



1H23 results presentation



27 July 2023

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Operational Review



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Robust recovery in E&P volumes, revenues and profitability with prior capacity investments now paying off



- **Iberia:** strong volume rebound across Iberian E&P platform, driving revenues and profitability in both geographies
- **Portugal:** sustained acceleration of volumes and revenues
- **Spain:** very strong growth both in large and smaller clients with robust outlook



- Price increases compensating volume decline
- Focus on profitability and cost cutting to deliver EBIT growth



- Normalised demand of public debt following the change in the economic conditions of savings certificates
- Focus on transforming the retail network towards services, namely on insurance distribution



- Volumes growth and higher rates improving profitability
- Focus on strengthening client relations, against a backdrop of healthy banking client growth



- Revenues up by 12.7% y.o.y. reflecting growth in all segments
- E&P accelerated towards a 25.0% y.o.y growth in the quarter
- €22.7m recurring EBIT in the quarter (+89.2% y.o.y.)
- EBIT growth across all business units



- Strong operating cash flow generation of €55.6 m in 1H23 (+193.2% y.o.y.)
- FCF of €47.9m in first half (up by 12.5x y.o.y)
- Dividend payment of €17.9m (€0.125 per share)
- Consolidated net cash¹ position of €7.6m (€37.3m improvement vs. FY22)
- With Banco CTT equity accounted, net debt¹ stood at €174.6m, down €17.9m vs. FY22

¹includes IFRS16

Revenue and recurring EBIT growth across all business units



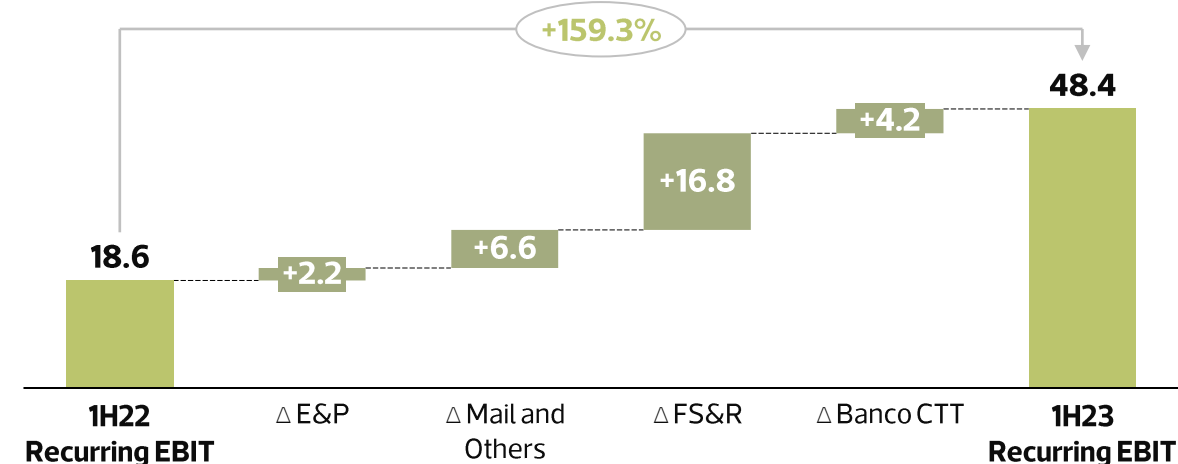
Group CTT - Financials

€ million

	2Q23	1H23
Revenues	€238.6m (+12.7%)	€480.4m (+7.6%)
Recurring EBIT ¹	€22.7m (+89.2%)	€48.4m (+159.3%)

Recurring EBIT¹ evolution

€ million; % change vs. prior year



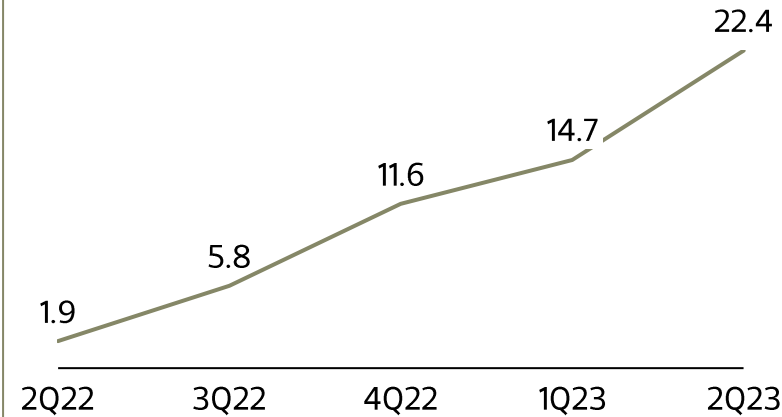
	Mail & Other ²		Express & Parcels		Financial Services & Retail		Banco CTT	
	Revenues	Recurring EBIT ¹	Revenues	Recurring EBIT ¹	Revenues	Recurring EBIT ¹	Revenues	Recurring EBIT ¹
2Q23	€108.6m (+0.4%)	€2.2m (+37.9%)	€76.7m (+25.0%)	€5.2m (+120.1%)	€17.6m (+42.9%)	€9.9m (+65.8%)	€35.8m (+19.7%)	€5.4m (+159.2%)
1H23	€222.9m (-7.7%)	€4.8m (n.m.)	€141.3m (+15.2%)	€5.9m (+58.7%)	€46.3m (+91.4%)	€27.9m (+149.9%)	€69.8m (+20.5%)	€9.7m (+76.3%)

¹Recurring EBIT excludes specific items; ²Including Central Structure

E&P in Portugal registered the 5th consecutive quarter of sustained acceleration in the evolution of volumes and revenues while benefiting from operational leverage

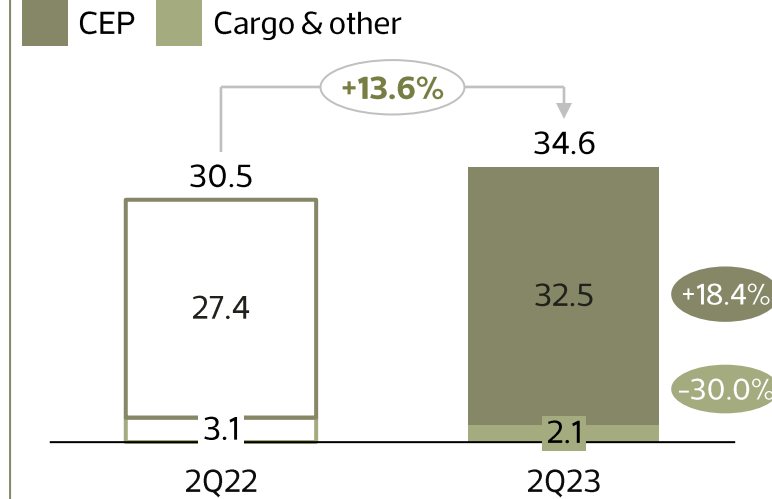
Express & Parcels Portugal | CEP Volumes

% change vs. prior year



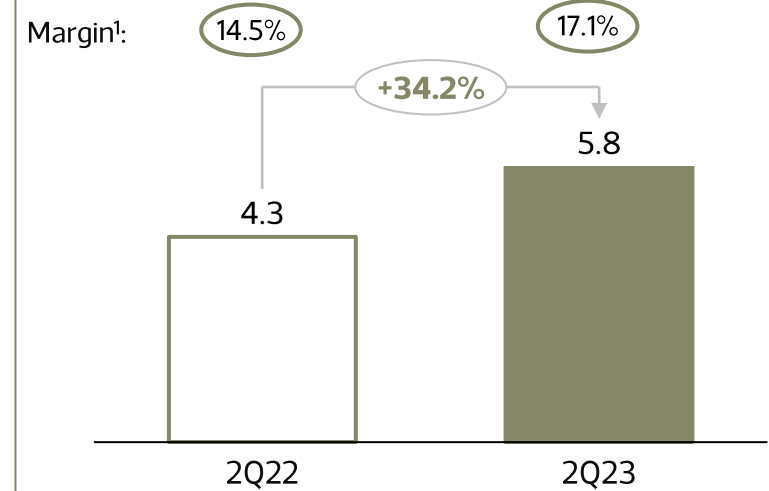
Express & Parcels Portugal | Revenues

€ million; % change vs. prior year

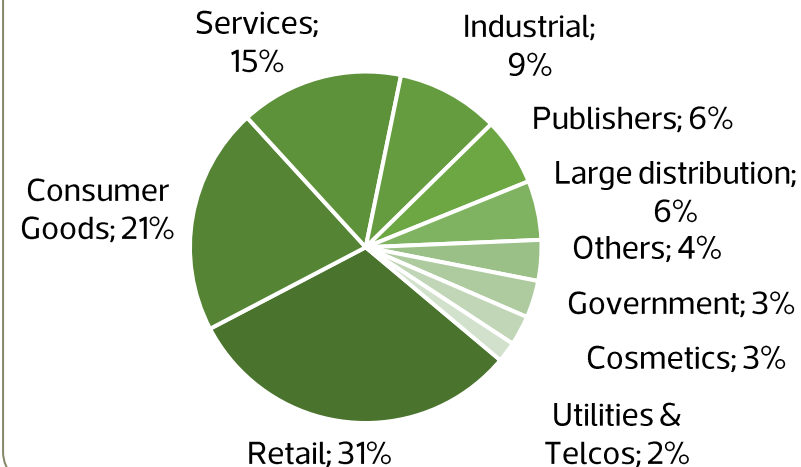


E&P Portugal¹ | EBITDA & EBIT²

€ million; % change vs. prior year.

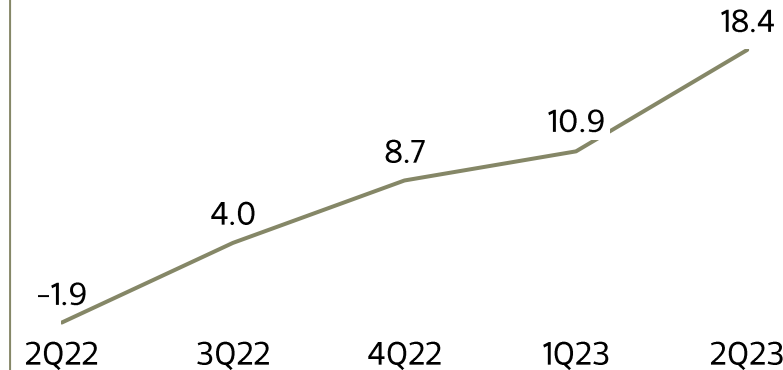


CEP Volumes by type of client³ in 1H23

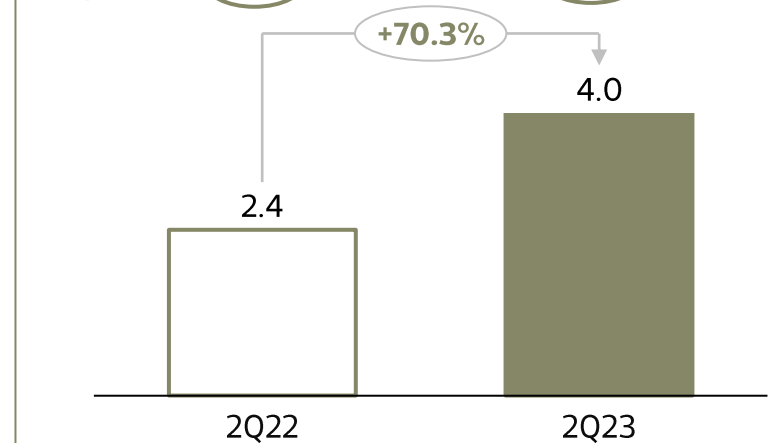


CEP revenues

% change vs. prior year

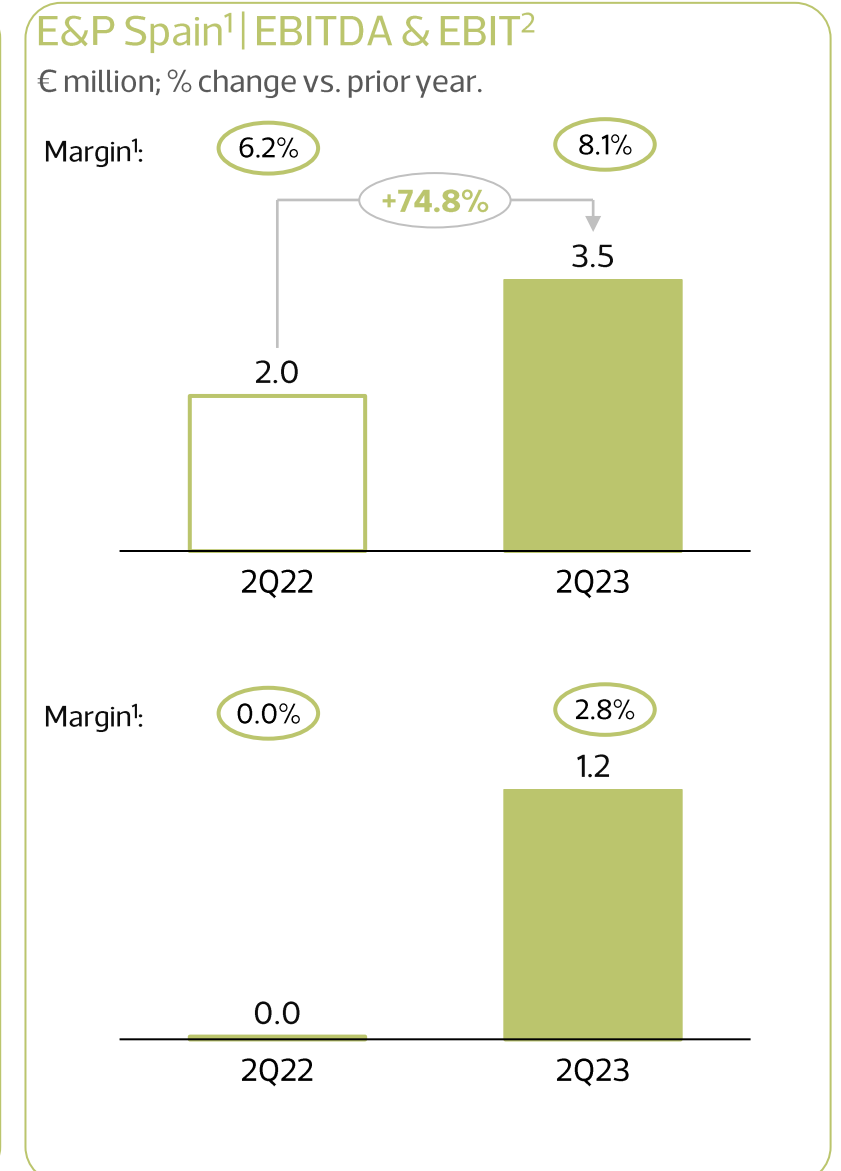
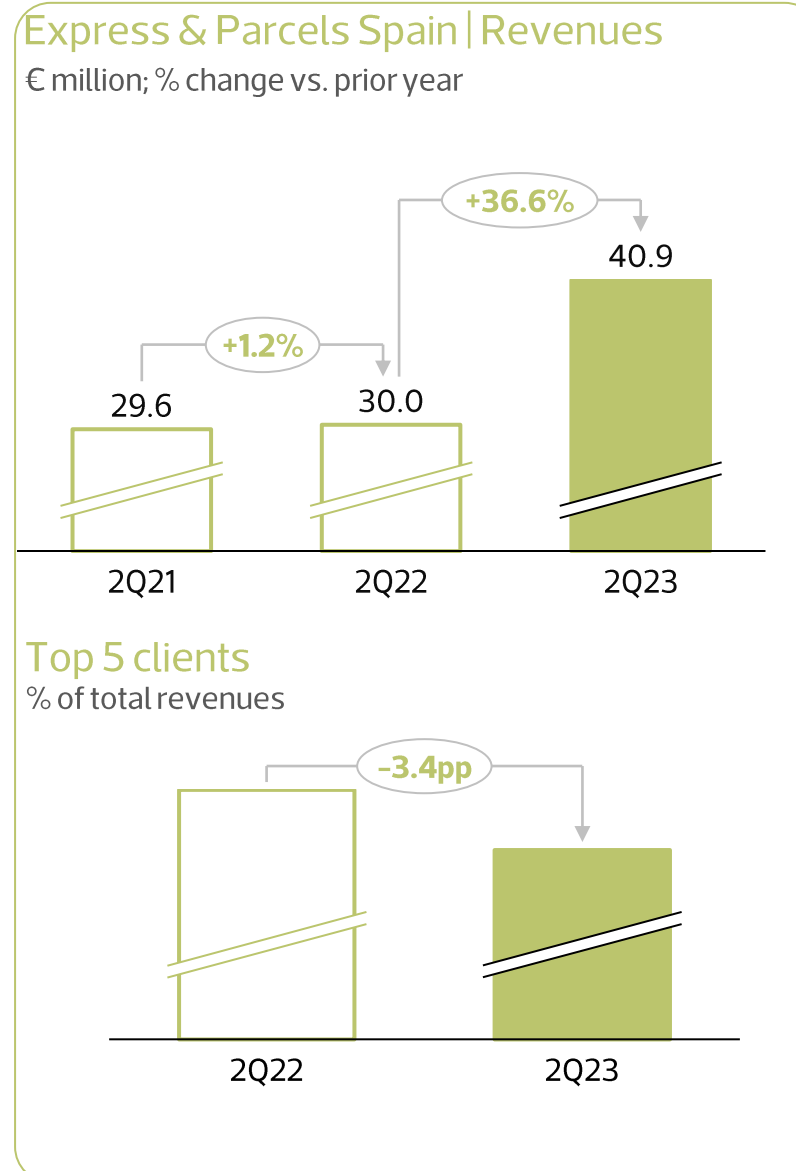
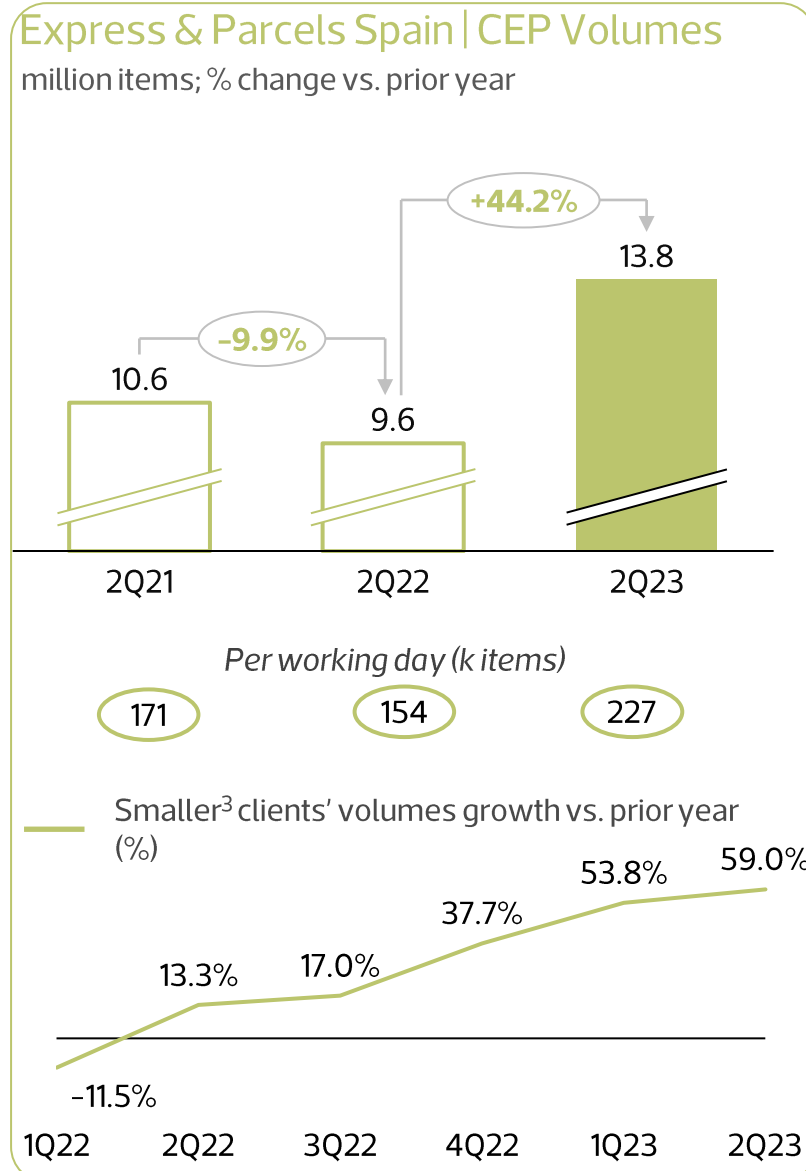


Margin¹:



¹Individual accounts; ²Recurring EBIT excludes specific items; ³Contractual clients

E&P in Spain with record volumes which are driving increased profitability due to higher operational leverage benefiting from prior investments



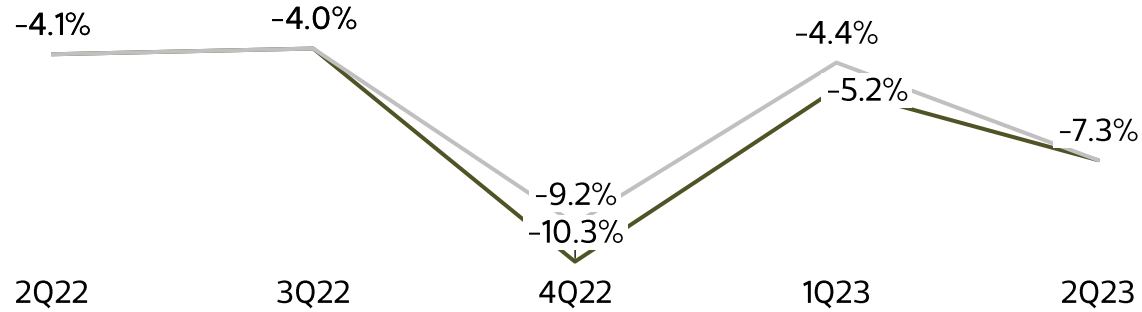
¹Individual accounts; ²Recurring EBIT excludes specific items; ³Clients with daily volumes below 20,000 items

Price increases and cost control warrant stabilization of Mail business

Addressed mail volumes

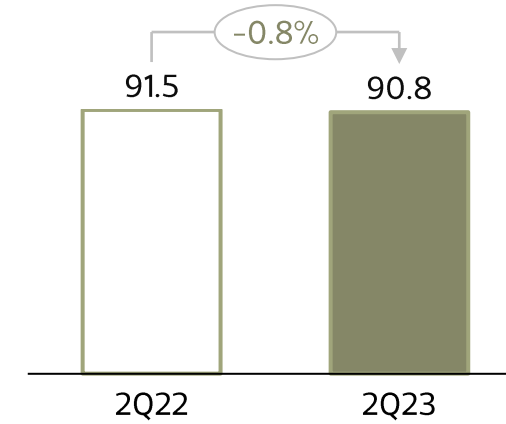
% change vs. prior year

Adjusted for elections impact
Reported



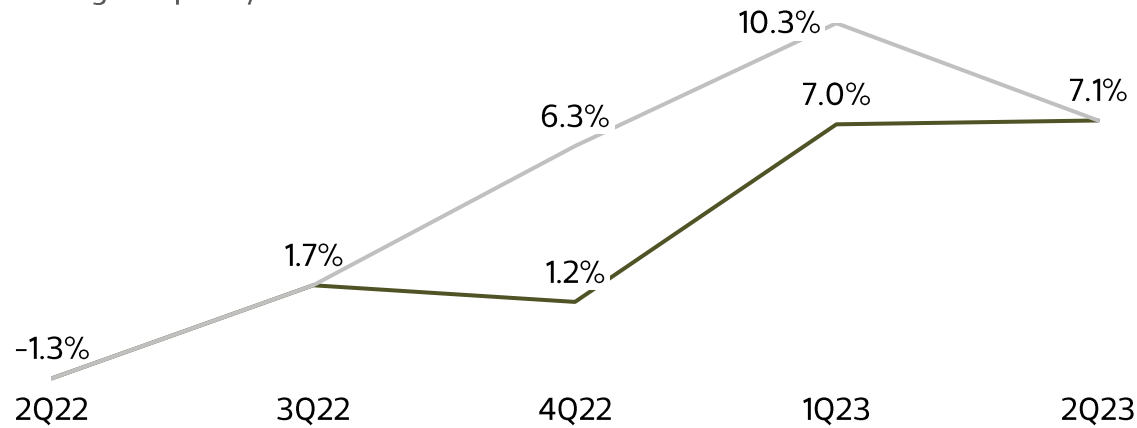
Addressed mail revenues

€ million; % change vs. prior year



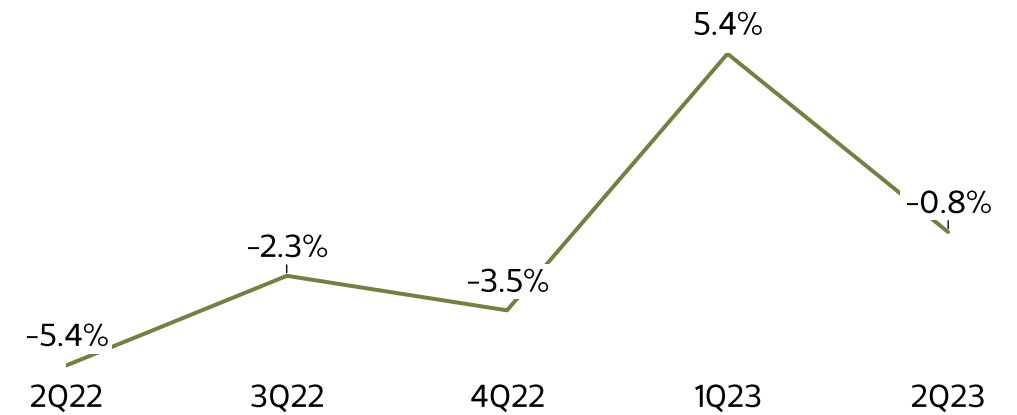
Average revenue per item

% change vs. prior year



Addressed mail revenues

% change vs. prior year, excluding impact of elections

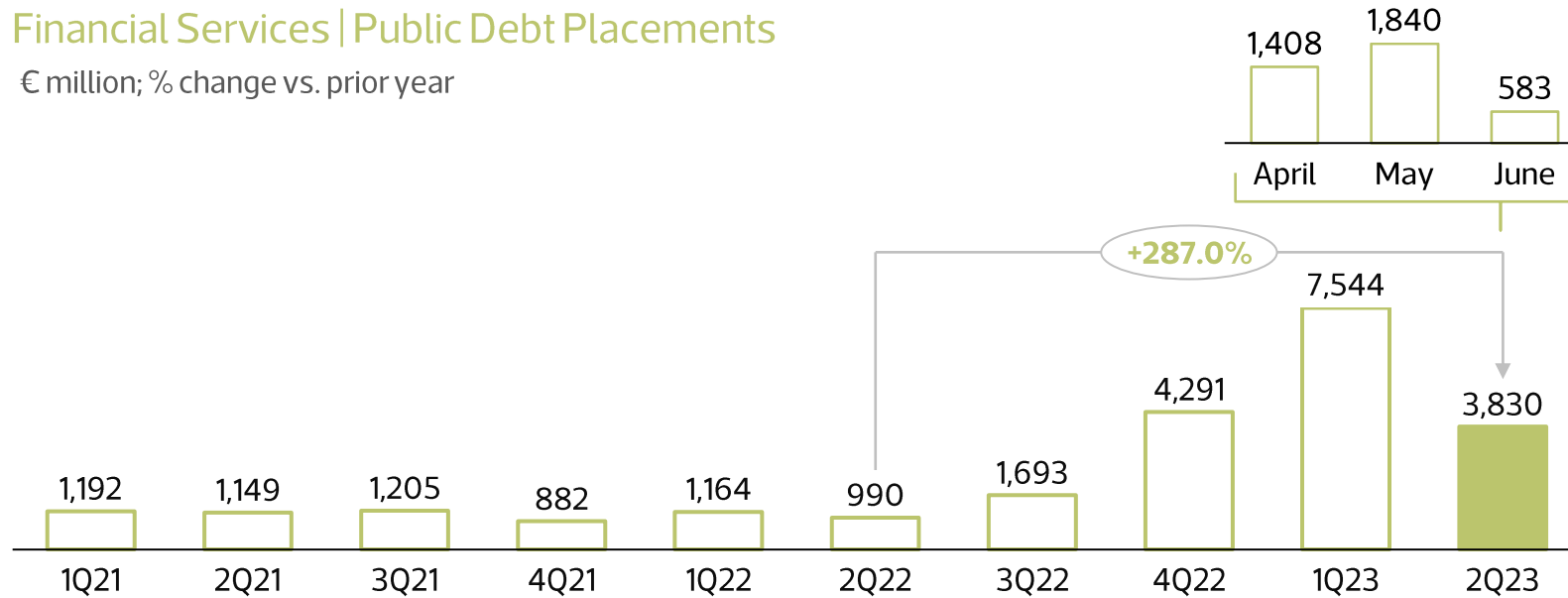


Public debt placements slowing down towards historical average



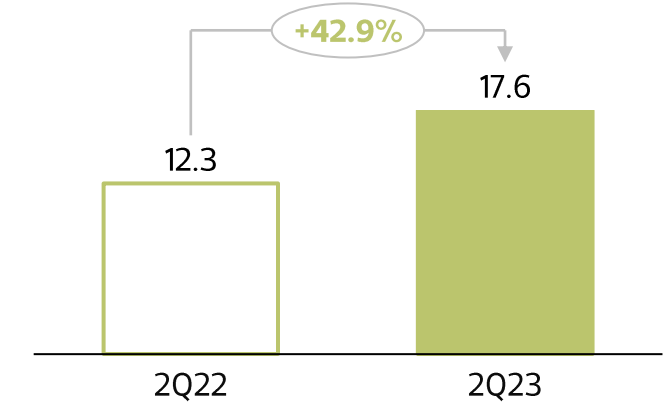
Financial Services | Public Debt Placements

€ million; % change vs. prior year



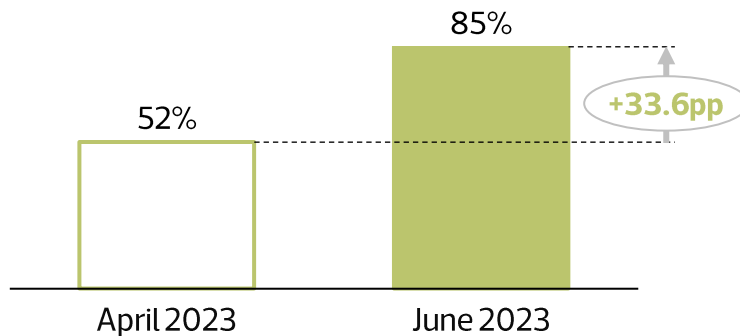
Financial Services | Revenues & rec. EBIT

€ million; % change vs. prior year



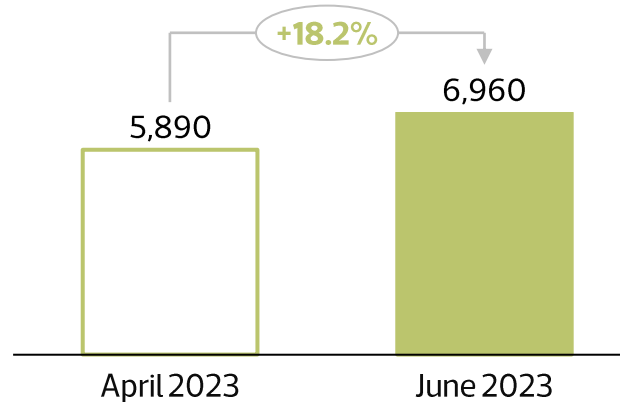
Insurance Products | CTT sales ramp up

% of total CTT stores selling insurance products

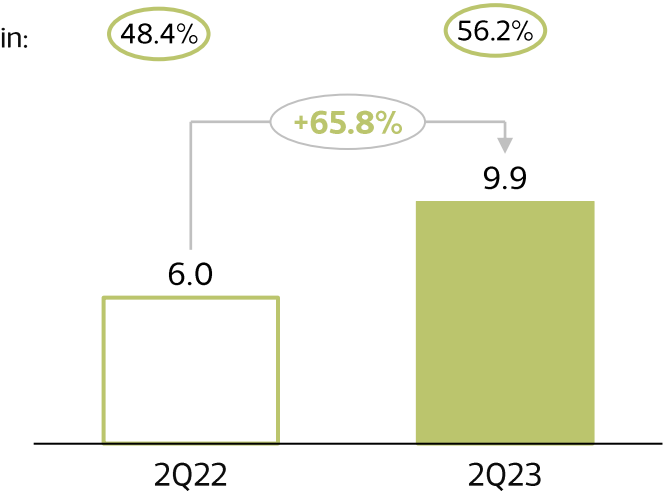


Insurance Products | Client interactions

Number of insurance simulations made by clients in stores



Margin:

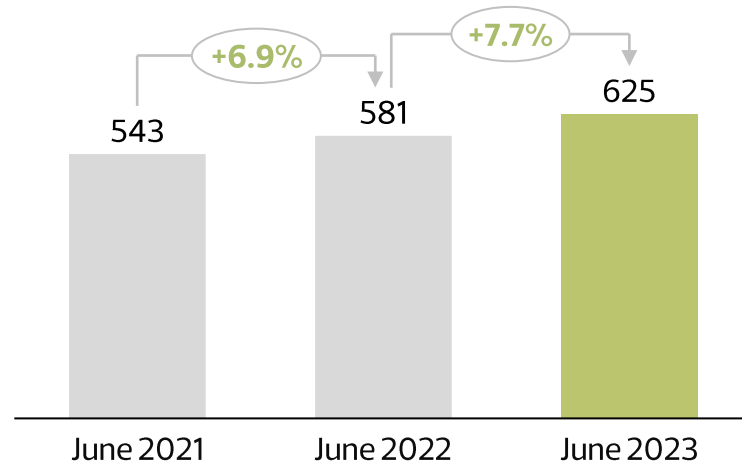


Banco CTT remains focused on growing its client base while strengthening relationships, and on growing volumes, while benefitting from higher market rates



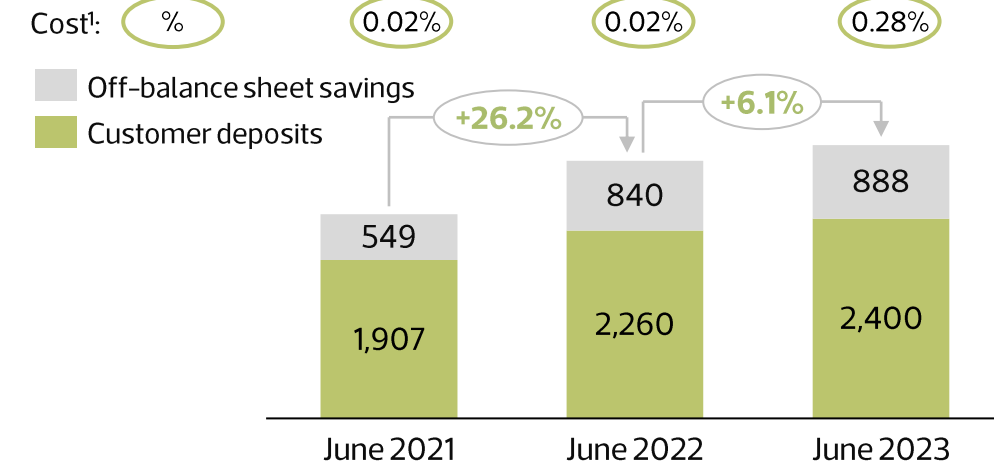
Banco CTT – Accounts

Thousands, EoP



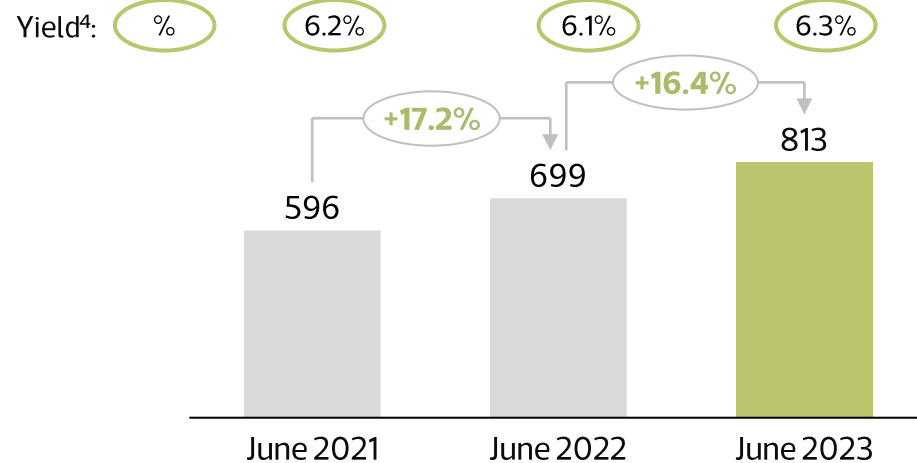
Banco CTT – Customer deposits and Off-Balance Sheet savings

€ million, EoP



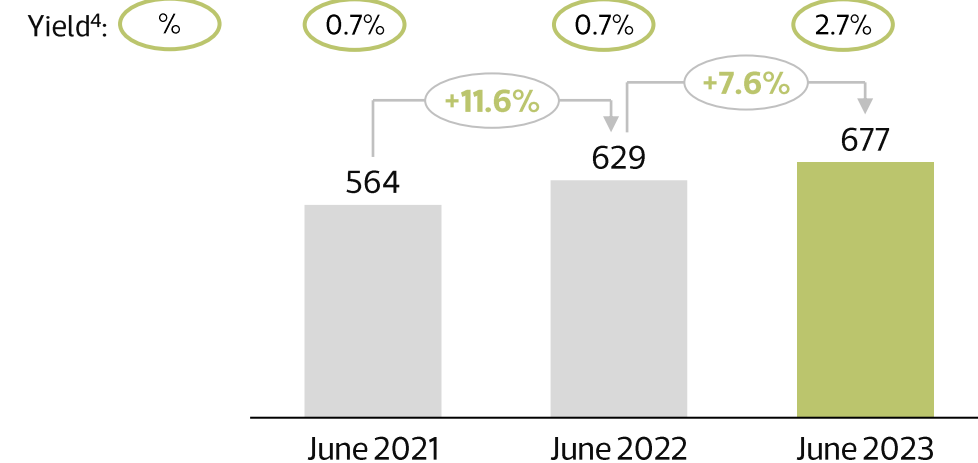
Banco CTT – Auto Loans volumes^{2,3}

€ million, EoP



Banco CTT – Mortgage Loans volumes²

€ million, EoP

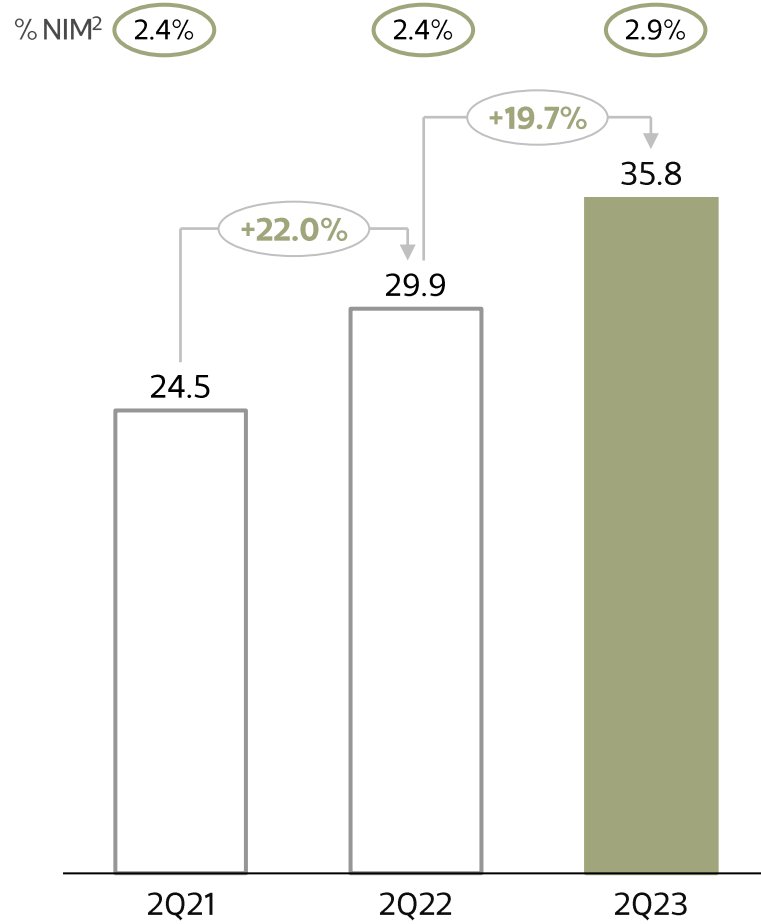


¹ Cost of customer deposits, cumulative; ² Net of impairments; ³ Consolidated contribution; ⁴ Cumulative

Growth in revenues driving higher RoTE

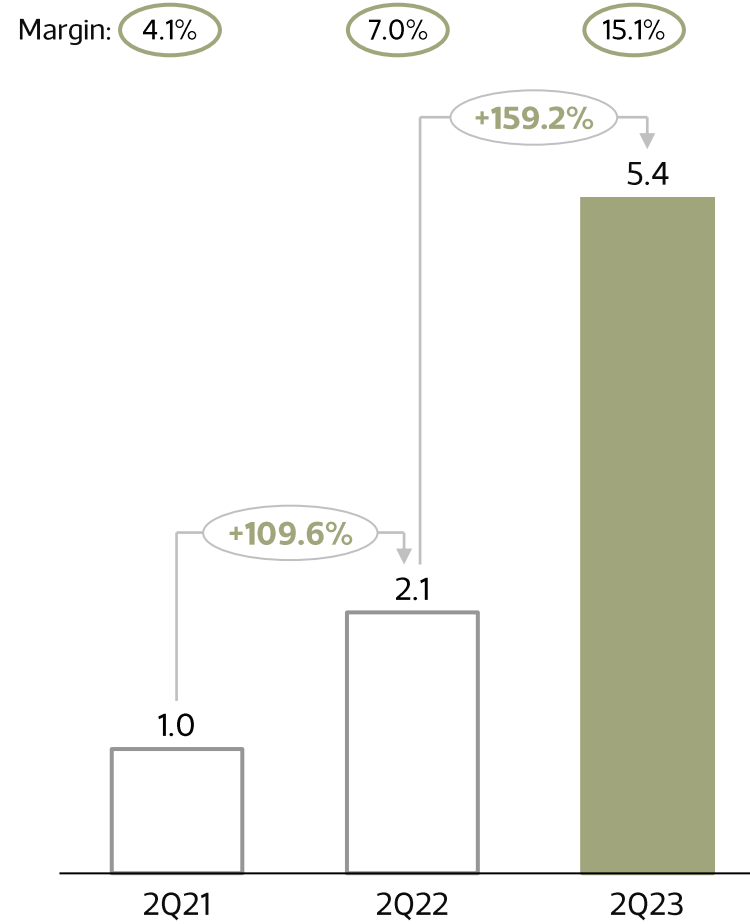
Revenues

€ million; % change vs. prior year



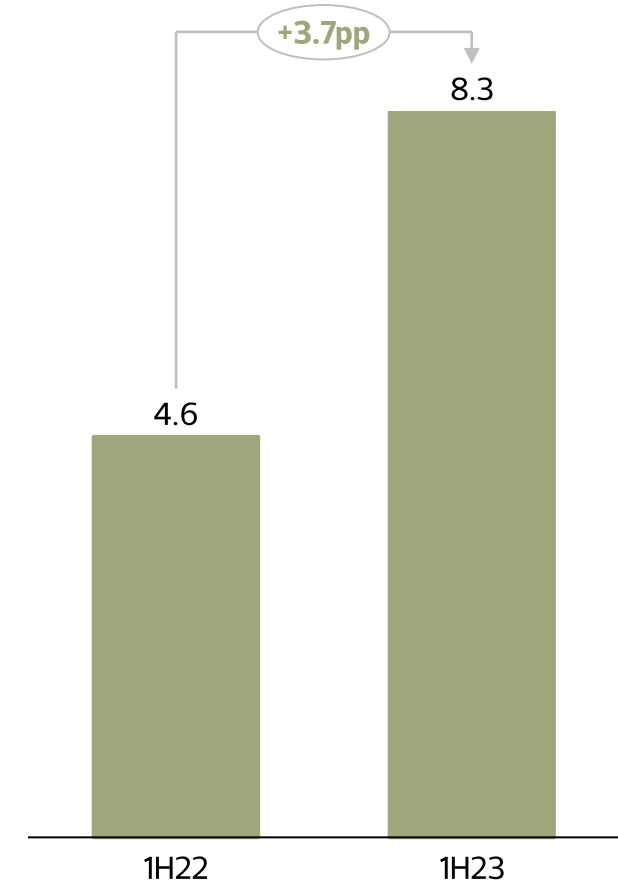
Rec. EBIT

€ million; % change vs. prior year



RoTE^{1;2}

%



¹RecurringRoTE; ²Cumulative

Financial review



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Continued growth of revenues and recurring EBIT coupled with healthy FCF



Key financial indicators

€ million; % change vs. prior year

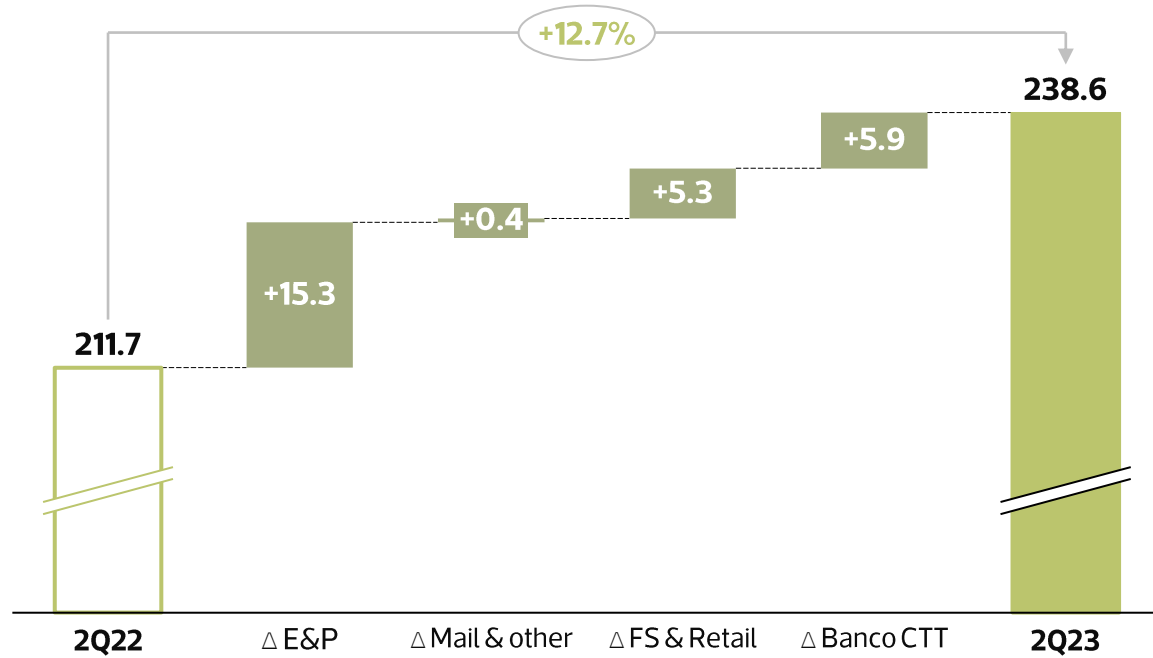
	Quarter			Half		
	2Q22	2Q23	y.o.y	1H22	1H23	y.o.y
Revenues¹	211.7	238.6	+12.7%	446.4	480.4	+7.6%
Operating costs – EBITDA ²	183.3	199.4	+8.8%	396.0	400.3	+1.1%
EBITDA²	28.4	39.2	+38.2%	50.4	80.1	+58.7%
Depreciation & amortization	16.4	16.6	+1.0%	31.8	31.7	-0.2%
Recurring EBIT¹	12.0	22.7	+89.2%	18.6	48.4	>>
Specific items	0.6	8.4	>>	-2.1	9.1	n.m.
EBIT	11.3	14.3	+26.1%	20.7	39.3	+89.6%
Financial result	-2.5	-4.0	n.m.	-4.7	-7.1	n.m.
Tax	-0.3	0.4	n.m.	1.5	6.1	>>
Net profit attributable to equity holders	9.2	9.9	+8.2%	14.5	26.0	+79.0%
Free cash flow	-2.4	8.3	n.m.	3.8	47.9	>>

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

Revenue growth in all business units

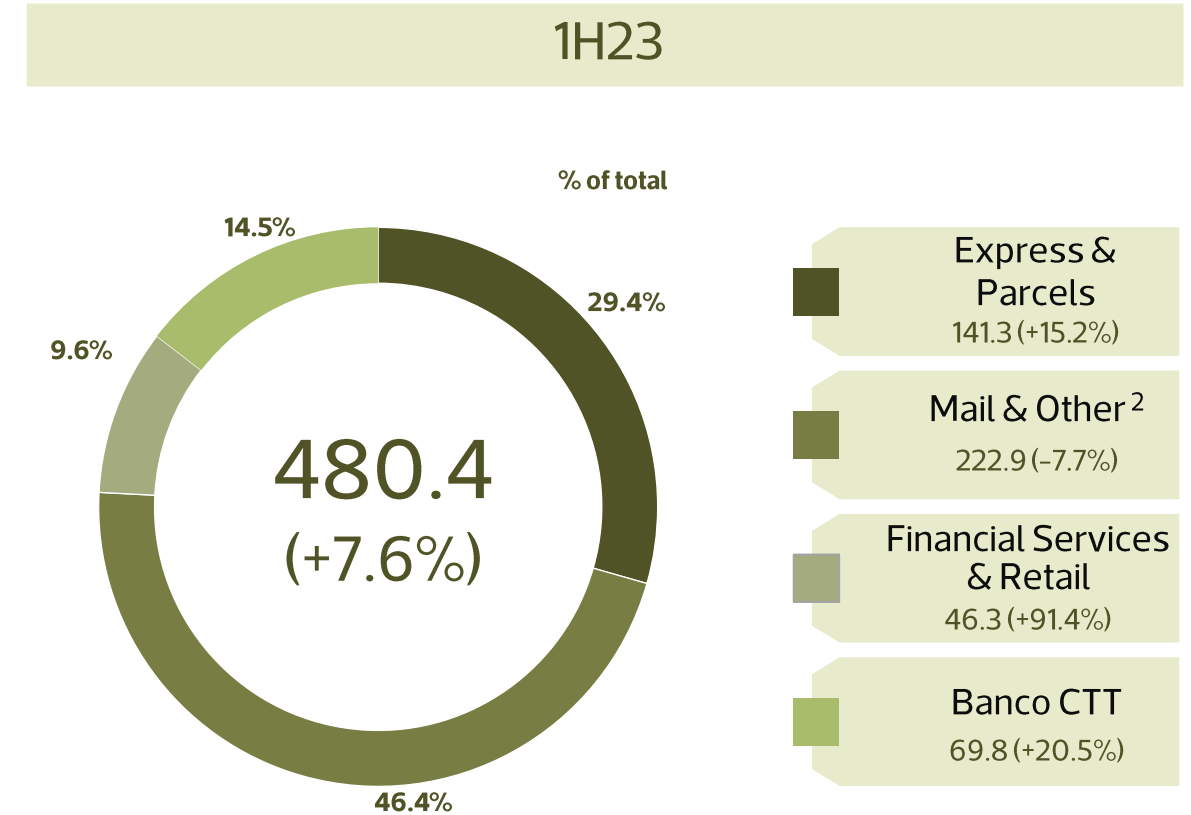
Revenues¹

€ million; % change vs. prior year



Revenue¹ breakdown

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

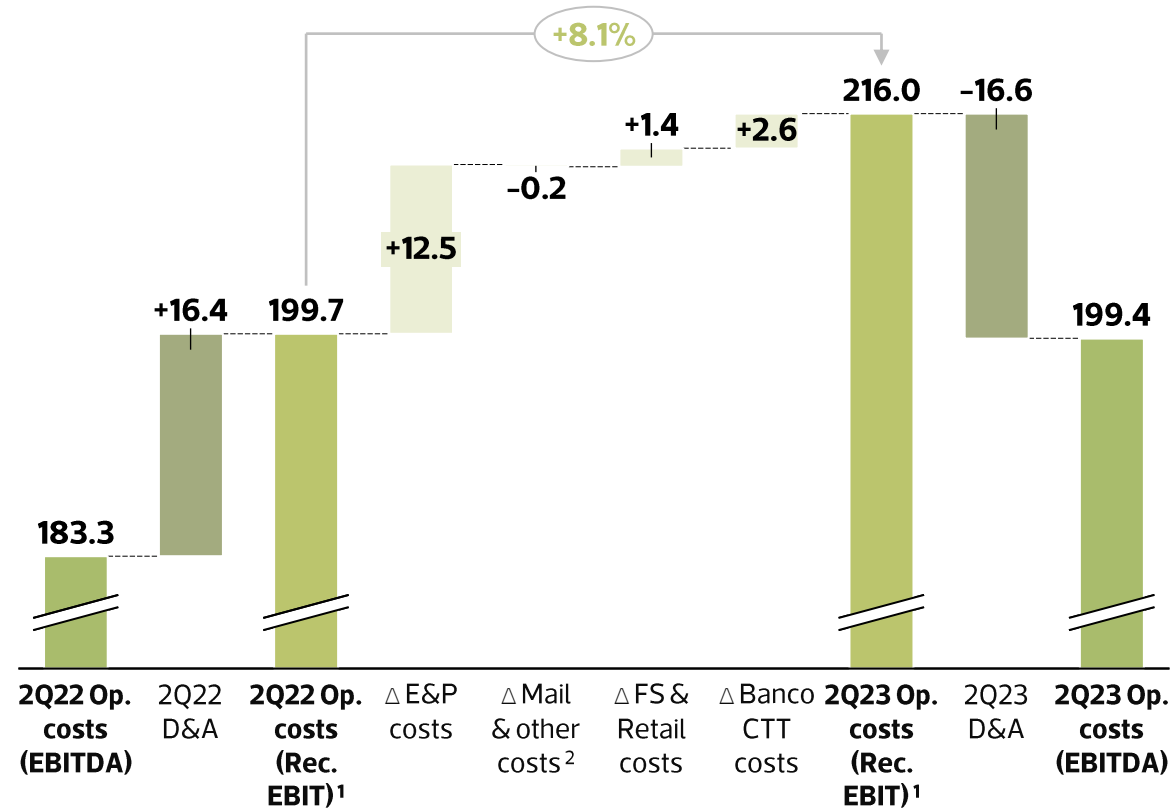


¹Excluding Specific items; ²Including Central Structure

Increased business activity pulls direct costs, while focus on profitability is driving a reduction in structure costs

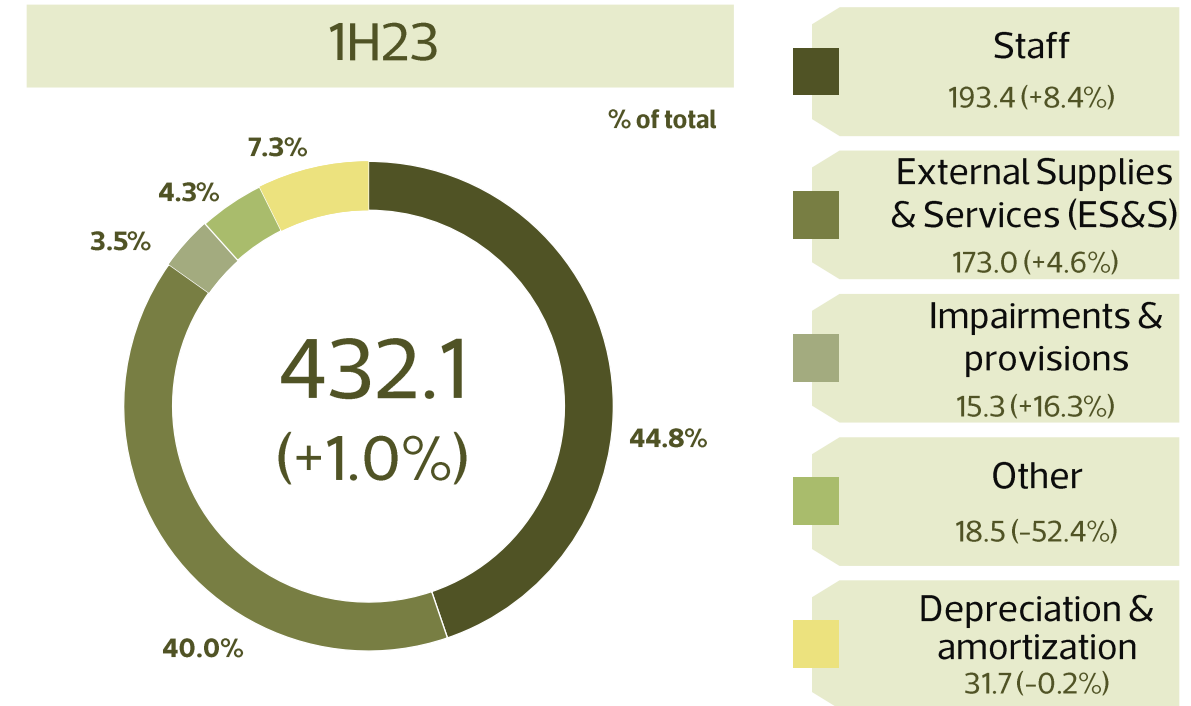
Operating costs¹

€ million; % change vs. prior year



Operating costs (Rec. EBIT)¹ breakdown

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



In 2Q23:

- **E&P costs grew by €12.5m** mainly due to increased business activity
- **Mail & Other costs decreased €0.2m**, resulting from cost control initiatives despite wage inflation
- **Banco CTT costs increased €2.6m** partly as a result of higher staff and external services costs, which were partially offset by a decrease in impairment & provisions (-€0.9m)

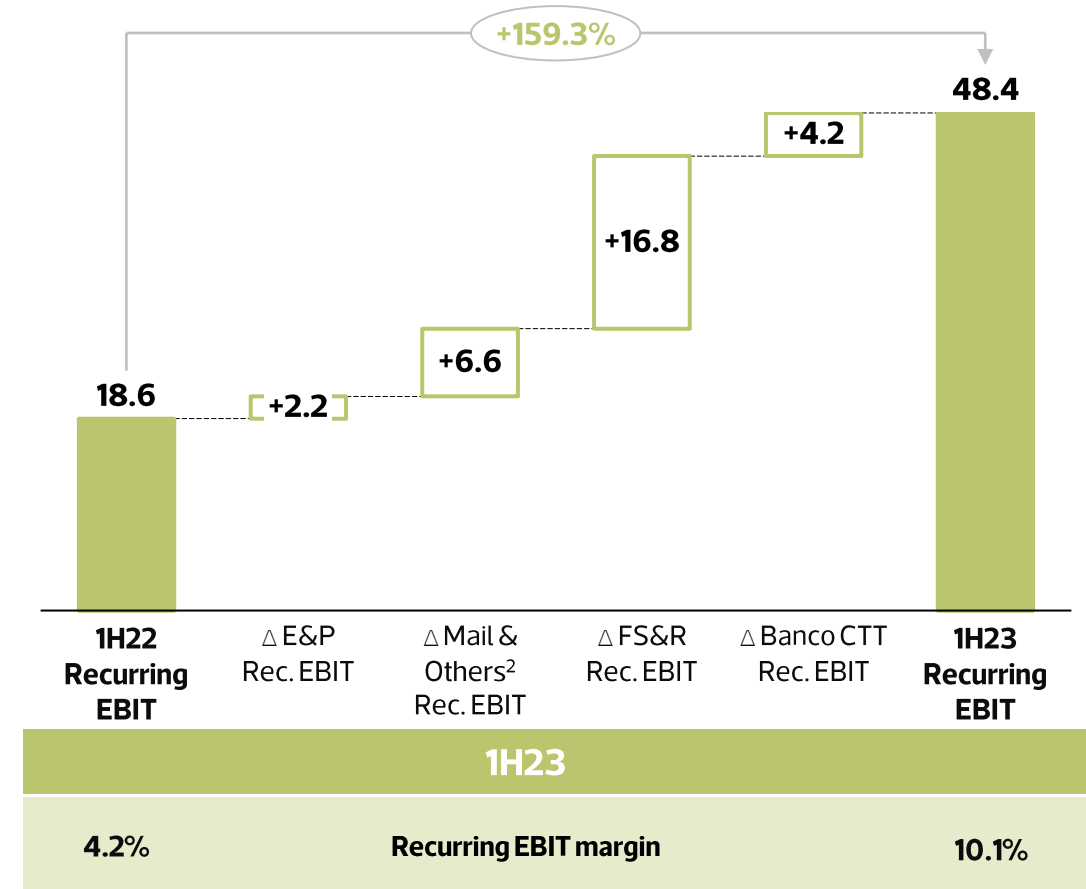
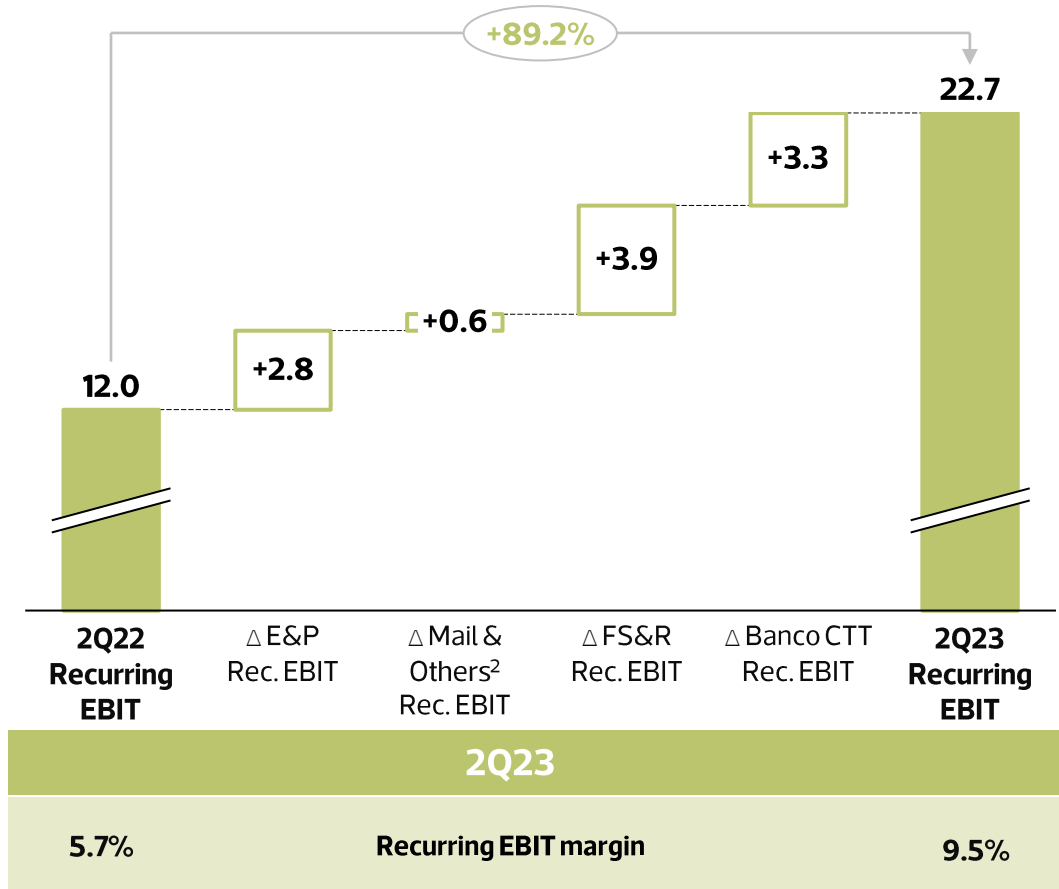
¹Excluding Specific items; ²Including Central Structure

Strong EBIT performance driven by growth across all business units



Recurring EBIT¹

€ million; % change vs. prior year



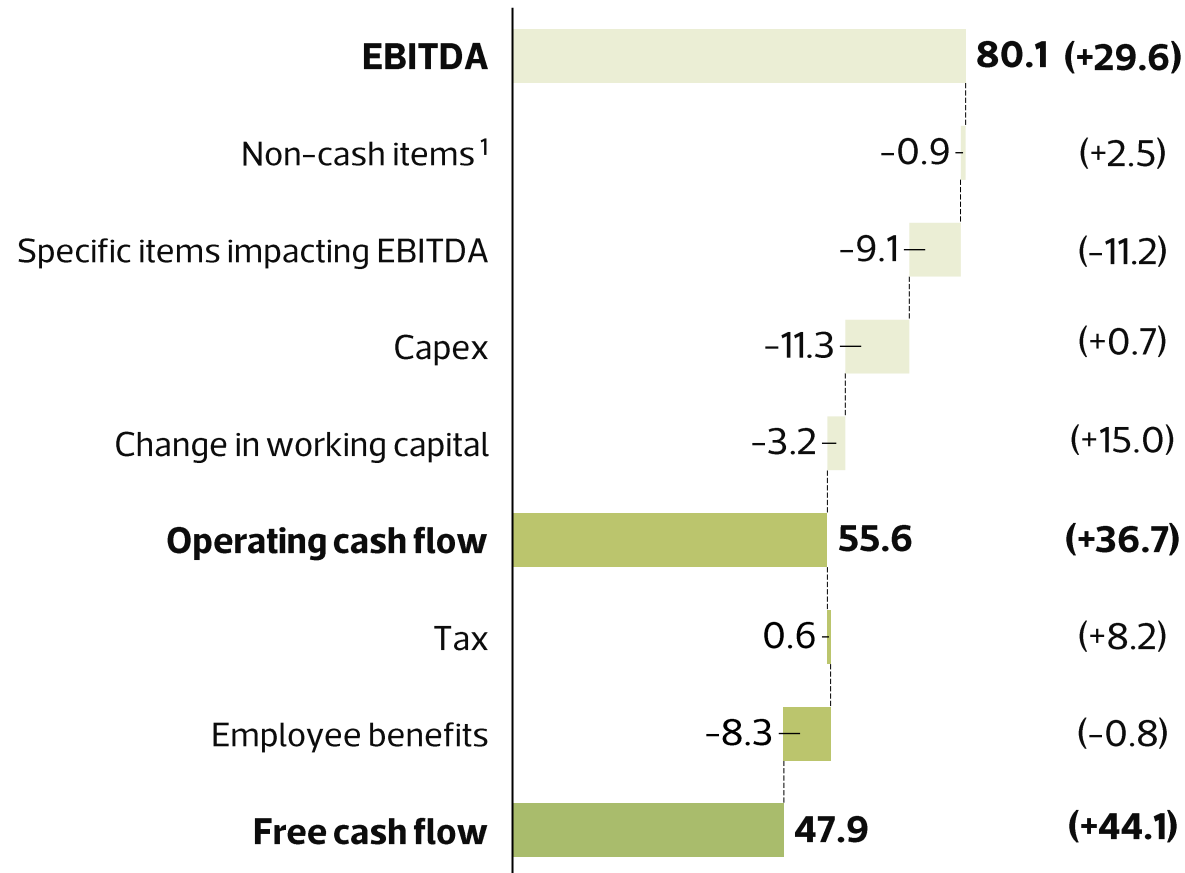
¹Excluding Specific items; ²Including Central Structure

Consistent strong cash flow generation



1H23 Cash flow

€ million; impact on cash flow vs. prior year



1H23 Net financial debt, EoP²

€ million

	Consolidated
(+) Cash & cash equivalents	336.3
(-) Net Financial Services & Other payables ³	208.7
(-) Banco CTT liabilities, net ³	-124.9
(-) Other ⁴	30.0
(=) Adjusted cash	222.5
(-) Financial debt	98.0
(=) Net cash position	124.6
(-) Lease liabilities (IFRS 16)	117.0
Net financial debt²	-7.6

¹Impairments, provisions and IFRS 16 affecting EBITDA; ² Only financial debt presented in the table; it does not include net employee benefits of €149.1m as at 30 June 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

The background features several overlapping geometric shapes and lines. A prominent red shape, resembling a stylized 'C' or a partial circle, is located in the upper right quadrant. A green line starts from the top center and extends downwards and to the right, crossing the red shape. Another red line starts from the top right and extends downwards and to the left, also crossing the red shape. In the bottom right corner, there is a solid red trapezoidal shape containing the white text 'ctt'.

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Strong revenue growth, improved profitability



Strong growth and margin expansion of Express & Parcels in Iberia with a solid outlook



Price increase and steady focus on costs and efficiency compensating volume decline



Growing in insurance distribution, while savings are normalising following intense commercial activity



Banco CTT continues to deliver client, volume and revenue growth thus enhancing profitability



Very strong quarter with consolidated revenue and recurring EBIT growth across all businesses



Strong cash-flow generation improving financial flexibility



Launched €20m share buyback complementing the annual dividend (€0.125 per share) paid in May



We reaffirm our recurring EBIT guidance of “at least €80m in 2023”

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committed to deliver

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

