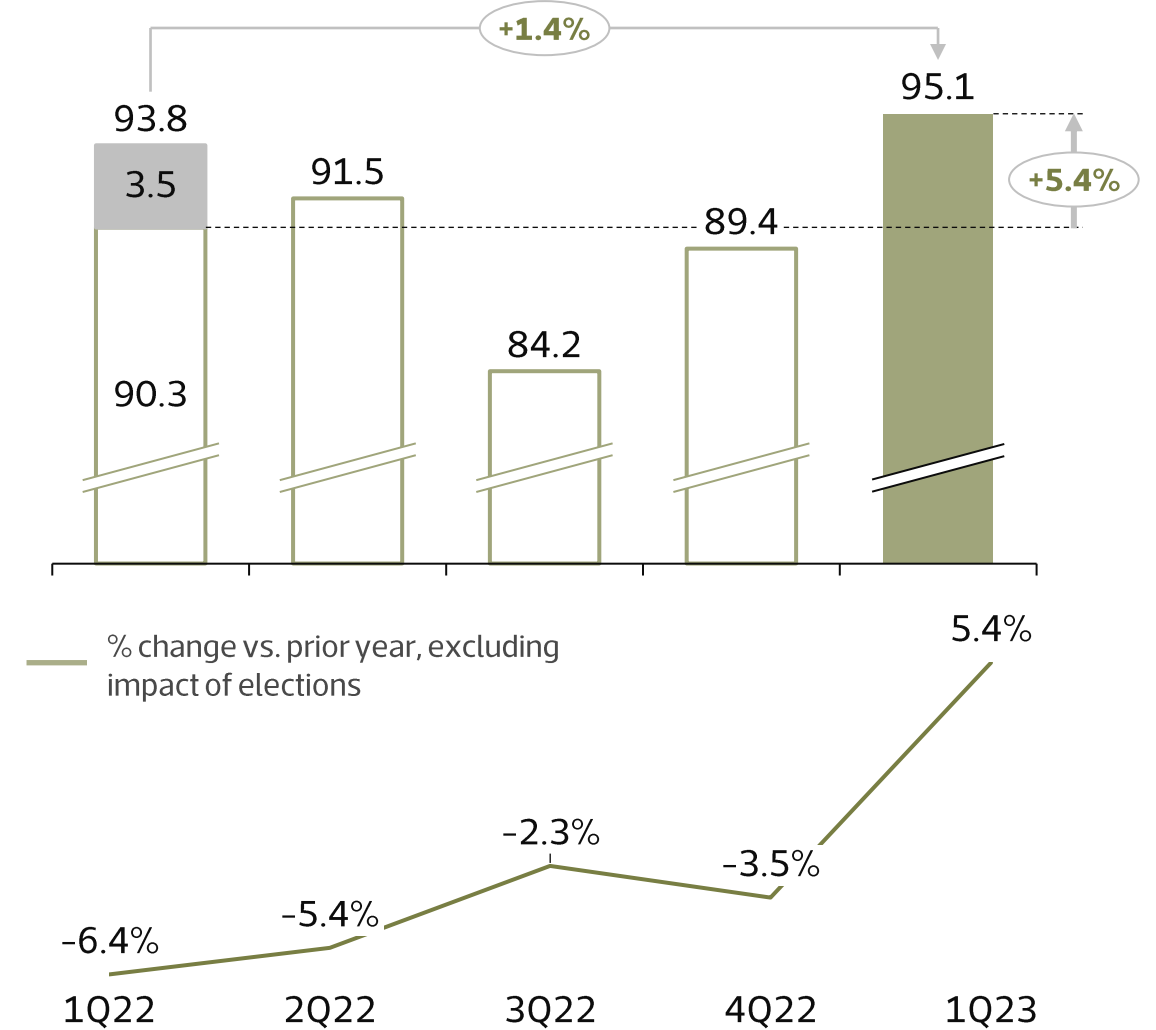
% change vs. prior year



Addressed mail revenues

€ million; % change vs. prior year

Impact of elections

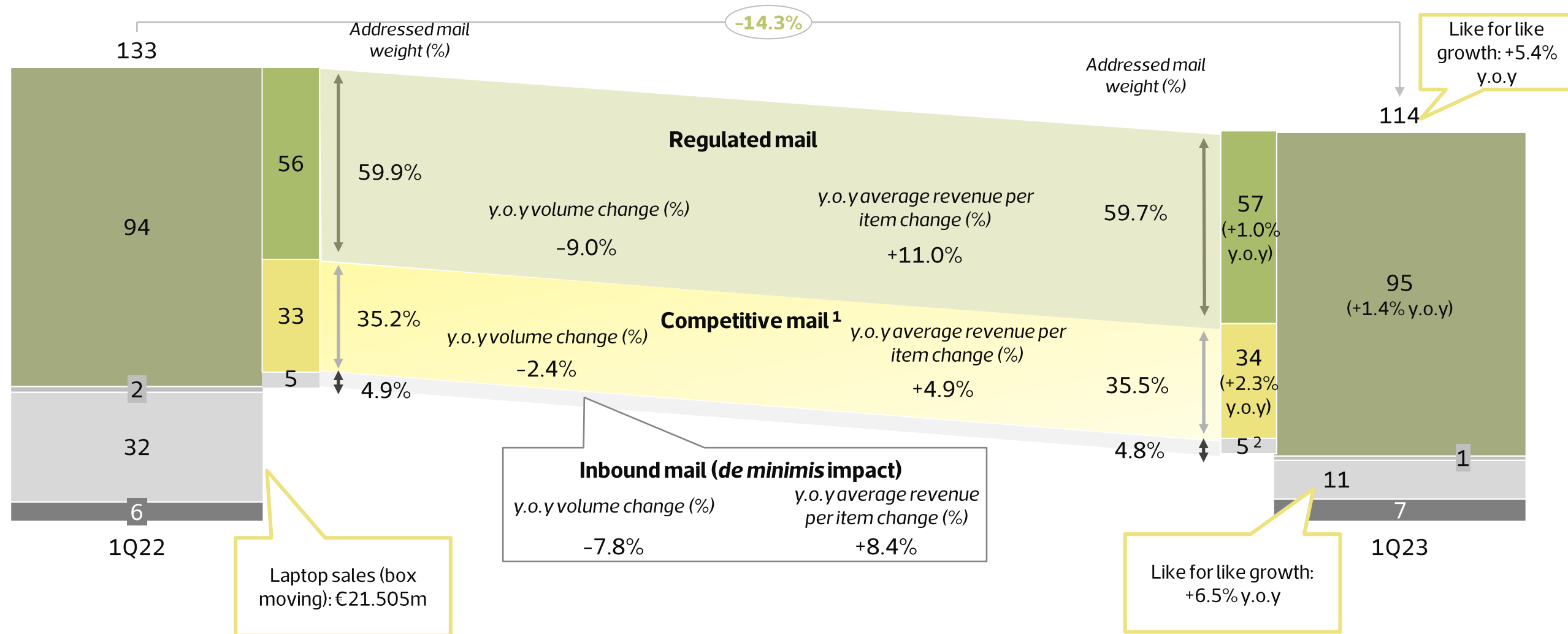


Balanced revenue growth across regulated and competitive mail segments

Revenues

€ million; % change vs. prior year

Addressed Unaddressed Busines solutions Other



¹Includes bulk and advertising mail; ²0.0% y.o.y;

Focus on the portfolio of services...



Savings

In-store and online distribution
Strong dynamics drive walk-ins



Non-life insurance

Auto
Home
Travel
Health



Money transfer services

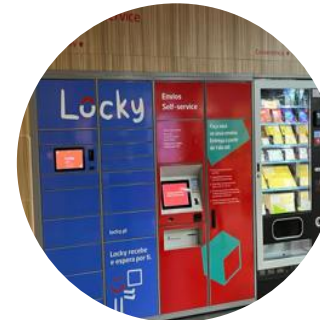
Western Union direct-to-bank corridors
Payshop and postal agents networks



Payment Services

Pensions
Tax payments
Toll Payment
Utilities
Aerial Transport subsidy

... while transforming our in store experience



Strengthening the self-service and digital approach

Expansion of the Locker network
Implementation of self-service kiosks
Reinforcement of omnicanality



In-store process redesign

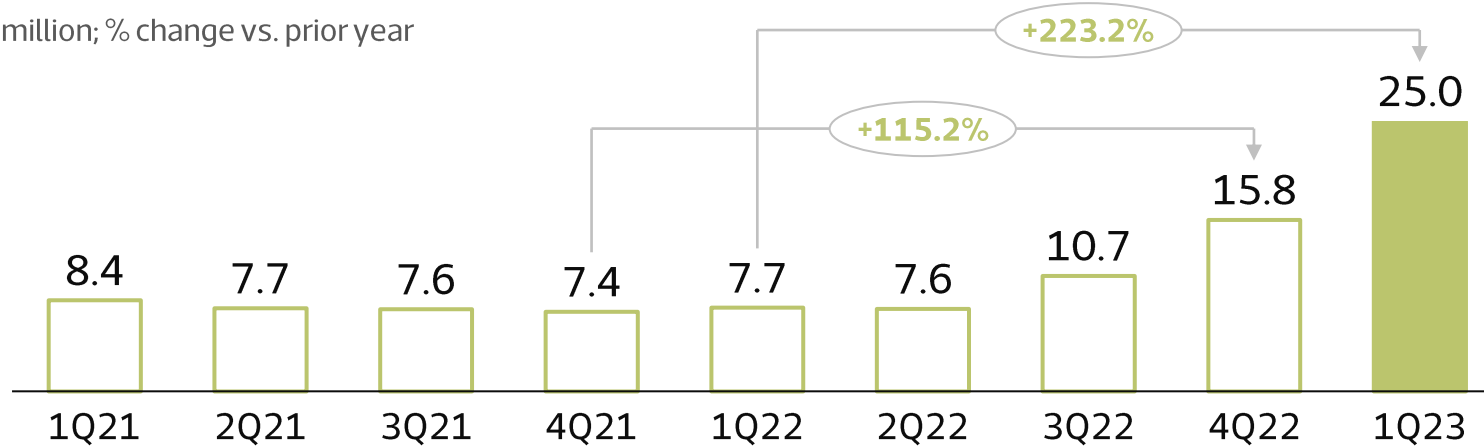
Opening more self-service convenience spaces 24/7
Layout re-evaluation and redesign
Waiting areas with improved digital experiences and information

Public debt placements driving revenue performance and offering solid outlook

Financial Services

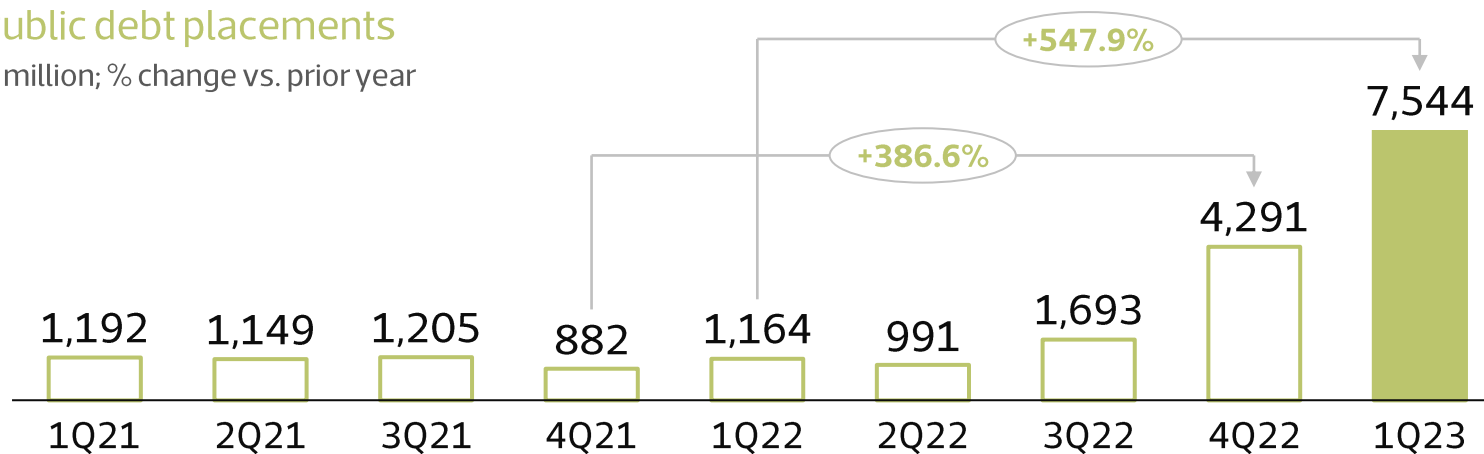
Revenues¹

€ million; % change vs. prior year



Public debt placements

€ million; % change vs. prior year

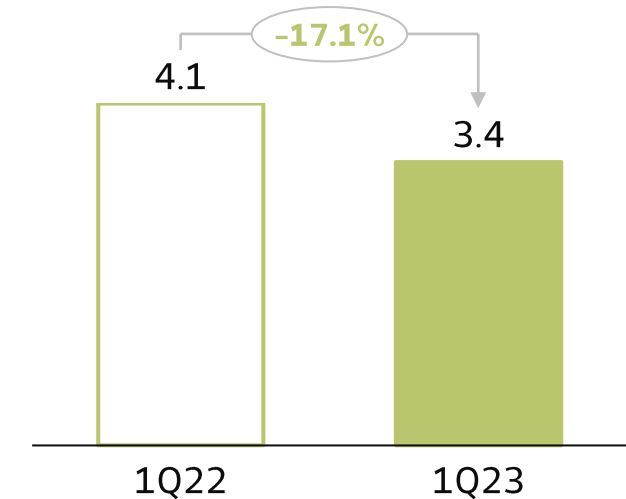


¹Excludes other revenues that account for €0.00m in 1Q22 and €-0.3m in 1Q23

Retail products & services

Revenues¹

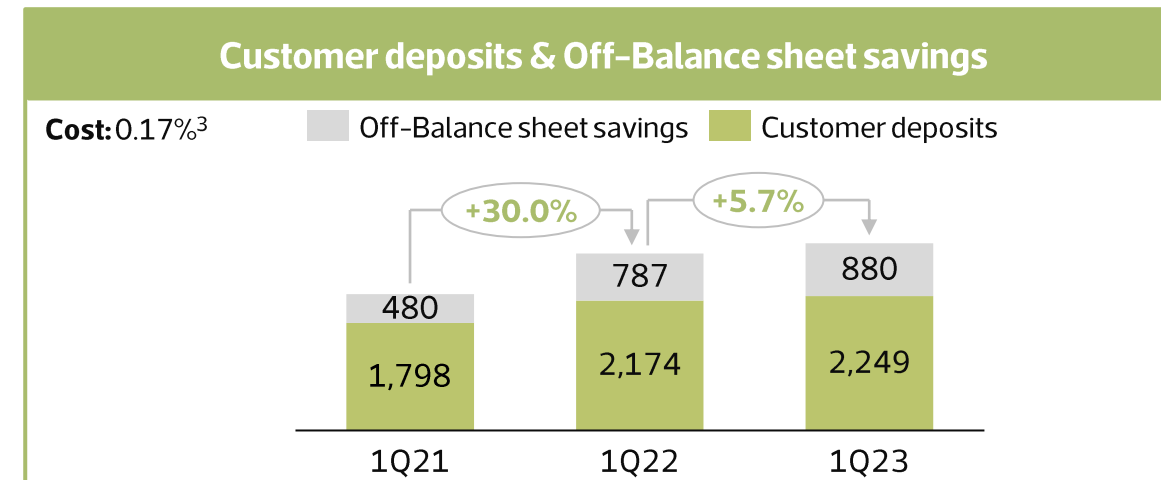
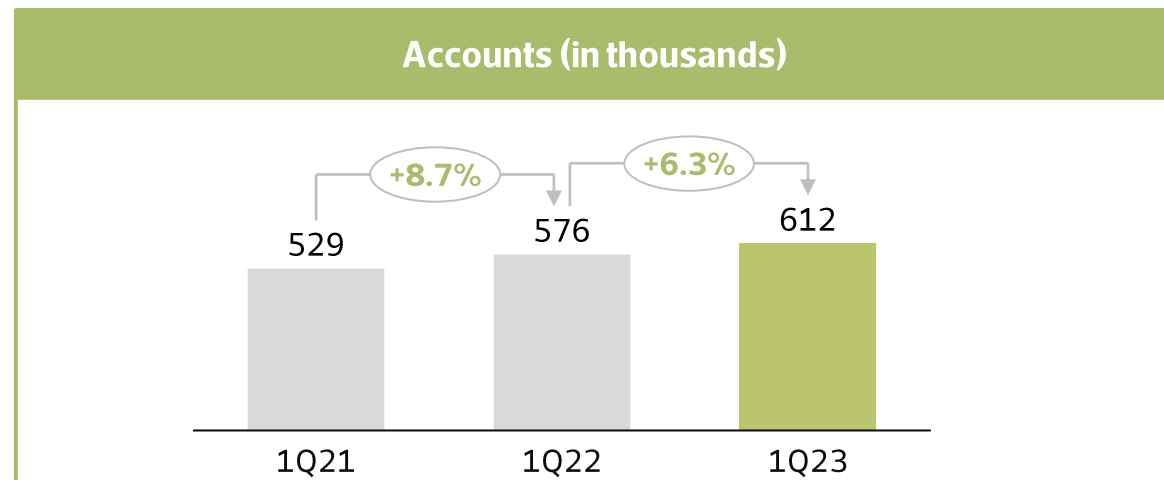
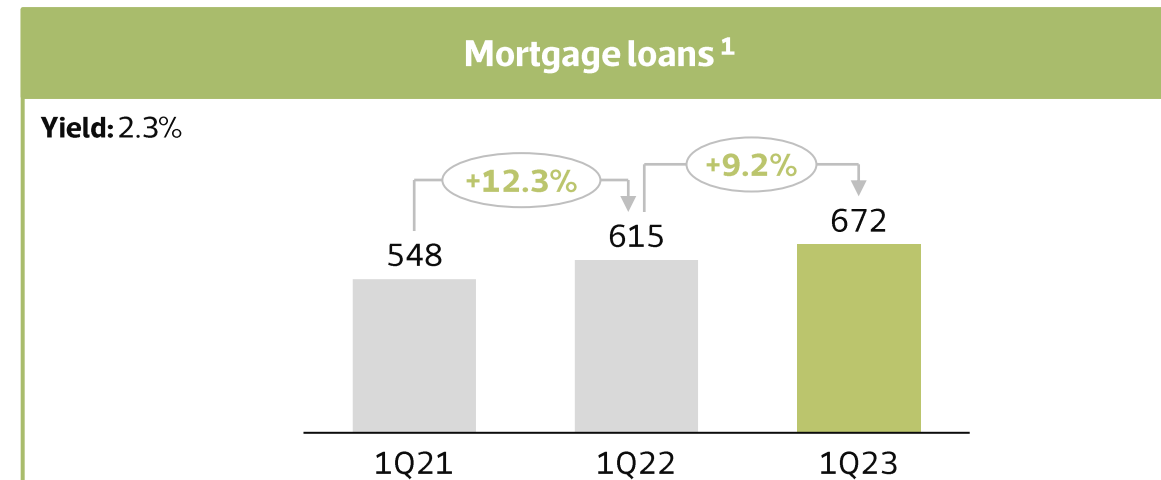
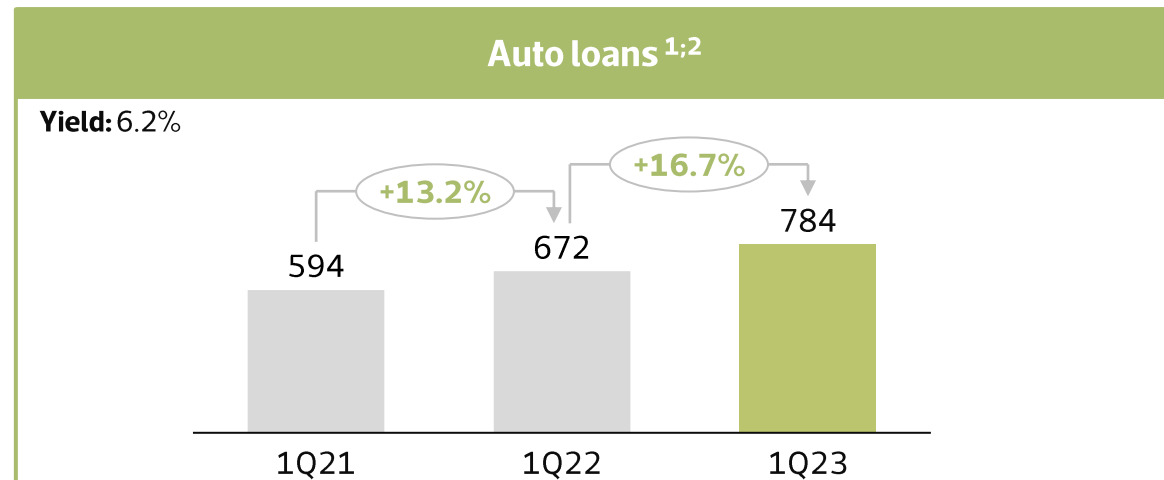
€ million; % change vs. prior year



- Repositioning of retail network towards services to drive future growth outlook
- Discontinuing of certain retail product sales, including scratch cards

Banco CTT – Evolution of volumes

€ million, except otherwise indicated

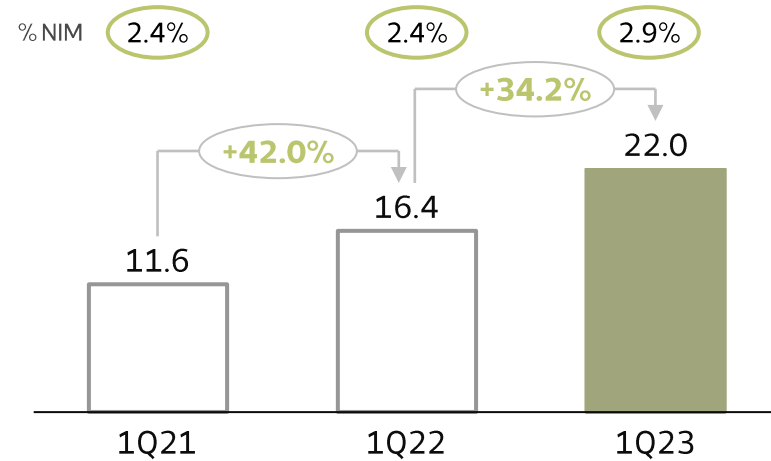


¹ Net of impairments; ² Consolidated contribution; ³ Average cost of customer deposits.

Revenue growth, driven by volumes and interest rates, is underpinning RoTE

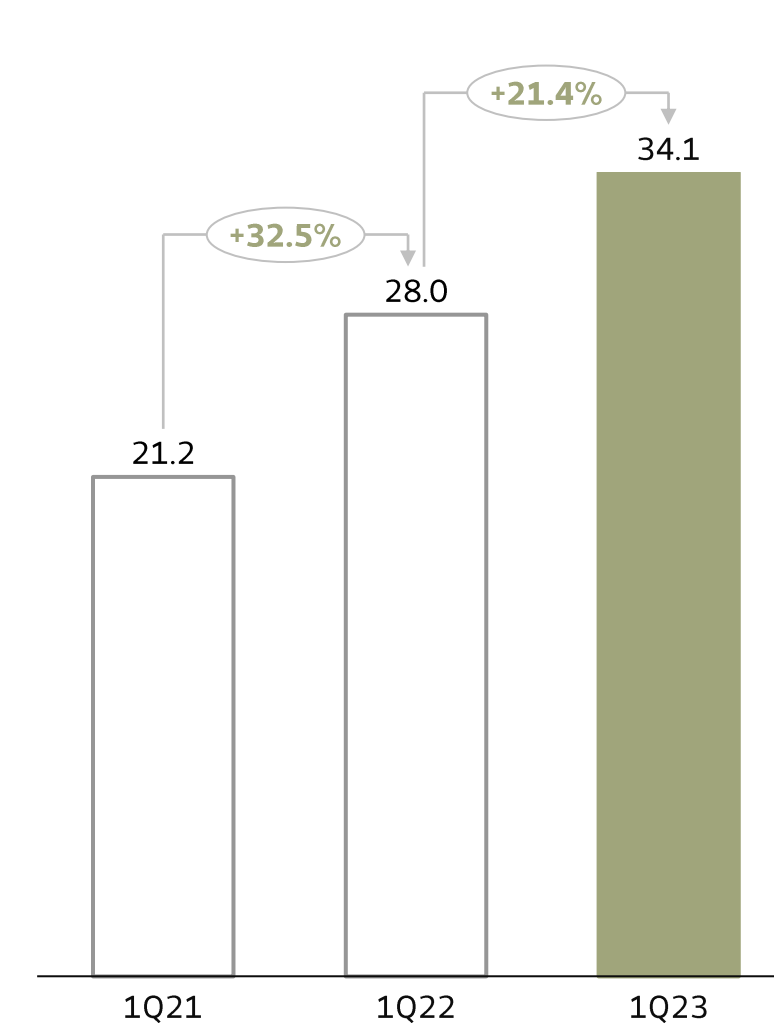
Net Interest Income

€ million; % change vs. prior year



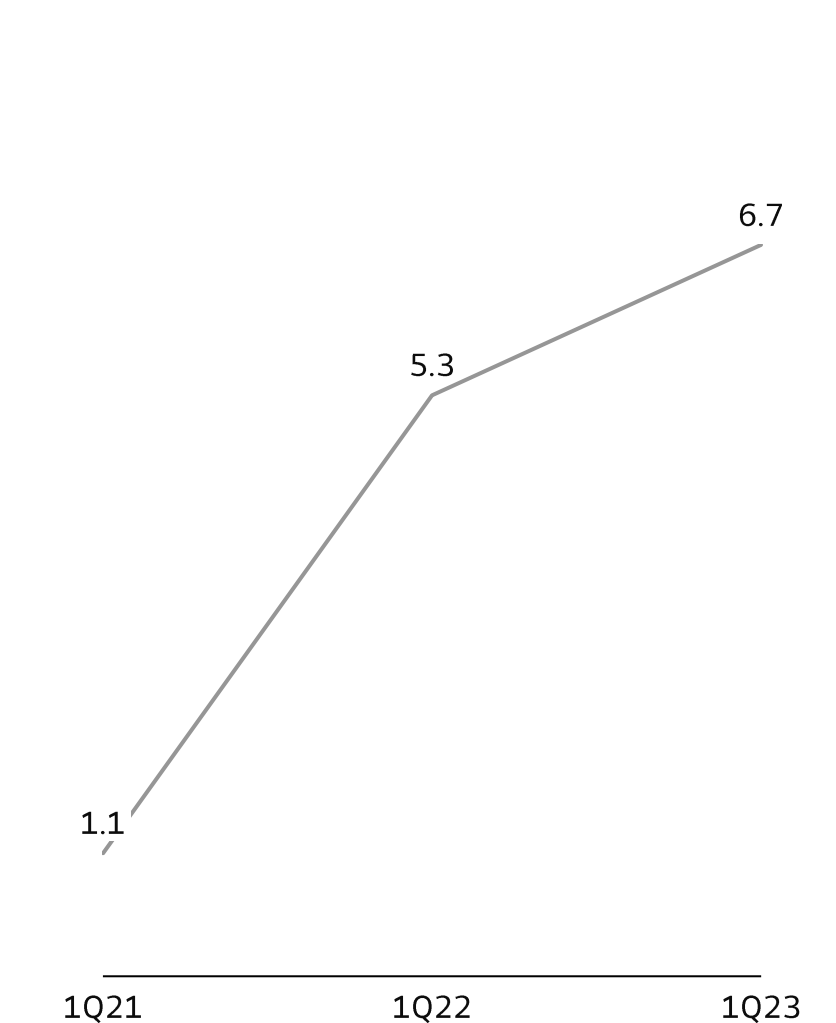
Revenues

€ million; % change vs. prior year



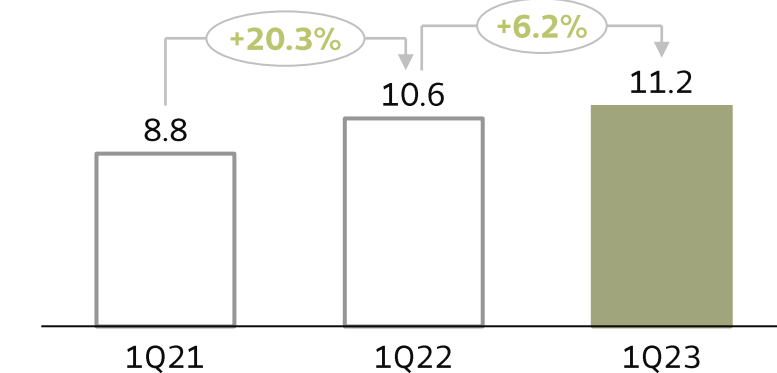
RoTE¹

%



Commission revenues

€ million; % change vs. prior year



¹RecurringRoTE;



Financial review

Growth of revenues and recurring EBIT coupled with strong FCF generation

Key financial indicators

€ million; % change vs. prior year

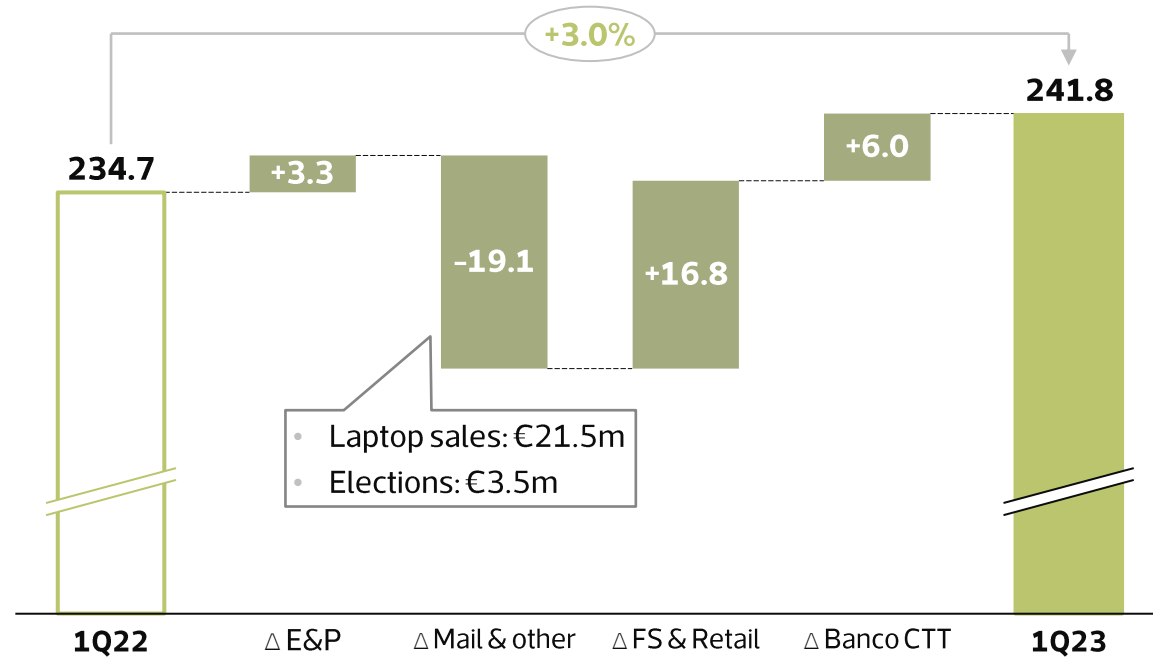
	Quarter		
	1Q22	1Q23	y.o.y
Revenues¹	234.7	241.8	+3.0%
Operating costs - EBITDA ²	212.7	201.0	-5.5%
EBITDA²	22.0	40.8	+85.2%
Depreciation & amortization	15.4	15.1	-1.6%
Recurring EBIT¹	6.7	25.7	>>
Specific items	-2.7	0.7	n.m.
EBIT	9.4	25.0	>>
Financial result	-2.1	-3.1	-46.4%
Tax	1.8	5.7	>>
Net profit attributable to equity holders	5.4	16.1	>>
Free cash flow	6.2	39.7	>>

¹Excluding Specific items; ²Excluding Specific items, depreciation & amortization

Revenue growth, notwithstanding mail penalised by elections and by box-moving laptop project in 1Q22

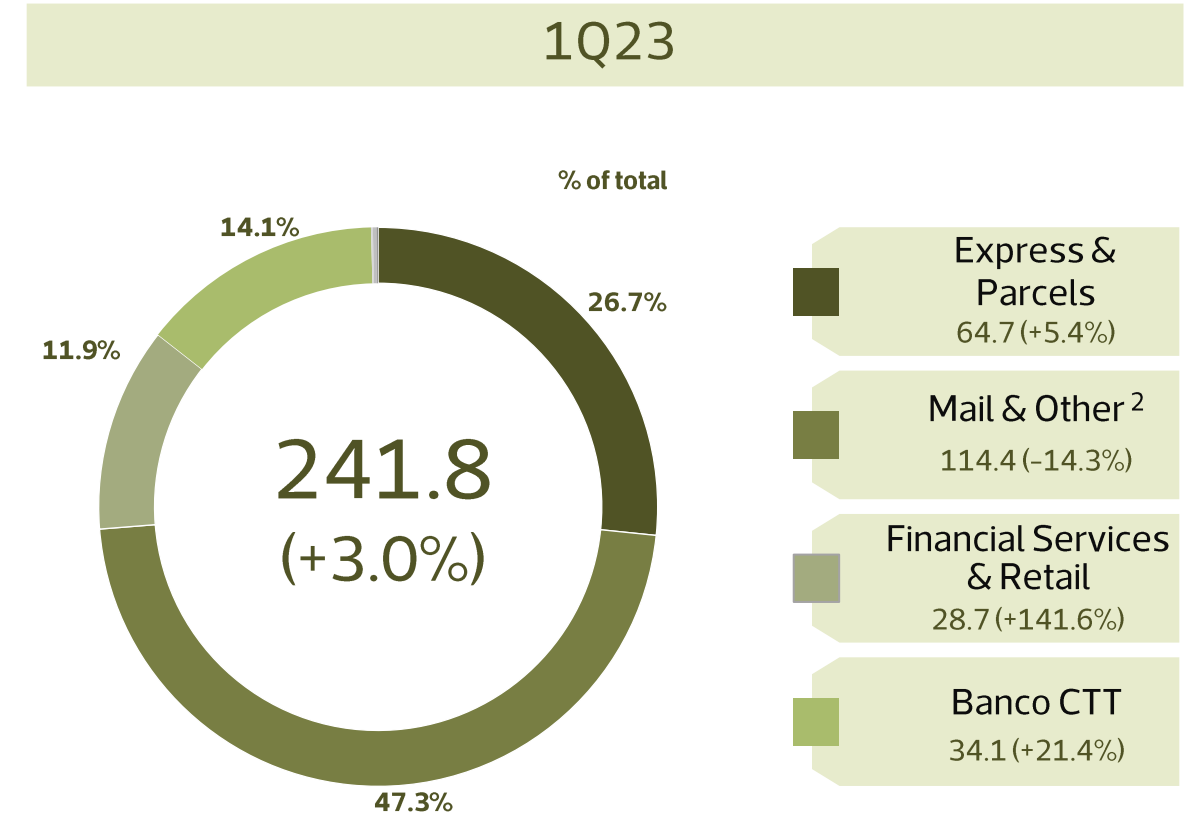
Revenues ¹

€ million; % change vs. prior year



Revenue ¹ breakdown

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

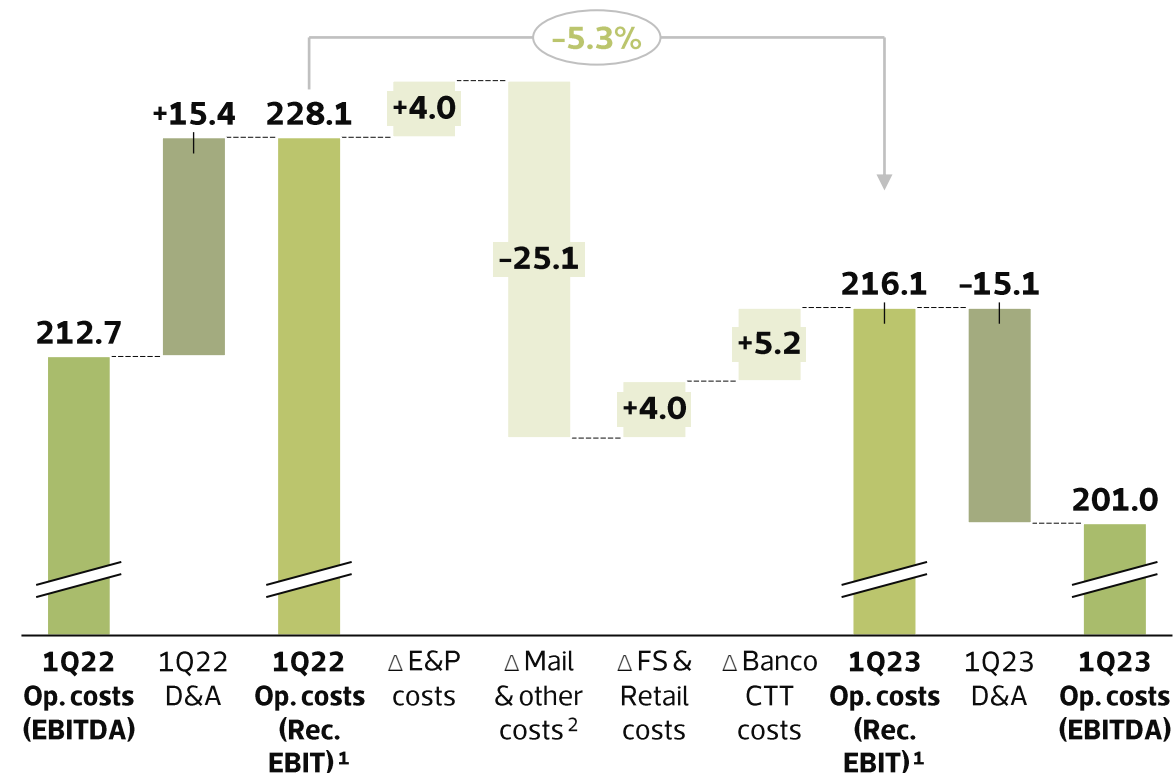


¹ Excluding Specific items; ² Including Central Structure

Further initiatives to be implemented in the cost structure

Operating costs¹

€ million; % change vs. prior year



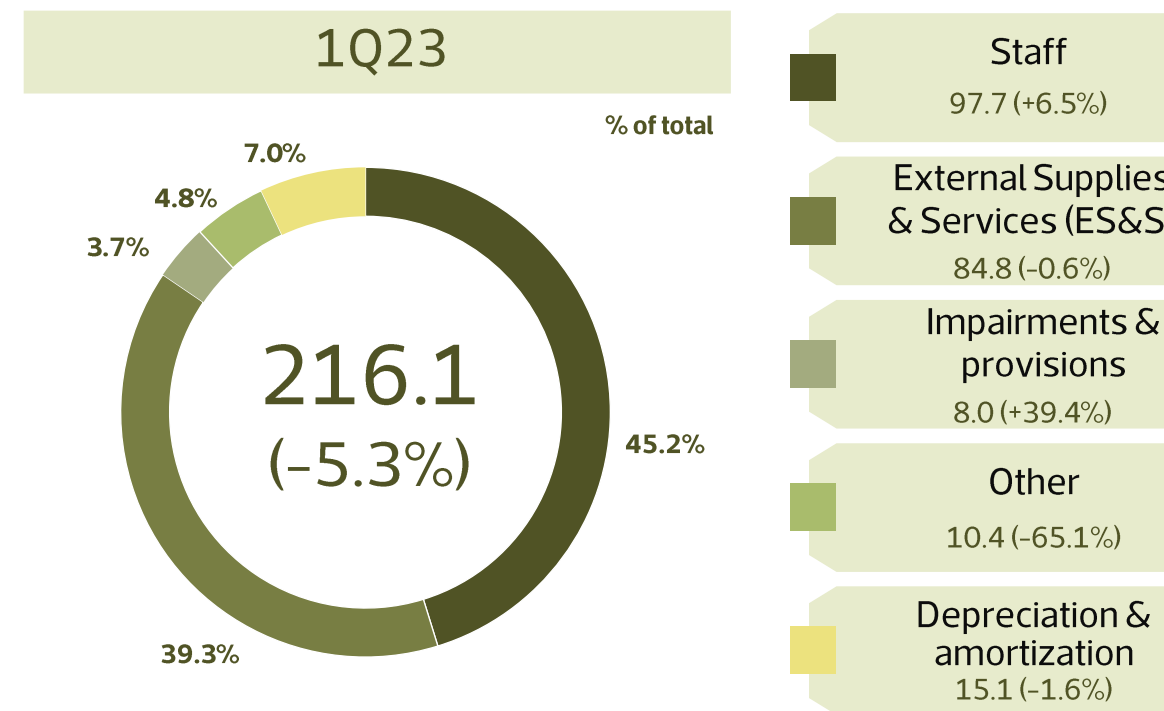
In 1Q23:

- **E&P costs grew by €4.0m** mainly due to increased costs associated with the expansion of sorting centres and the increase in fuel prices
- **Mail & Other costs decreased €25.1m**, given that in 1Q22 there were higher revenues and costs related to the laptop sales project
- **Banco CTT costs increased €5.2m** partly as a result of impairment & provisions growth (+€2.2m) as a result of volume growth and due to the CoR volatility in the consumer credit book

¹ Excluding Specific items; ² Including Central Structure

Operating costs (Rec. EBIT)¹ breakdown

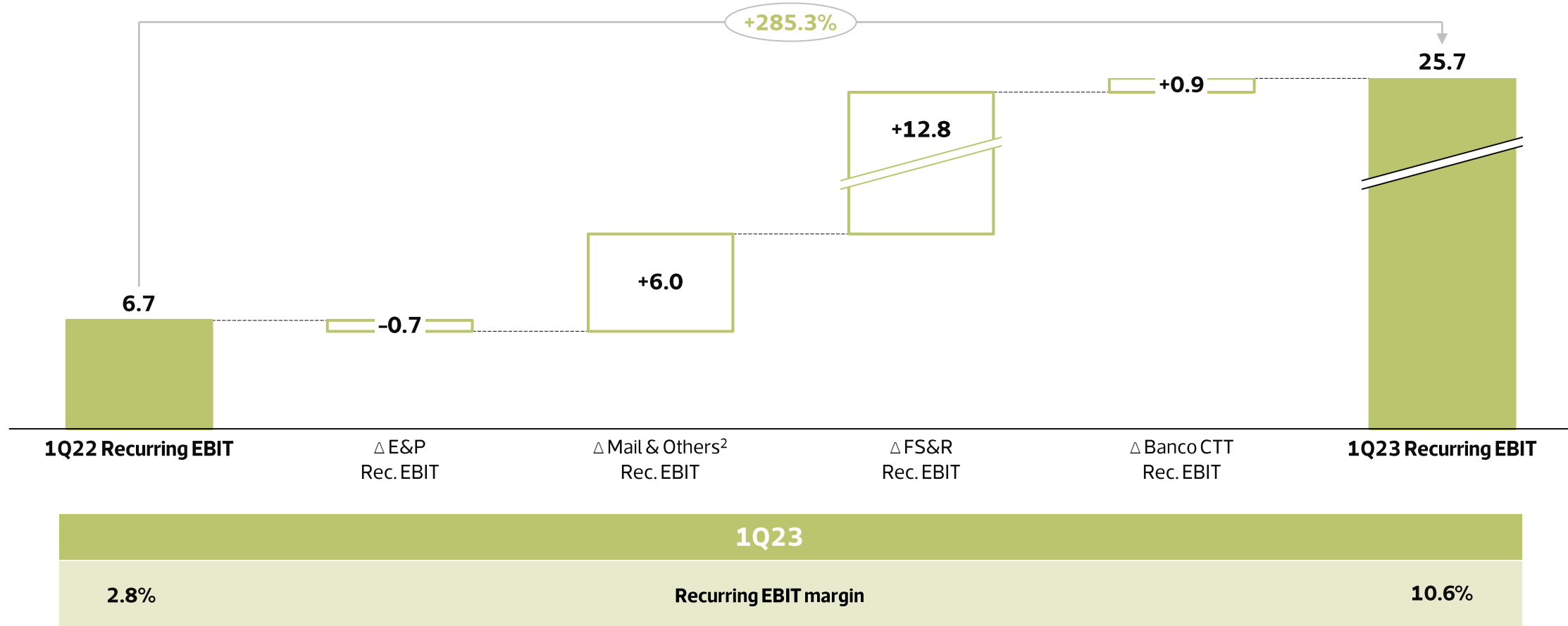
€ million; % change vs. prior year; % of total



Strong EBIT performance

Recurring EBIT¹

€ million; % change vs. prior year

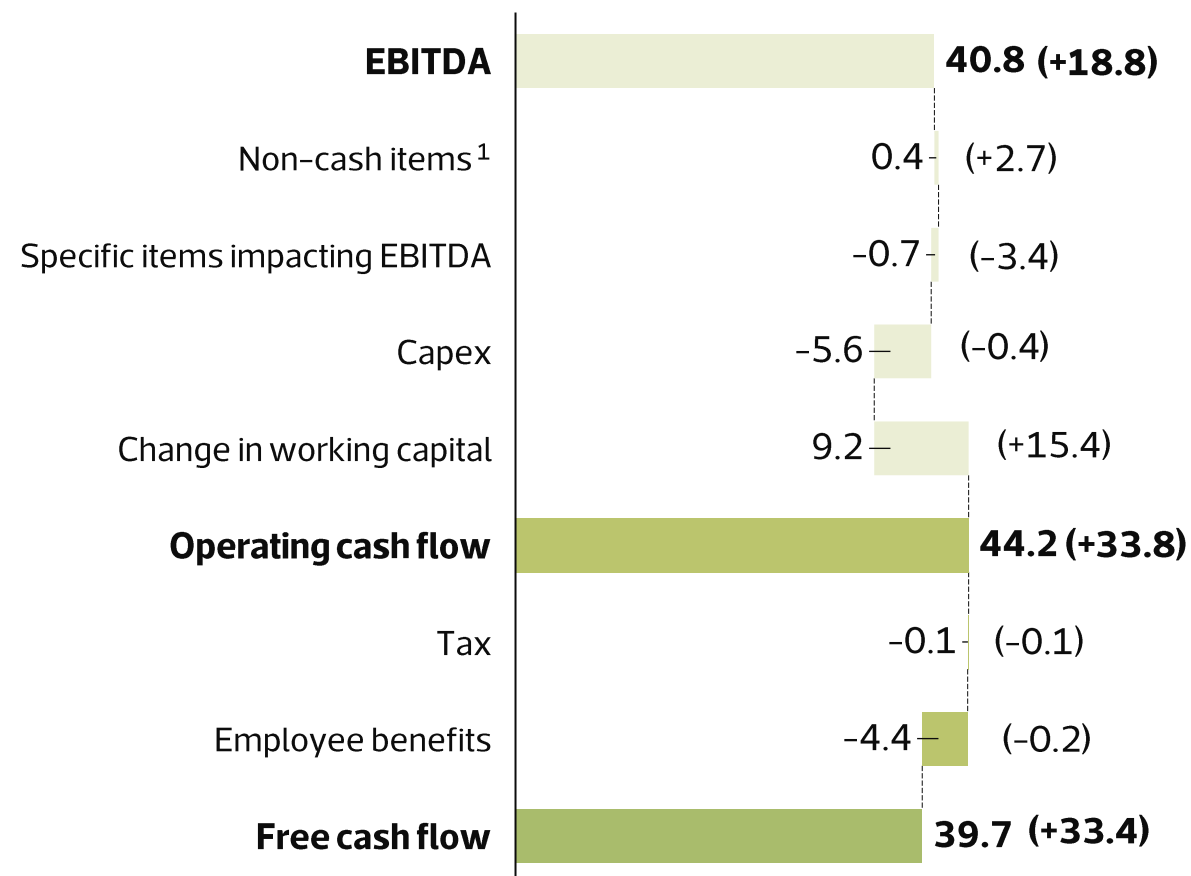


¹Excluding Specific items; ²Including Central Structure

Strong cash flow generation leading to a consolidated net cash position

1Q23 Cash flow

€ million; impact on cash flow vs. prior year

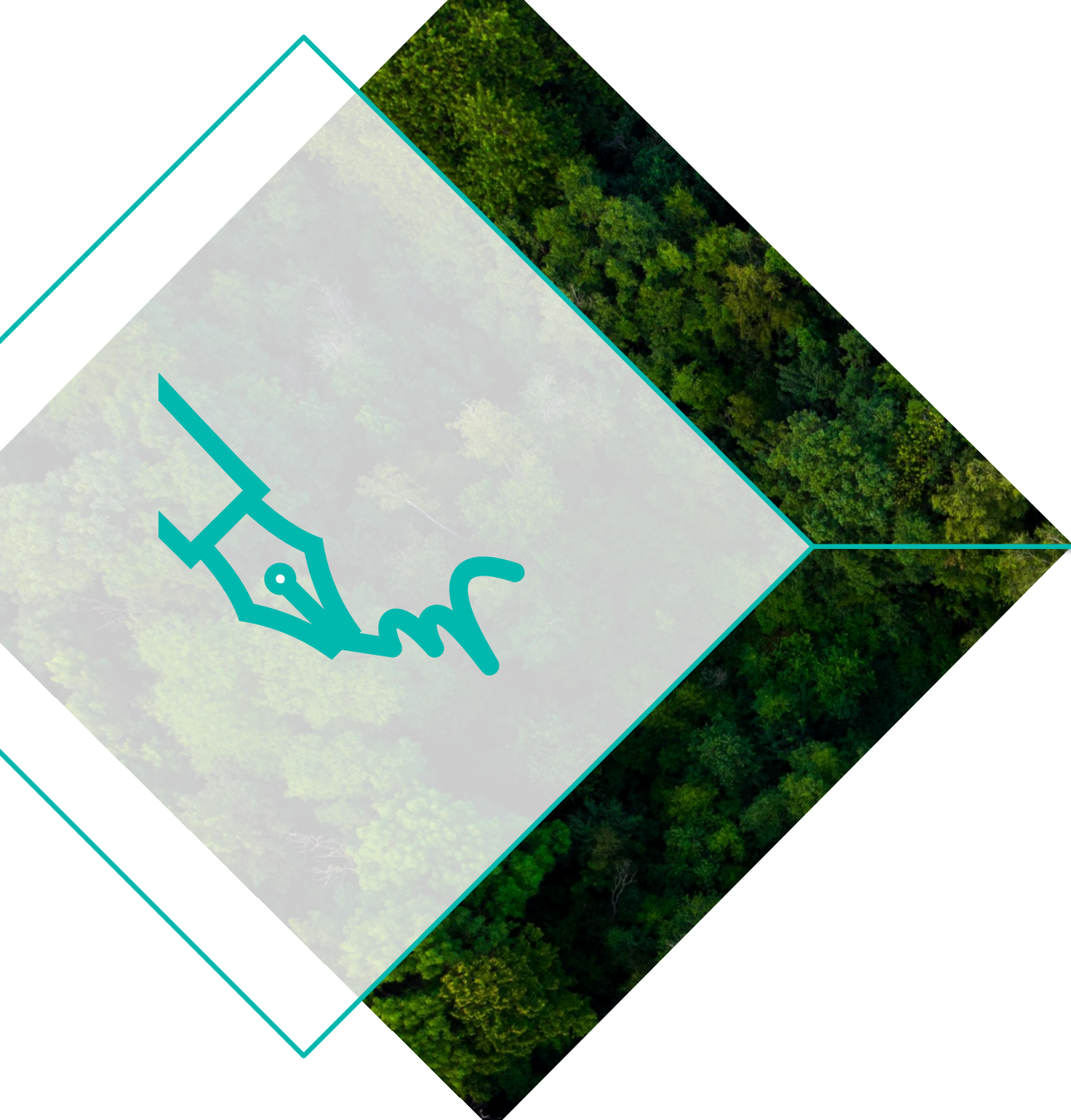


31 March 2023 Net financial debt²

€ million

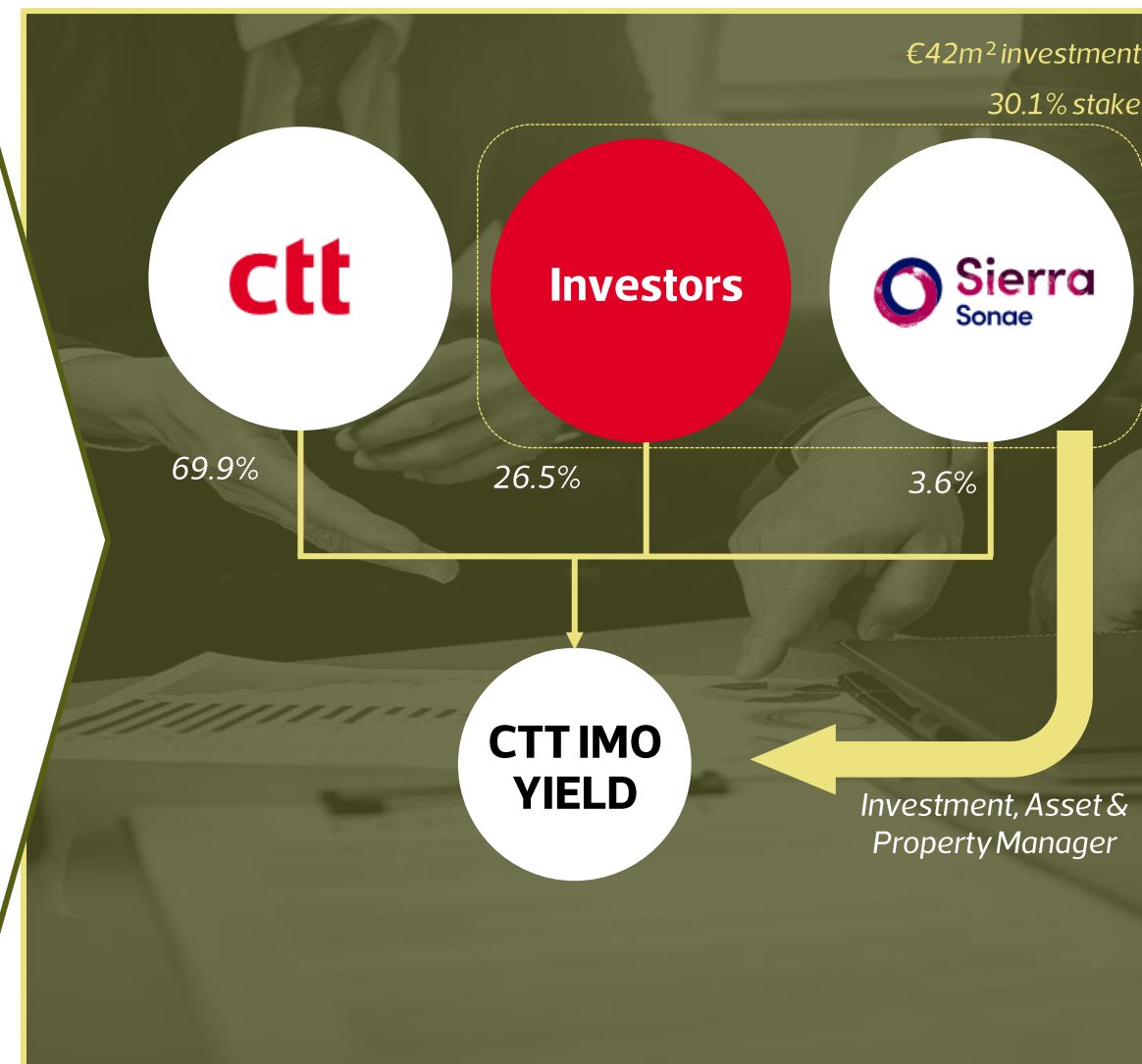
	Consolidated
(+) Cash & cash equivalents	589.0
(-) Net Financial Services & Other payables ³	449.4
(-) Banco CTT liabilities, net ³	-145.6
(-) Other ⁴	44.6
(=) Adjusted cash	240.6
(-) Financial debt	105.2
(=) Net cash position	135.4
(-) Lease liabilities (IFRS 16)	118.2
Net financial debt²	-17.3

¹Impairments, provisions and IFRS 16 affecting EBITDA; ² Only financial debt presented in the table; it does not include net employee benefits of €149.2m as at 31 March 2023; 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



Final Remarks

- ✓ CTT yield portfolio to be carved into a new entity (CTT IMO YIELD)
- ✓ CTT IMO YIELD will be a SPV with a 10-year duration in the form of a real estate fixed capital investment company (SICAFI)¹
- ✓ Upon conversion to SICAFI, CTT IMO YIELD to be managed by an independent and experienced external manager (Sierra)
- ✓ External investors will buy from CTT a stake of 30.1%, equivalent to €42m²
 - ✓ Investors, institutional and family offices, to invest €37m² and take a stake of 26.5%³
 - ✓ Sierra will co-invest in the vehicle an amount of €5m², which will translate to a 3.6% stake
- ✓ CTT IMO YIELD to be fully consolidated into the CTT Group, notwithstanding maintaining flexibility to reduce its participation to a minimum level of 50.1%



¹By conversion of CTT IMO YIELD S.A, subject to regulatory conditions precedent (including the CMVM and the competition authority clearances); ² Assuming the carve-in of all properties of Yield Portfolio; ³ Subject to the respective adherence to the contractual documentation. Condition precedent of a minimum investment of €30m by new investors, excluding Sierra.

Transaction highlights

- Transaction value if all assets are transferred¹:
 - Fixed value: €136.4m
 - Earn-out: €2.6m²
 - Assets can be transferred in (i) phase one and (ii) up to 12 months after completion of phase one
- Agreed sale of stake if all assets are transferred:
 - Fixed price: €42m³
 - Base case investment cash-yield: 6.3%⁴
- Estimated one-off transaction costs if all assets are transferred:
 - For CTT: €12m⁵, mainly tax (one-off⁶)
 - For CTT IMO YIELD: €2m⁷

Transaction optionality

- Additional Liquidity Buffer for CTT
 - Potential additional sale subject to CTT keeping a 50.1% stake
 - Not subject to additional RE transaction costs
- Upside cash flow generation:
 - Sale of earn-out properties
 - Monetisation of unused assets
 - Gains on development projects

Lease agreements highlights

- CTT will become the main tenant under long term leases representing c.75% of GLA
- Properties fully or partially leased to CTT will comprehend two main categories:
 - Minimum lease period of 20 years: ~32% of total assets transferred
 - Minimum lease period of 12 years: ~55% of total assets transferred
- The contract leases of CTT are triple net, with CTT being responsible for:
 - Insurance
 - Taxes (IMI/AIMI)
 - Maintenance and condominium
- CTT rents, inflation-linked, will amount to €9.5m⁸ in year one

¹At carve-in of the real estate assets or at later stage – pending properties, which may require additional regularisation; ²To be paid by the SPV contingent to minimum sales proceeds of €2.6m; ³Committed amount from investors, subject to the respective adherence to the contractual documentation, that will equate to a 30.1% stake; ⁴In accordance to the base case business plan; ⁵Includes tax (mainly RETT and income tax), regularisation of documentation and advisory fees; ⁶Future possible transactions involving CTT IMO YIELD capital will not be subject to RETT; ⁷Mainly set-up fees; ⁸Annualised, assuming all properties transferred.



Crystallisation of Real Estate value

- ✓ The market will get **full visibility on the market value of Yield Portfolio assets** based on regular appraisals produced by independent experts under supervision of CMVM
- ✓ Aggregated value of **CTT's positions in CTT IMO YIELD and Banco CTT** at prices agreed with partners, represent c. **68% of total market capitalisation**¹



Efficient management of portfolio

- ✓ The portfolio will have an **experienced manager**, with a strong track record in real estate
- ✓ **Upside expected from portfolio optimisation** through maximisation of rental income, reduction of costs and promotion of successful development initiatives
- ✓ Operation of CTT's retail and logistics will benefit from a more efficient operation and **flexibility to invest in network expansion** in Portugal and in Spain



Possible future liquidity

- ✓ **Unlevered portfolio** with extensive capabilities to **self-finance development initiatives**
- ✓ Strong potential for **asset rotation of vacant or unused properties**
- ✓ CTT to hold an **extra liquidity buffer for a 19.8% equity stake in CTT IMO YIELD**

The transaction will allow CTT to **remain owner** of its core real estate portfolio, while **crystallising and enhancing its market value**

¹Assuming the share price as of 4 May 2023

 Improving E&P performance in Portugal, while Spain recovery is behind schedule but already with early positive signs that will enable profitability improvement

 Improving revenue performance driving mail profitability, with focus on costs and margins sustainability


 Transforming the retail network into a service platform, with special focus on savings and insurance distribution

 Banco CTT is delivering on volume, revenue and profitability growth

 Strong quarter with consolidated revenue and recurring EBIT growth

 Strong cash-flow generation improving financial flexibility

 Real Estate transaction crystallises value and enhances further balance sheet flexibility

 We are upgrading our recurring EBIT guidance to “at least €80m in 2023”

CTT – Correios de Portugal, S.A.

Investor Relations

Phone: +351 210 471 087

E-mail: investors@ctt.pt

ctt.pt

Delivering the future by connecting
people and businesses in a
sustainable way

ctt

