

1H21

Results Presentation

ctt

Committed to deliver

5 August 2021

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1H21 Highlights



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Key takeaways: another transformational quarter



Solid revenue growth and improved profitability on the back of prior investments and turnaround initiatives implemented in 2019 and 2020



Investment in digital transformation and e-commerce enabling ecosystem to drive continued growth, namely in Express & Parcels in Portugal



Spain drives growth in Express & Parcels, having increased its weight to 45% of segment revenues in 1H21 (+8.0 p.p. y.o.y), while reaching breakeven of EBITDA and recurring EBIT in 2Q21



Recent partnerships and acquisitions in BPO space strengthen CTT's service offering for the corporate and SME segments



Commercial initiatives targeted at improving customer experience, drive cross selling and distribution of financial products



Banco CTT is delivering profitable growth while offering balance sheet optimization optionality



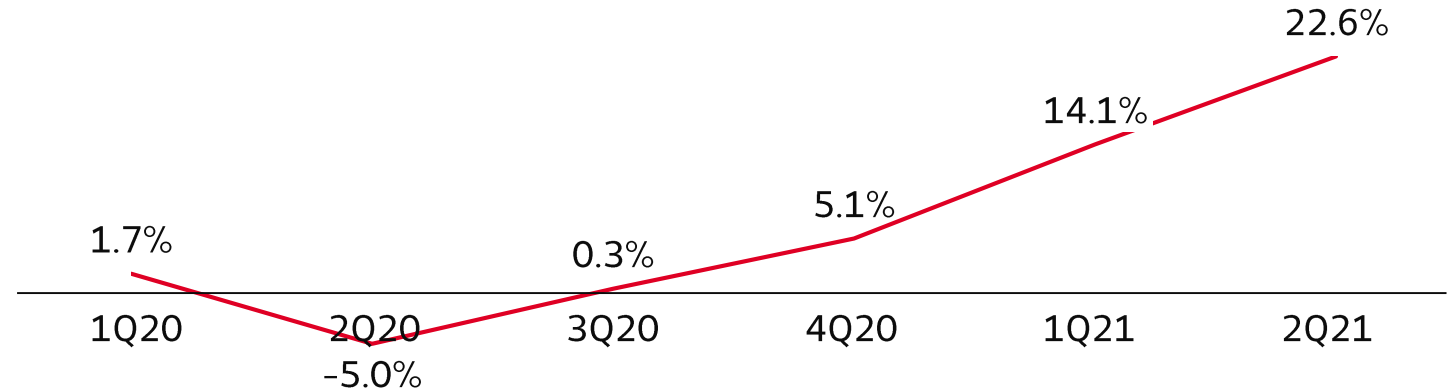
CTT commits to attain the sustainable development goals of the United Nations, in the context of UN Global Compact

Accelerating revenue growth, driven by Express & Parcels

Revenues

€ million; % change vs. prior year

2Q21	1H21
€207.5m	€412.8m
+22.6%	+18.2%



Express & Parcels		Mail & other ¹		Financial Services & Retail		Banco CTT	
2Q21	1H21	2Q21	1H21	2Q21	1H21	2Q21	1H21
€62.4m	€125.8m	€109.0m	€217.6m	€11.6m	€23.7m	€24.5m	€45.7m
+30.5%	+47.8%	+15.9%	+6.6%	+36.1%	+10.3%	+29.5%	+19.0%

¹Including Central Structure.

Revenue growth and cost control catalyzing EBIT expansion

Recurring EBIT¹

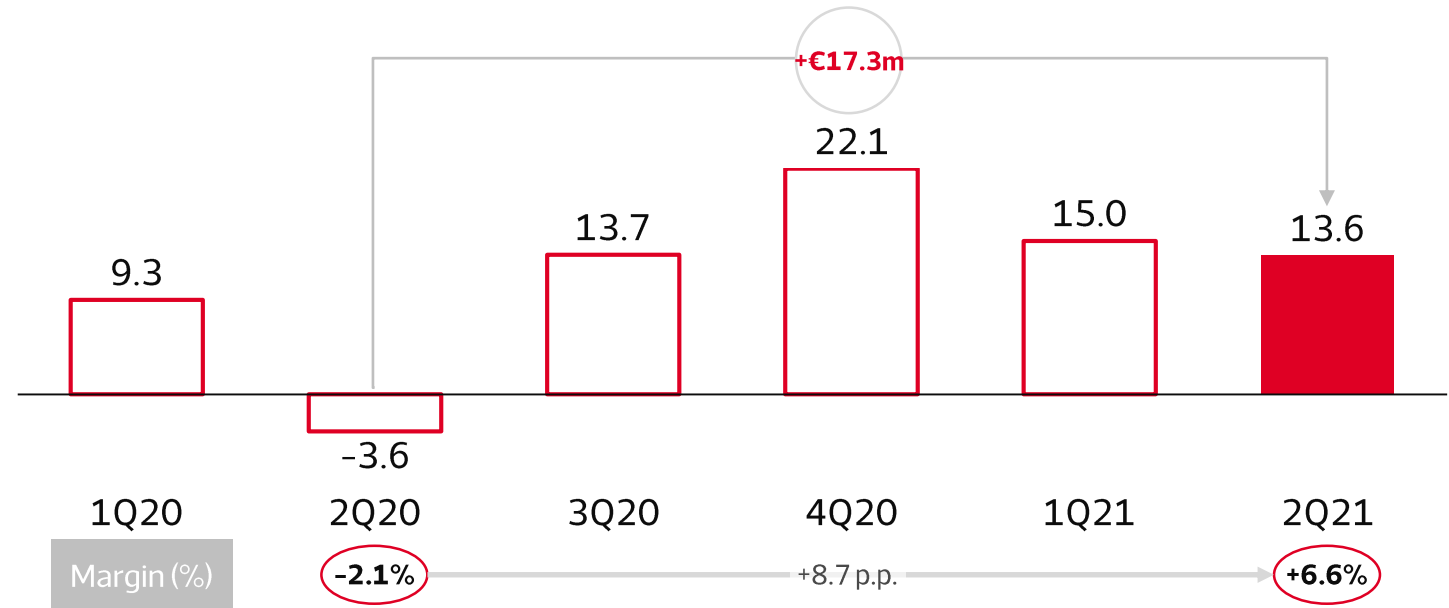
€ million; % change vs. prior year

2Q21
€13.6m

>>

1H21
€28.7m

>>



Express & Parcels

2Q21	1H21
€2.9m	€5.4m
>>	+268.7%

Mail & other²

2Q21	1H21
€4.7m	€9.6m
+213.3%	>>

Financial Services & Retail

2Q21	1H21
€5.1m	€11.3m
+53.5%	+6.6%

Banco CTT

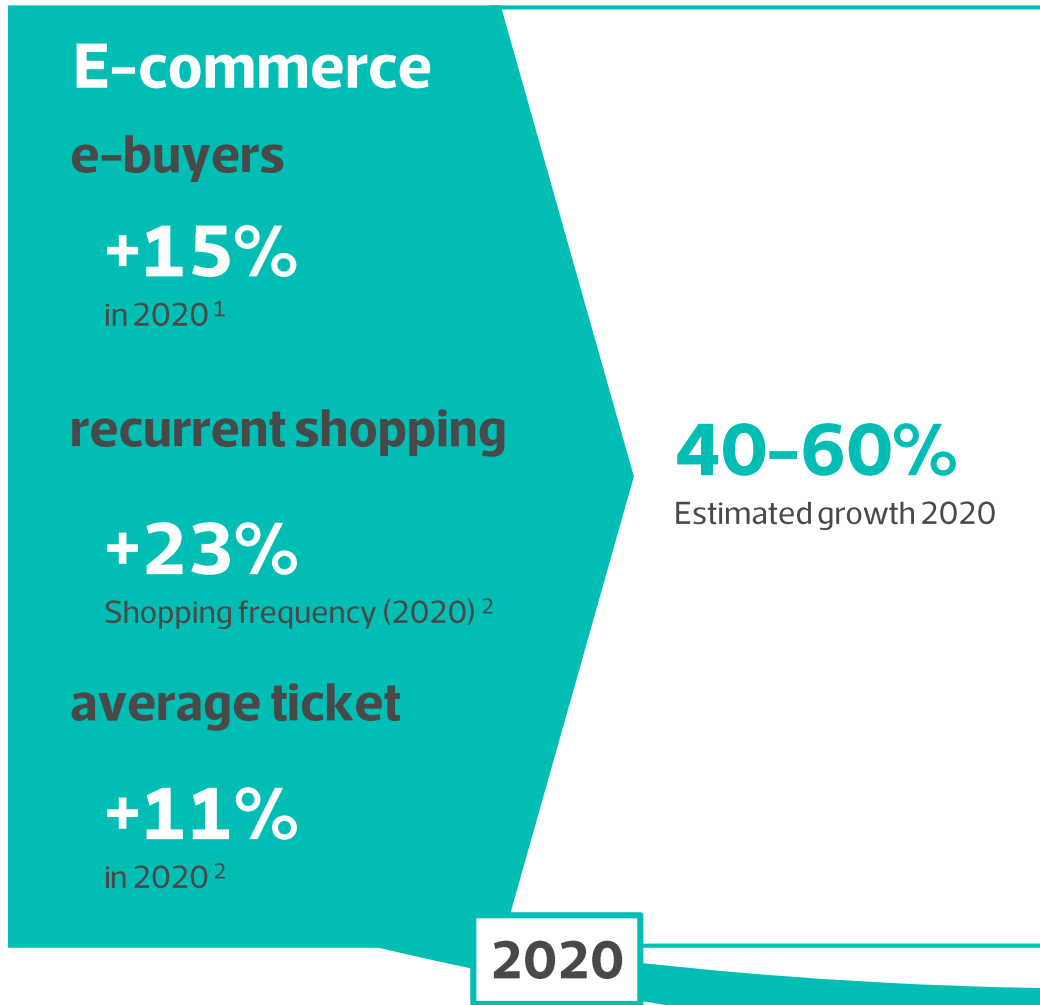
2Q21	1H21
€1.0m	€2.4m
+129.8%	+206.9%

¹ Excluding Specific items; ² Including Central Structure.

Express & Parcels Portugal: CTT is acting as the shaper for e-commerce growth

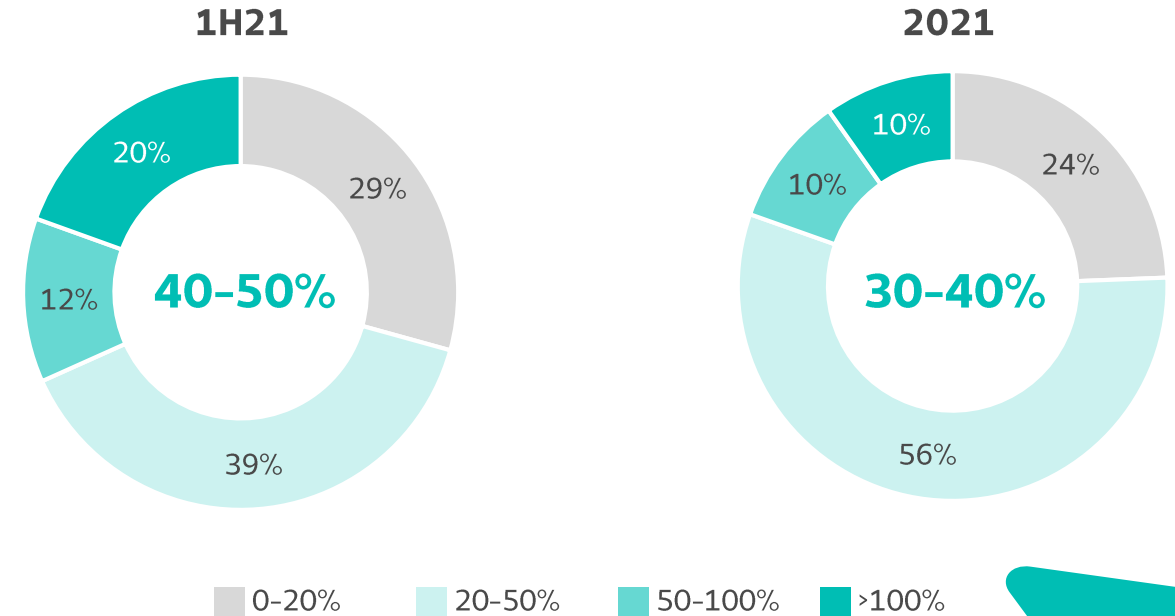
E-commerce offer							
Value Chain	Marketing / Advertising	Online sales	Payments	Logistics	Dispatch	Reception	Returns
Solutions	Online and physical marketing campaigns Partnership Omnicom		payshop Physical & Digital Payment References for e-commerce: new API now live	Traditional logistics	Modular E&P offer	Pick-up & Drop-off points	Easy return solutions
		Online Shops creation			Partnerships Uber Shopkit		
				E-fulfillment	Traditional logistics	E-fulfillment	

Express & Parcels Portugal: e-commerce is growing fast and poised for further growth



E-sellers

How much do you expect e-commerce to grow in Portugal?³

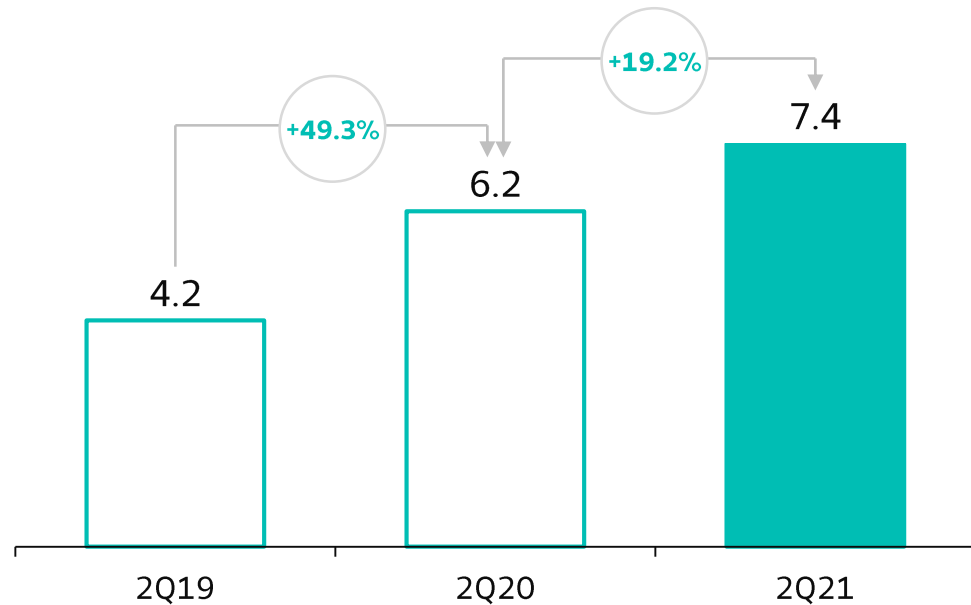


Source:¹ Eurostat – May 2021; ² IMRE e-commerce market research; ³ CTTE-commerce barometer – questionnaire performed to >40 major e-sellers in Portugal.

Express & Parcels Portugal: consistent growth leveraged by e-commerce

Express & Parcels Portugal – CEP Volumes

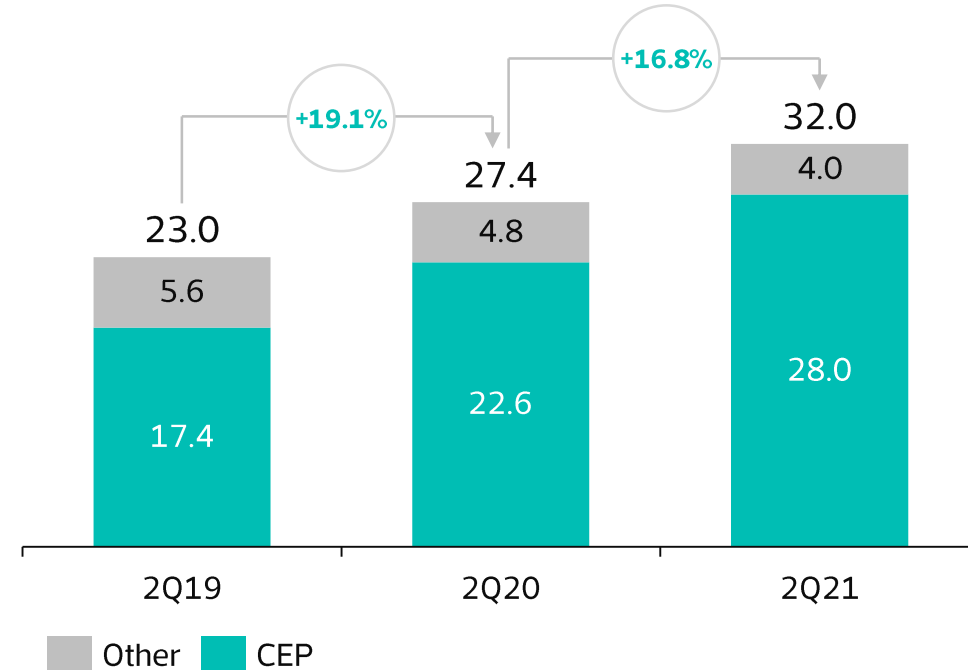
million items; % change vs. prior year



Volumes have been growing consistently...

Express & Parcels Portugal – Revenues

€ million; % change vs. prior year



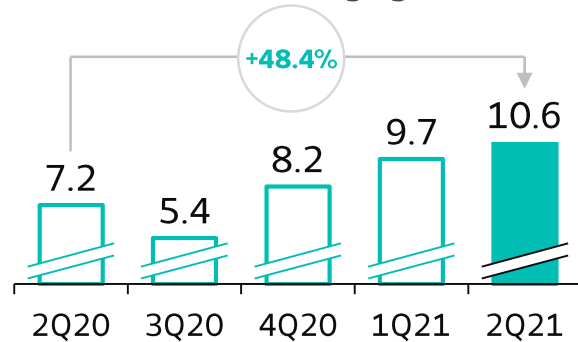
...resulting in solid year-on-year revenue growth in Portugal.

Express & Parcels Spain: turnaround driven by market share gains, scale and operational efficiency, resulting in sustained growth and EBITDA breakeven in the quarter

I. Growth

- Capture and increase of share of wallet of large global e-tailers

Express & Parcels Spain - Volumes
million items; % change vs. prior year



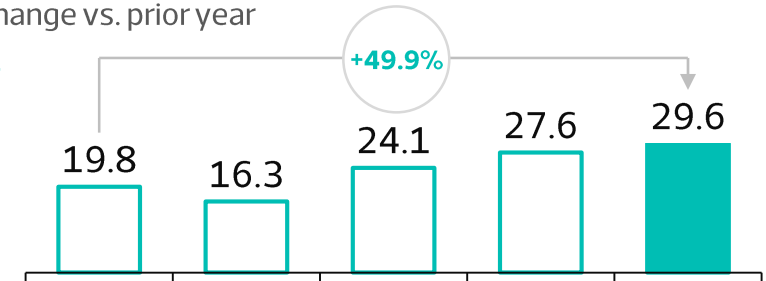
II. Efficiency

- Shift from franchise model to own operations in B2C resulted in improved quality (+13.9 p.p. improvement since 2Q20), lower last-mile costs and higher operational leverage
- Investment in new sorters between Aug20 and Jan21, building capacity and enabling efficiency; 4 new sorting centers and expansion of Madrid one planned until 1Q22
- Dynamic routing resulting in lower delivery costs per item

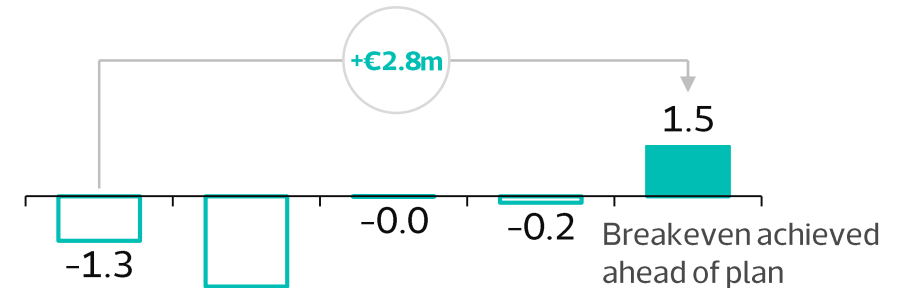
Express & Parcels Spain

million €; % change vs. prior year

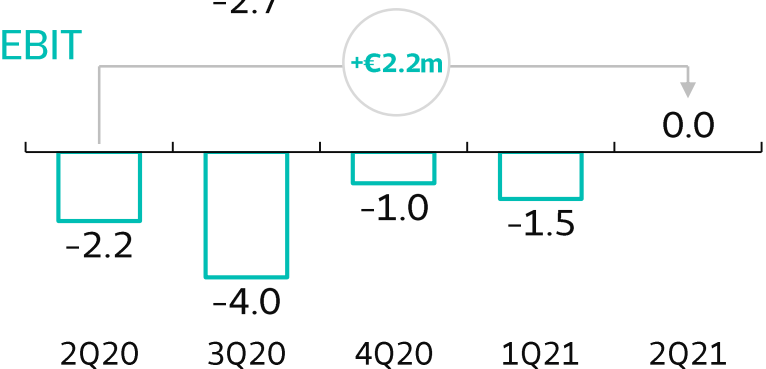
Revenues



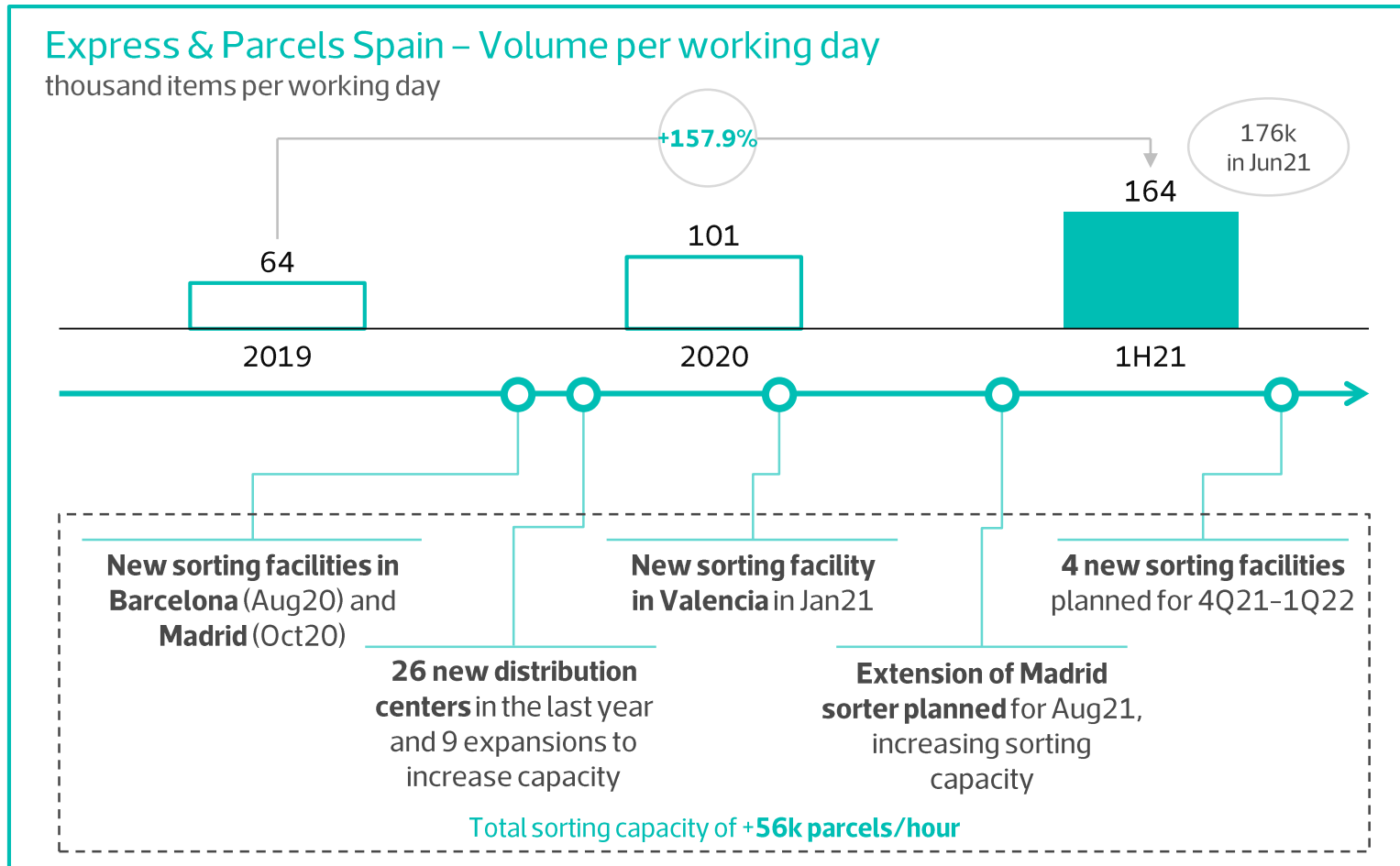
EBITDA



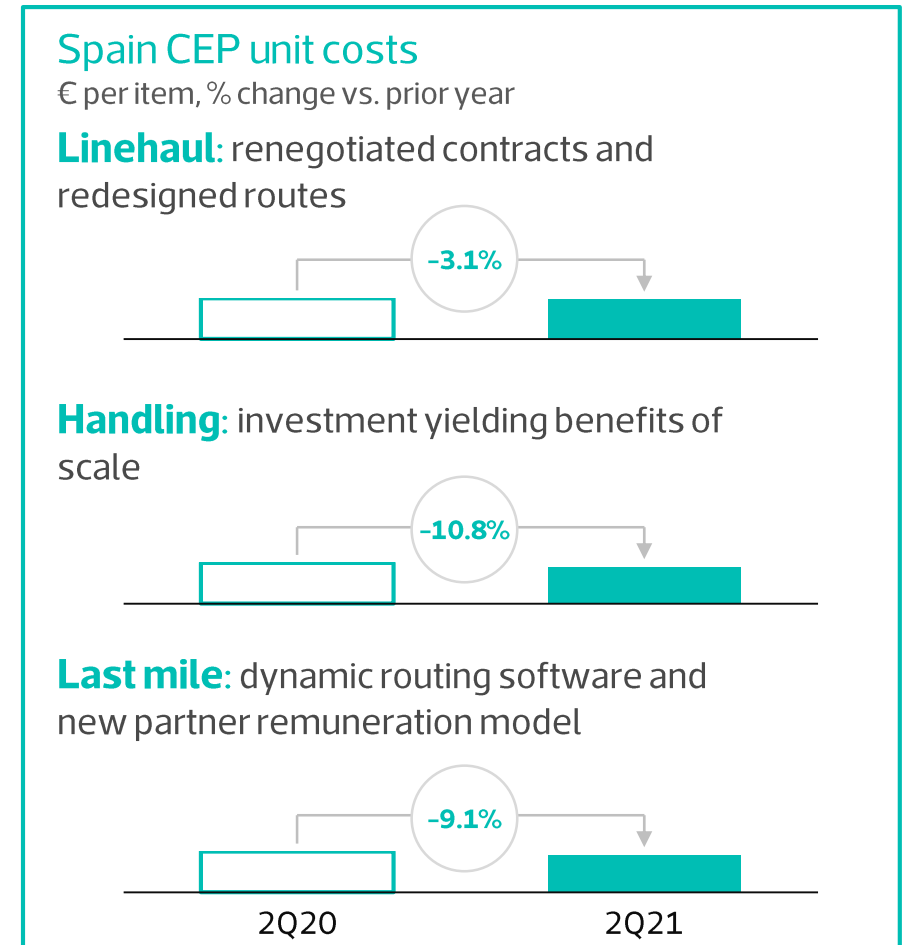
Recurring EBIT



Express & Parcels Spain: enabling growth while focusing on quality of service and profitability



Creating room for growth



Improving operational efficiency

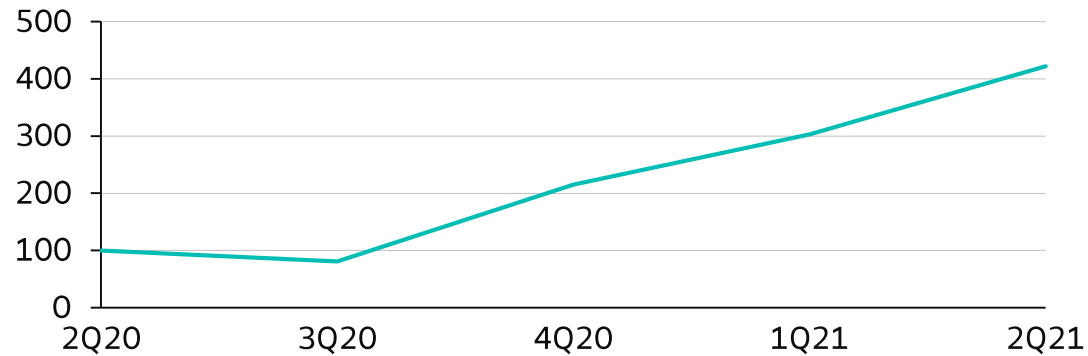
Express & Parcels Spain: commercial strategy aims at a balanced growth

Large B2C customers

- Consistent improvement in quality of service and investment in capacity resulted in gains of scale through the signing of large e-tailers

Global large e-tailers volumes

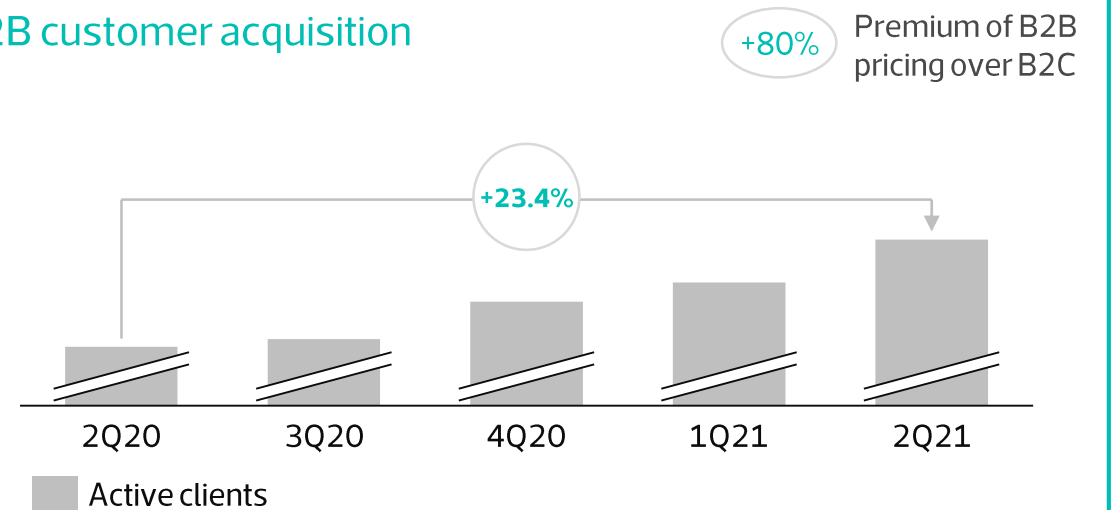
rebased at 100



B2B market customer acquisition

- Diversification of customer base is happening through new smaller and high margin B2B clients

B2B customer acquisition



SCALE



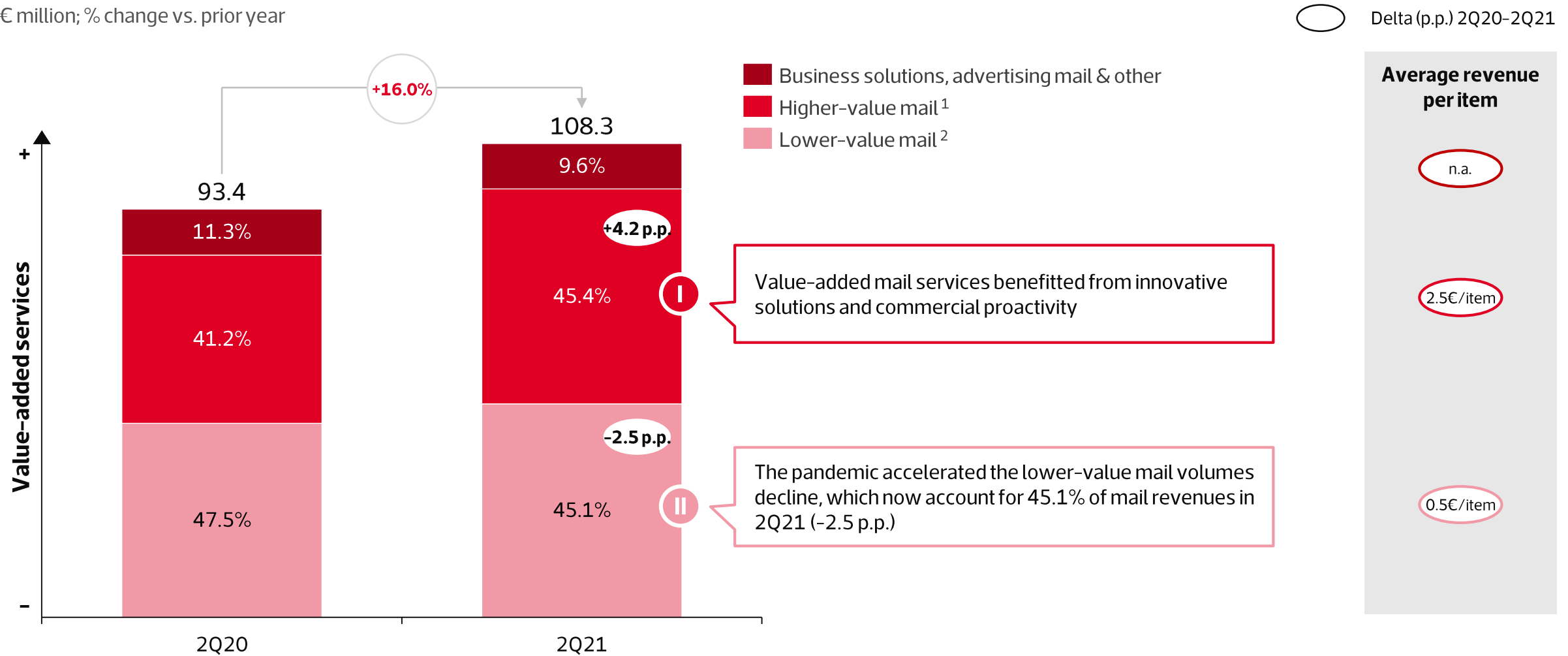
DIVERSIFICATION & PROFITABILITY



Strong mix effect resulting in higher-value mail and comparison effects driving growth

Mail revenues

€ million; % change vs. prior year



¹Higher-value mail includes registered and international mail; ²Lower-value mail includes ordinary, priority, green and editorial mail.

Acquisition of NewSpring Services will reinforce CTT's business services solutions beyond mail

Company overview

- **Business services company** operating in BPO and contact center outsourcing
- **Client portfolio** characterized by the presence of large Portuguese firms, **particularly in the financial services and insurance industries**

○ **BPO** includes (i) process optimization advisory and (ii) back-office solutions

9

BPO clients

○ Outbound and inbound **Contact Center**, including customer service, surveys, commercial engagements and loan collection and recovery

7

CC clients

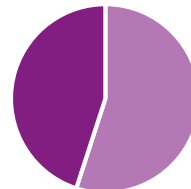
Transaction Update

- On 23/07/2021, the Competition Authority (AdC) published its decision of non-opposition to the acquisition, considering that the transaction does not arise significant barriers to competition in the identified relevant markets

Key figures

Revenues **€21.1m** EBITDA¹ **€2.4m**

Contact Center **45%**



BPO **55%**

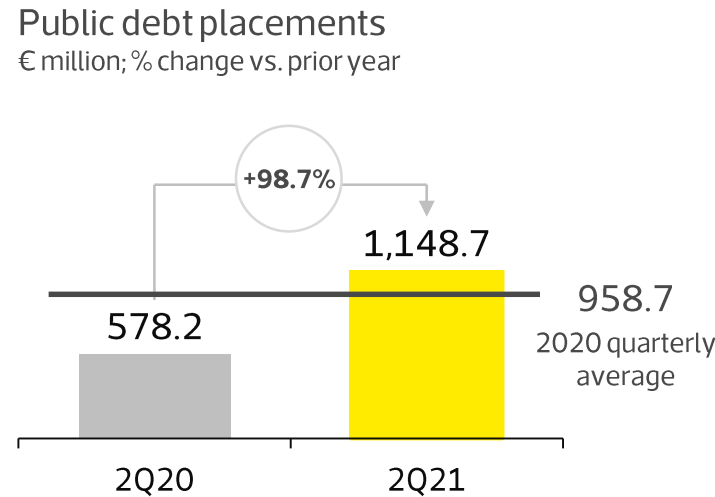
Acquisition rationale

- I** **Contribute to CTT's business growth objectives and diversification**
- II** **Strengthen skills and capacities in BPO and other support services aiming to consolidate a growth platform for corporate solutions, reducing CTT's dependency on partnerships**
- III** **Allow further optimization within CTT, reducing external supplies by internalizing some activities (c.10% savings on applicable outsourced services)**

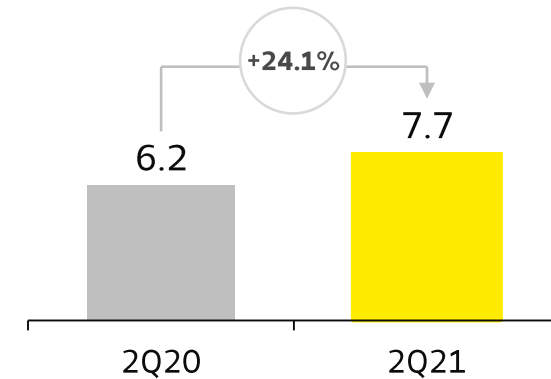
Financial Services & Retail underpinned by commercial proactivity while benefitting from the opening of the economy and the increased savings propensity

Financial Services

- Revenues increased on the back of a more dynamic commercial approach of public debt placement

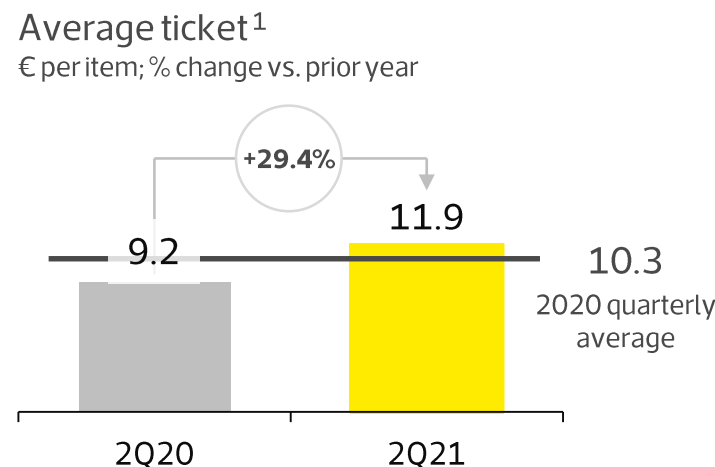


Financial Services revenues²
€ million; % change vs. prior year

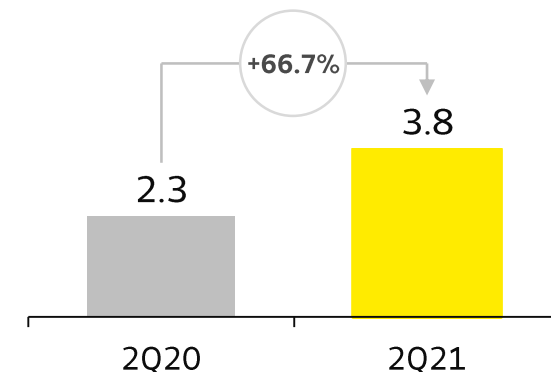


Retail products & services

- Higher commercial proactivity, driving monetization of customer visits to post offices and revenue growth



Retail revenues²
€ million; % change vs. prior year

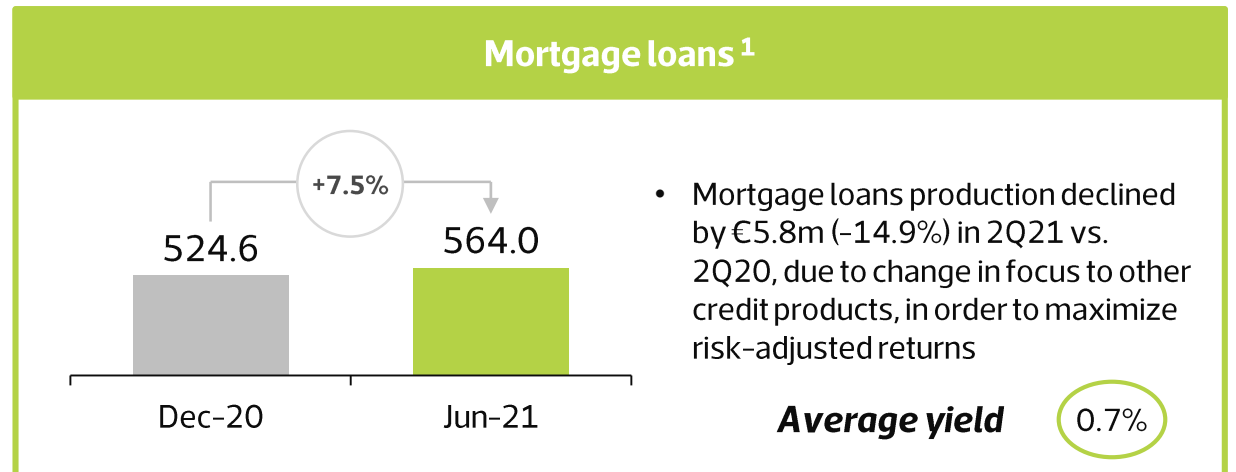
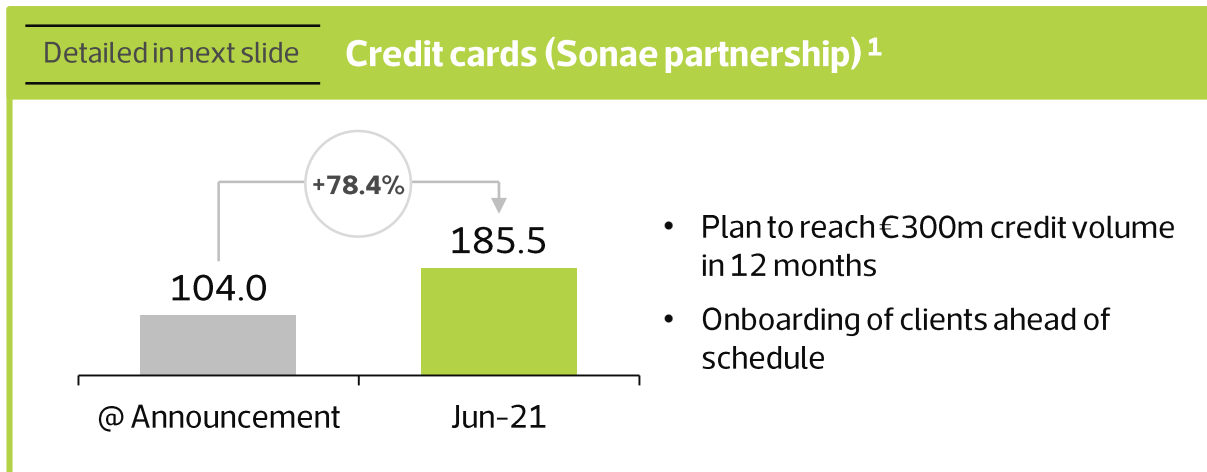
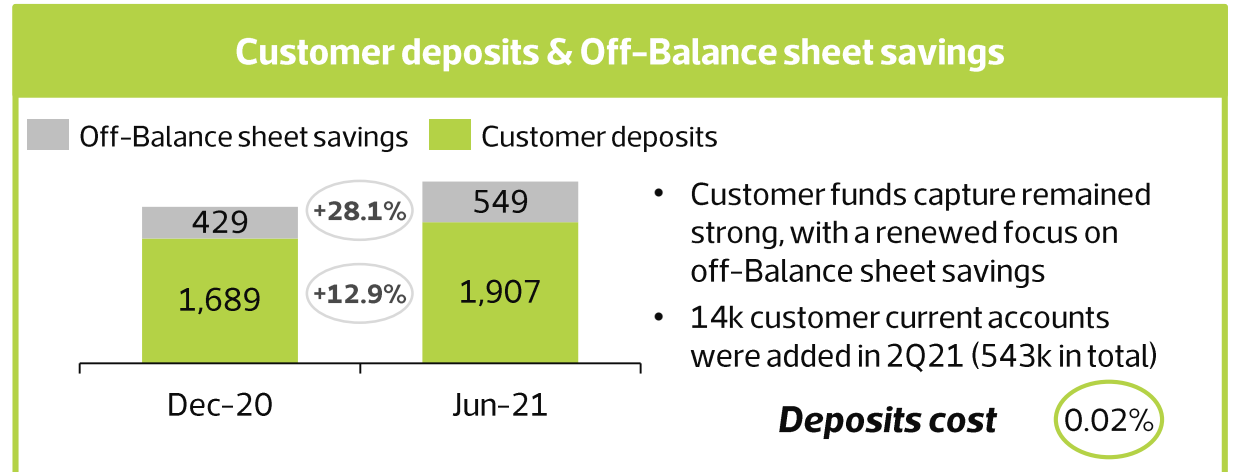
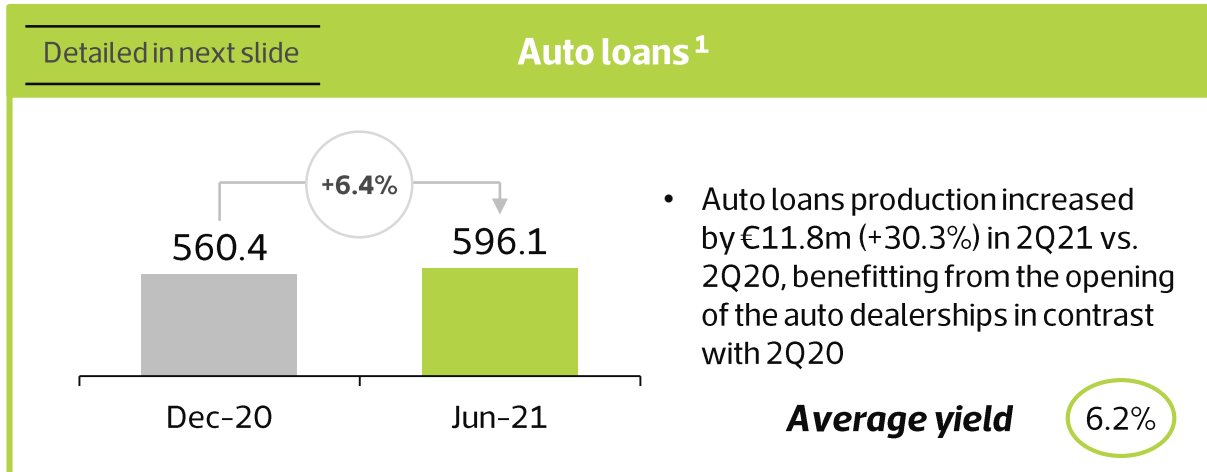


¹For comparability purposes, excludes scratch cards which were only available across the whole retail network in 2021; ²Excludes other revenues that account for €0.01m in 2020 and €0.05m in 2021.

Banco CTT continues to grow in retail segment credit, with the introduction of the credit card business of Sonae as an additional growth lever, and in savings solutions

Banco CTT – business volumes evolution

€ million except otherwise indicated



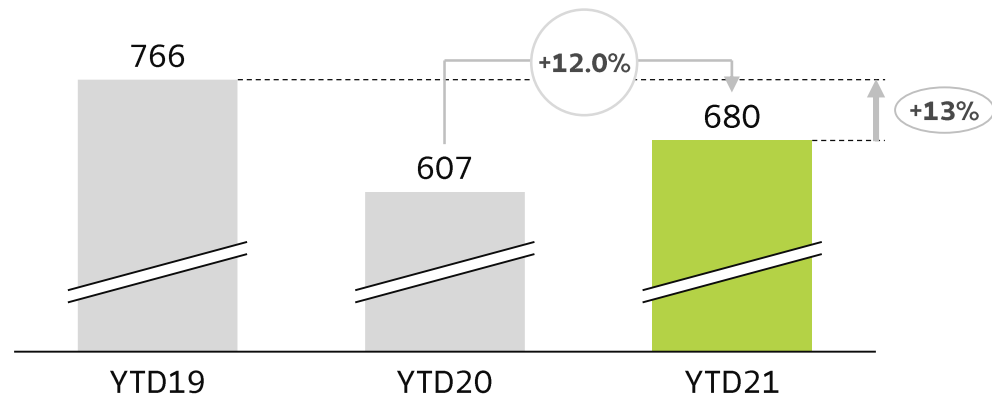
¹Net of impairments.

Consumer lending core business of Banco CTT with robust performance

Auto loans

Used cars – Auto loans production (market) ¹

€ million; May YTD



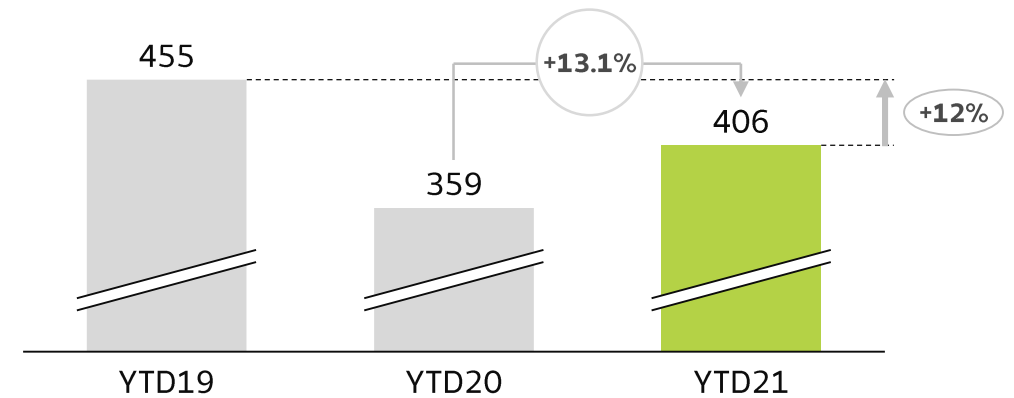
CTT market share 10.3%

- Cyclical recovery of the market post-pandemic on its way
- Continued market share gains on the back of:
 - Close relationship with dealerships providing flexible solutions
 - Strengthening the technology axis with agility in decision-making

Credit cards (Sonae partnership)

Credit cards & overdrafts production (market) ¹

€ million; May YTD



- Cyclical recovery of the market post-pandemic on its way
- First quarter of partnership marked by: (i) strong ramp-up of credit volume to €186m at Jun-21, on track to >€300m in first 12 months; and (ii) deepened operational relationship between partners
- Further growth expected beyond initial onboarding of clients ²
- Capital needs funded by sale of sovereign portfolios (+€14.4m capital gains)

¹ Source: Bank of Portugal; ² On the back of organic growth from Sonae's multiple franchises and increased stock average duration (e.g. higher share of installment profile).

Alignment with the UN Sustainable Development Goals ¹

CTT bases its approach to sustainability on 10 of the Principles of the United Nations Global Compact

Initiatives to be implemented mainly regarding four ESG areas:

- Human rights
- Labor
- Environment
- Anti-corruption



United Nations
Global Compact



National Sustainability Award

Honourable mention awarded to the project “A Tree for the Forest”

+100 thousand native trees planted

Eco reusable packages

Circular economy

Ongoing pilot project for e-commerce orders aimed at the business segment

Green deliveries

100% Eco delivery with electric vehicles

Scaling up, aimed at reducing the carbon emissions in the main urban centers of Portugal

Teleconsultations in post offices

Innovative and inclusive initiative

Pilot project in urban and rural areas in partnership with CUF, a major healthcare operator

¹ CTT prioritized 8 Goals for the preservation of the planet and the dignity of human beings through its value chain: SDG 3; SDG 4; SDG 7; SDG 8; SDG 11; SDG 12; SDG 13; and SDG 16 (listed on the bottom of the slide).



Financials



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Improved profitability due to Express & Parcels growth and operational leverage

Key financial indicators

€ million; % change vs. prior year

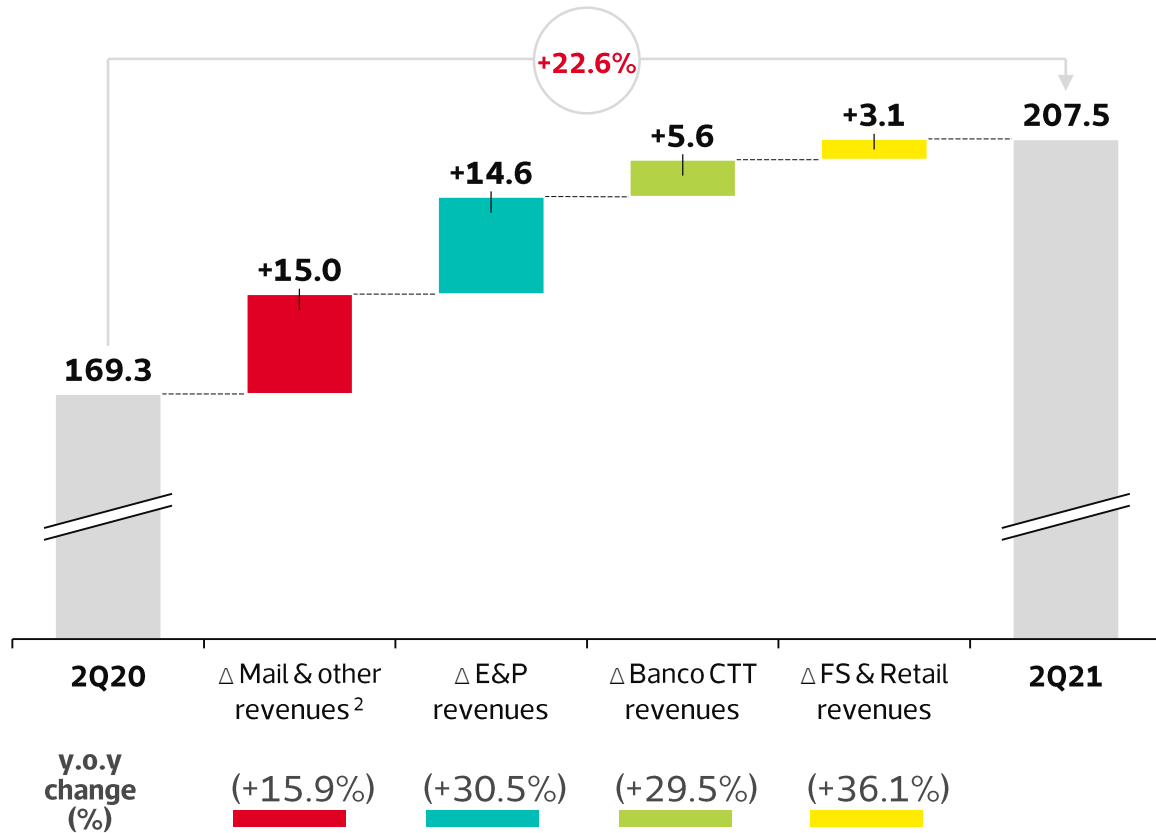
	Quarter			Half		
	2Q20	2Q21	y.o.y	1H20	1H21	y.o.y
Revenues¹	169.3	207.5	22.6%	349.2	412.8	18.2%
Operating costs ²	157.3	179.2	13.9%	313.5	355.5	13.4%
EBITDA²	11.9	28.3	136.6%	35.7	57.3	60.6%
Depreciation & amortization ³	15.6	14.6	-6.2%	30.0	28.6	-4.7%
Recurring EBIT¹	-3.6	13.6	»	5.7	28.7	»
Specific items	0.8	-1.5	«	0.8	-2.3	«
EBIT	-4.4	15.1	»	4.9	31.0	»
Financial result	-2.8	-2.7	3.9%	-5.9	-5.4	9.3%
Tax	-1.6	3.9	»	0.9	8.4	»
Net profit attributable to equity holders	-5.7	8.5	»	-2.0	17.2	»
Free cash flow	-9.2	21.4	»	-0.6	31.3	»

¹ Excluding Specific items; ² Excluding Specific items, depreciation & amortization; ³ Depreciation & amortization were positively impacted in 1H21 by the revision of the useful life of some assets.

Express & Parcels growth and Mail recovery foster strong revenues expansion

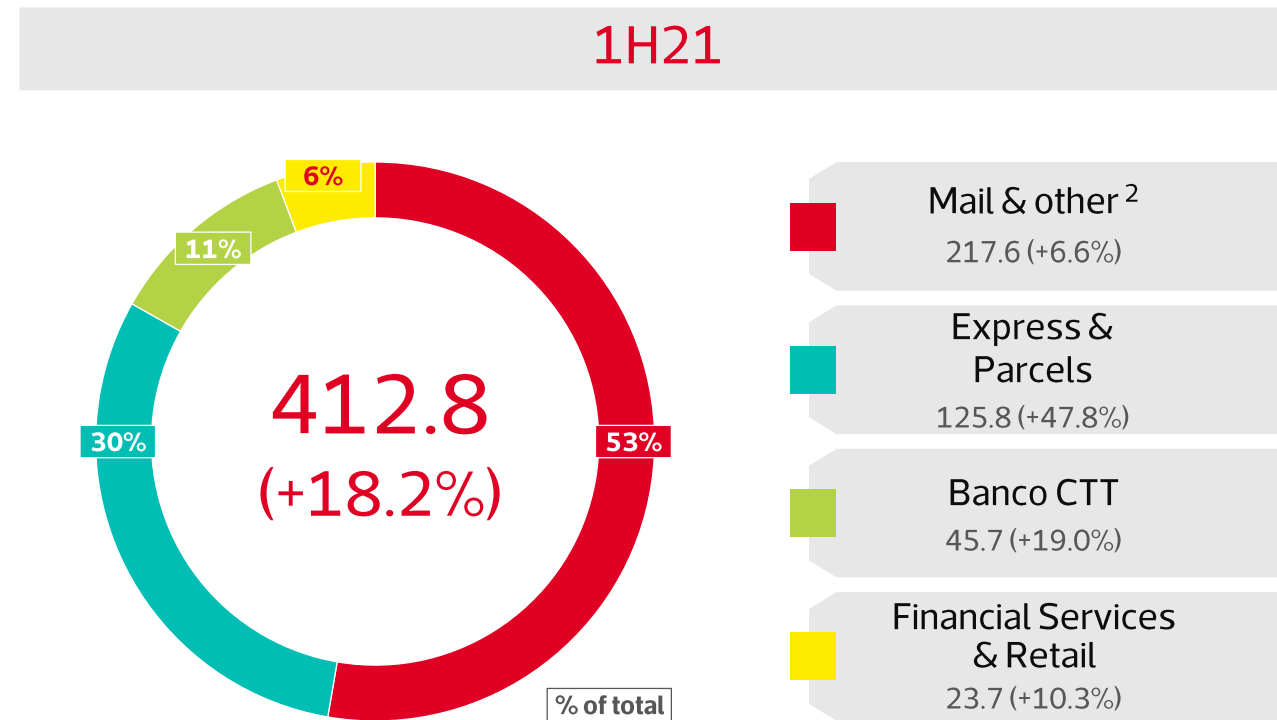
Revenues ¹

€ million; % change vs. prior year



Revenues ¹ breakdown

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

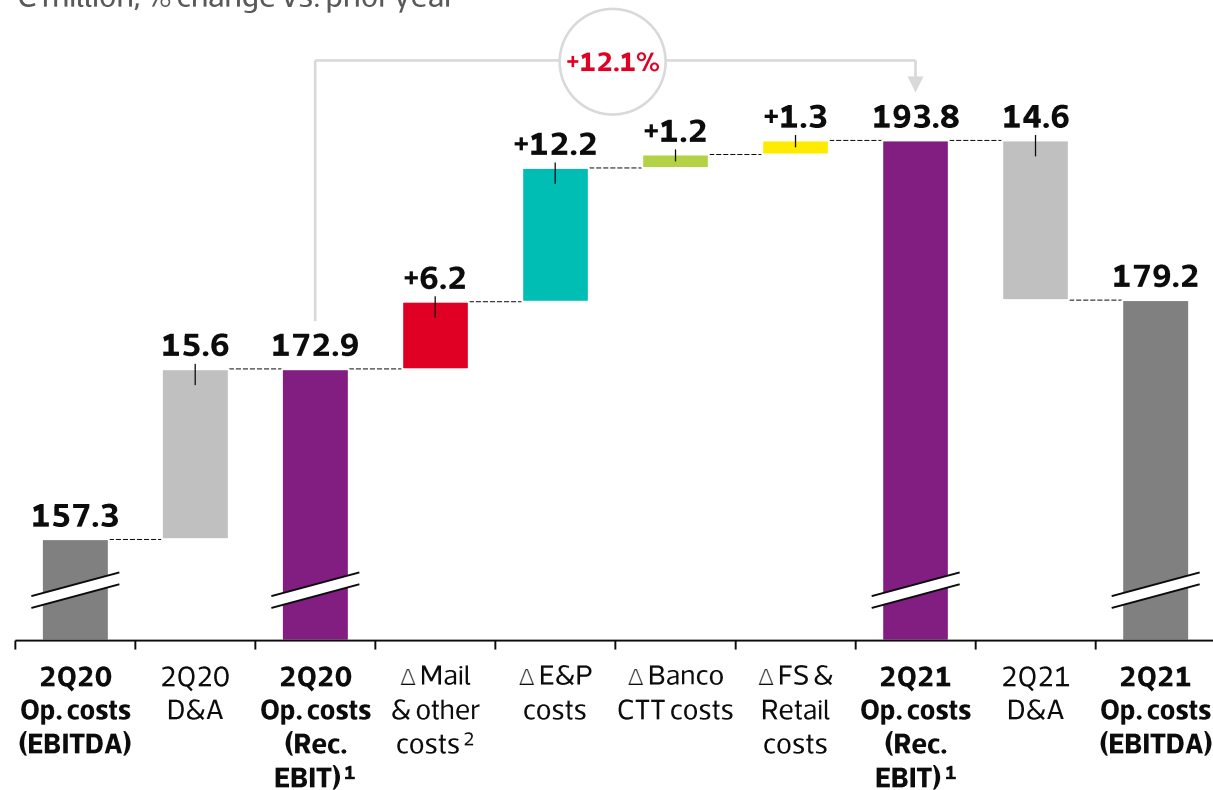


¹ Excluding Specific items; ² Including Central Structure.

Express & Parcels growth and Mail recovery, also push operating costs

Operating costs

€ million; % change vs. prior year

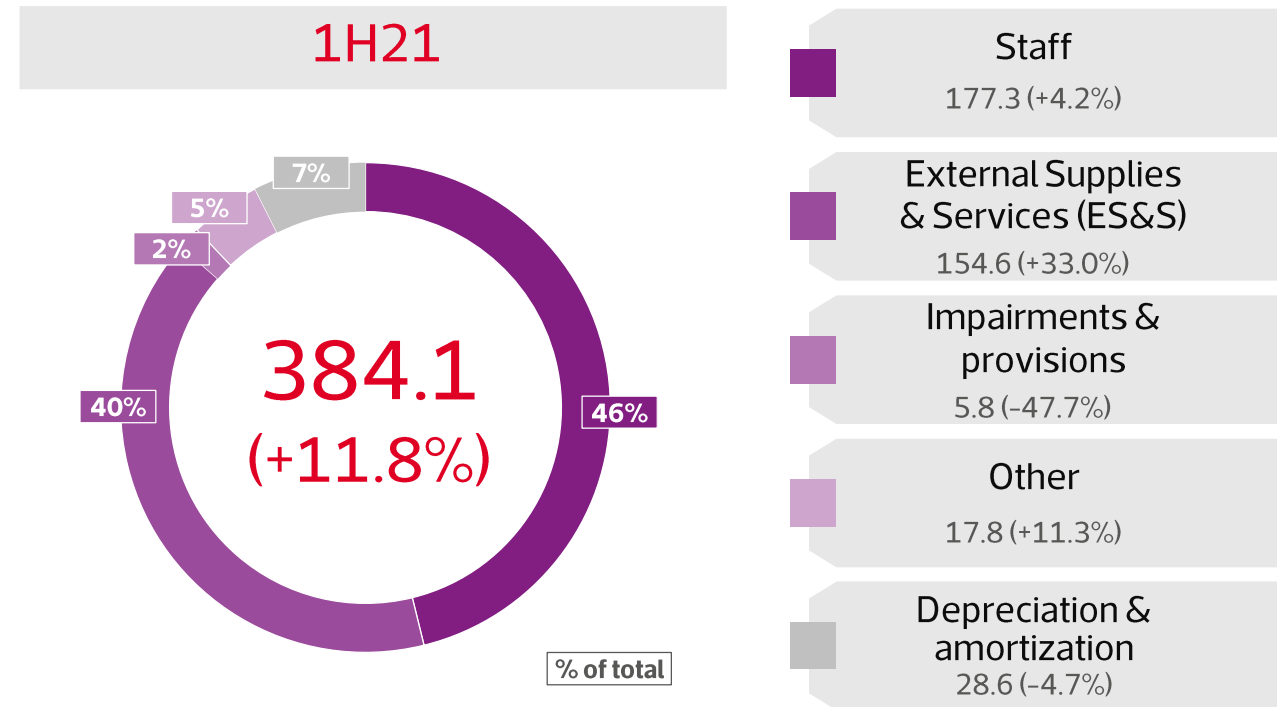


In 2Q21:

- Staff costs increased in Mail & other (+€3.4m), Express & Parcels (+€1.5m) and Banco CTT (+€1.5m) and decreased by €0.2m in Financial Services & Retail
- ES&S costs grew by €21.0m, mainly as a result of a €12.7m increase in transport and distribution costs and a €1.8m increase in terminal dues to foreign operators
- Impairments and provisions decreased by €4.8m, promoted by decreases in Banco CTT (-€2.3m), Mail & other (-€1.5m) and Express & Parcels (-€1.0m)

Operating costs (Rec. EBIT)¹ breakdown

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



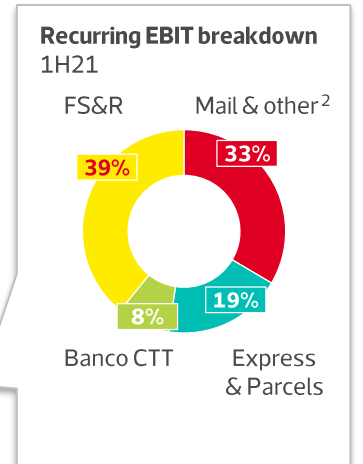
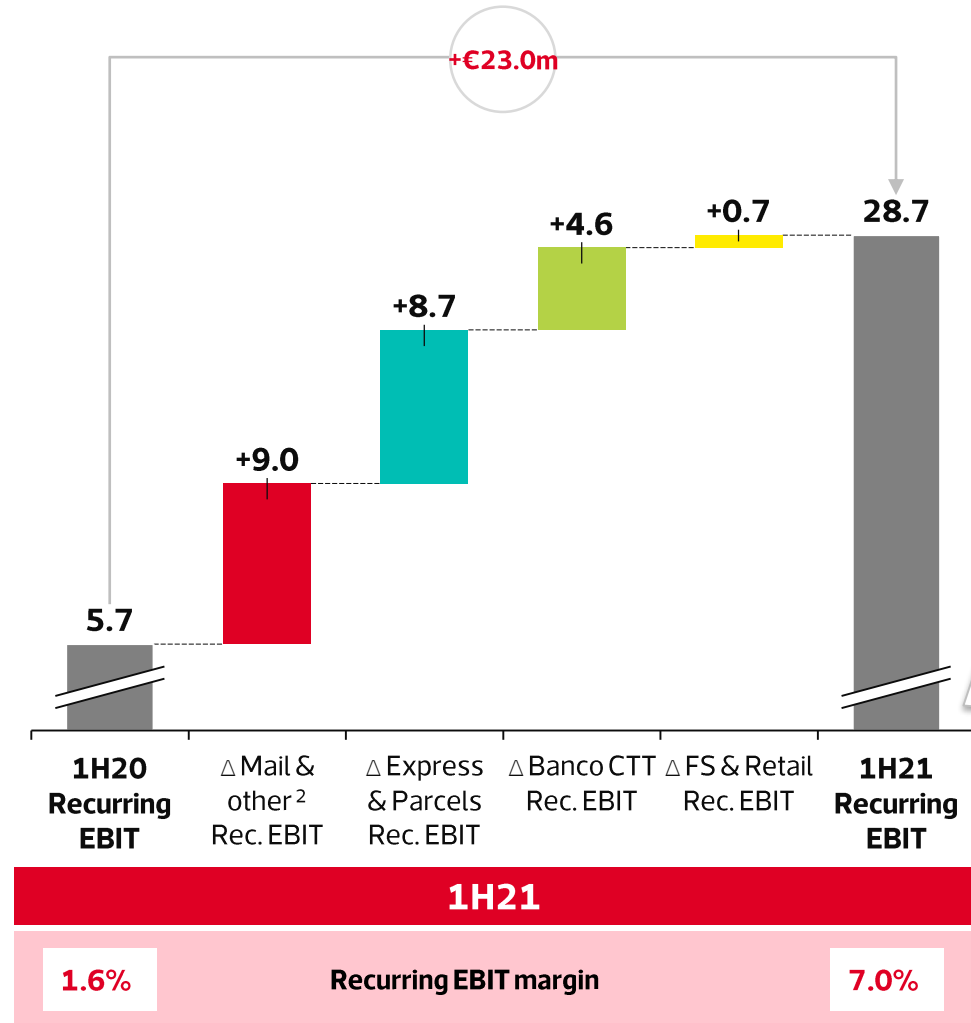
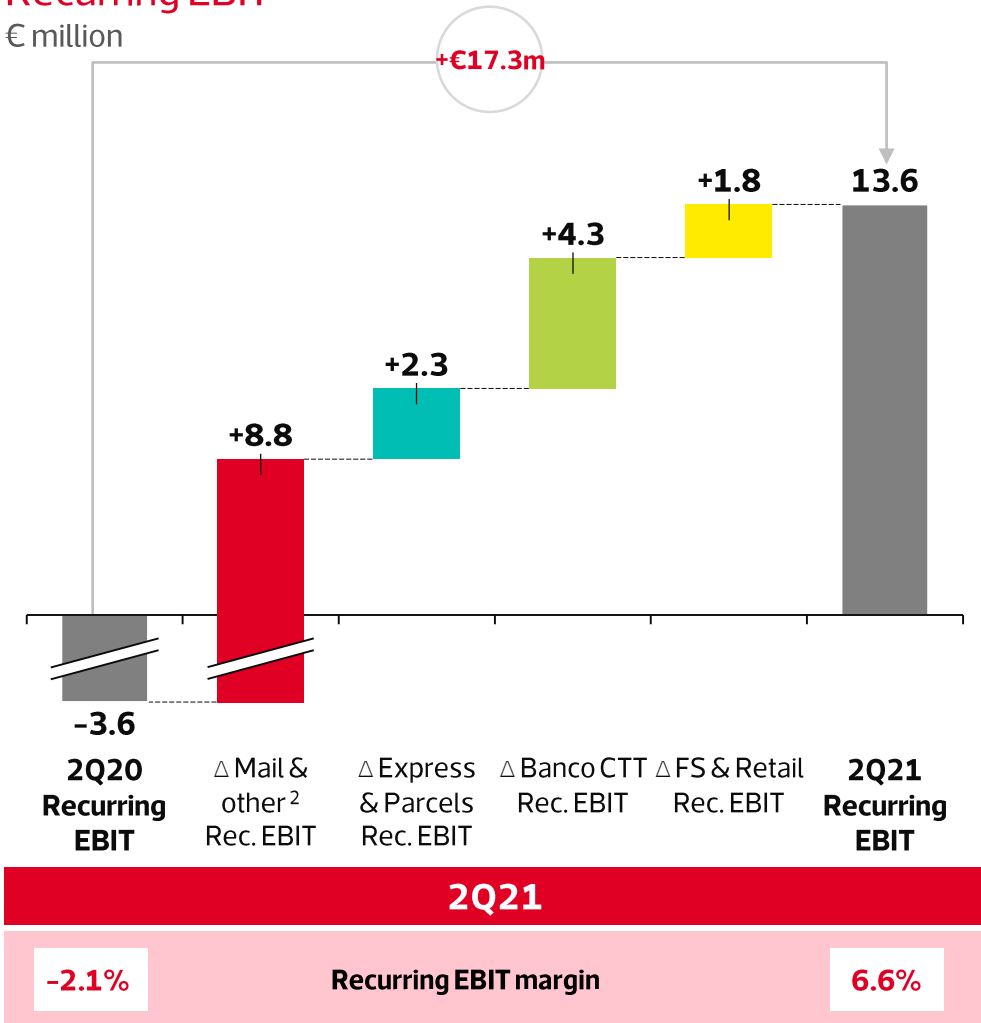
¹ Excluding Specific items. In 2021 and in the same period of the previous year (proforma), operating costs (EBITDA) include impairments and provisions and the impact of the leases covered by IFRS 16 being presented pursuant to this standard;

² Including Central Structure.

Recurring EBIT margin improvement of +8.7 p.p. in 2Q21 and +5.3 p.p. in 1H21 supported by Express & Parcels, Mail and Banco CTT

Recurring EBIT¹

€ million

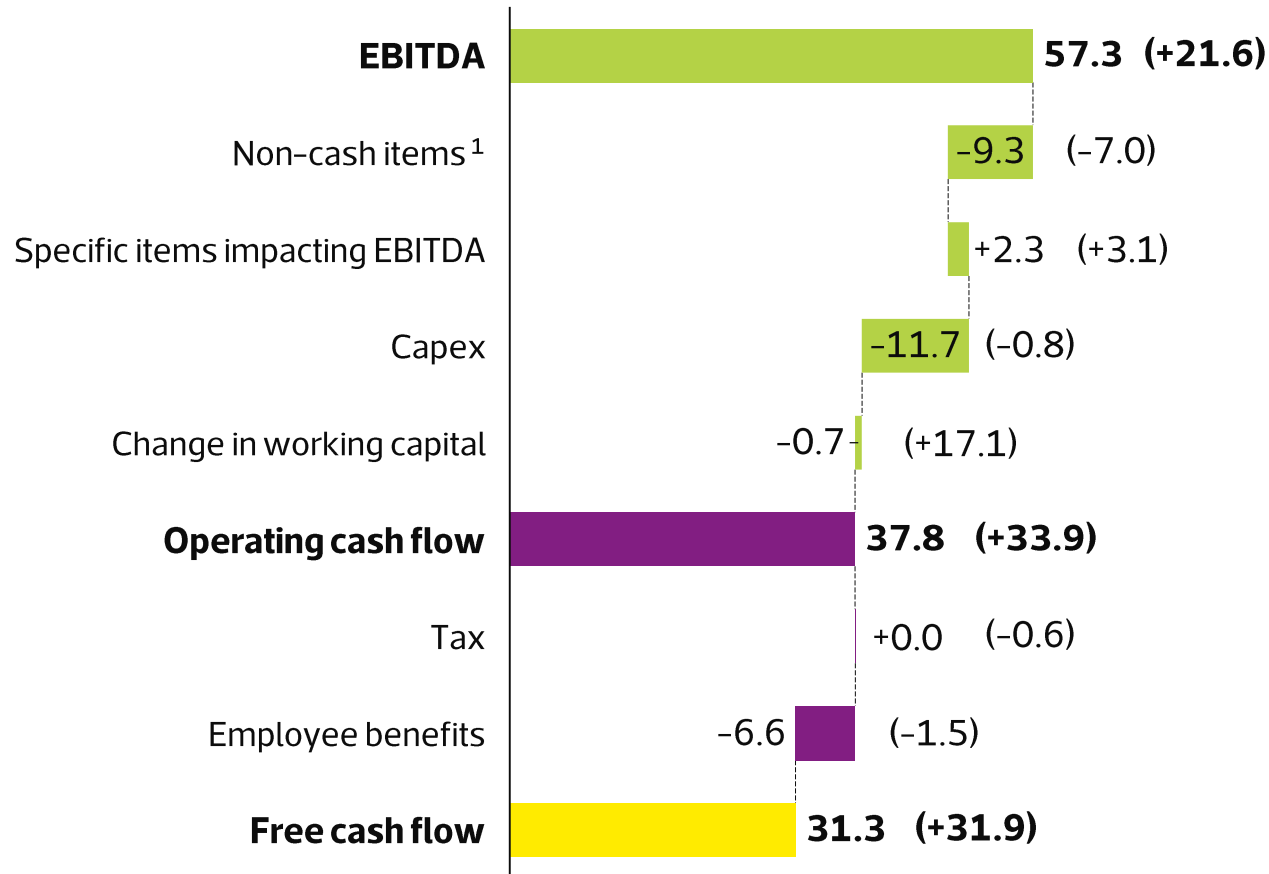


¹ Excluding Specific items; ² Including Central Structure.

Adjusted cash increased by c.€9m in 1H21

1H21 Cash flow

€ million; impact on cash flow vs. prior year



30 June 2021 Net financial debt²

€ million

(+) Cash & cash equivalents	654.7
(-) Net Financial Services & other payables ³	185.4
(-) Banco CTT liabilities, net ³	306.0
(-) Other ⁴	19.3
(=) Adjusted cash	144.0
(-) Financial debt	89.8
(=) Net cash position	54.2
(-) Lease liabilities (IFRS 16)	115.9
Net financial debt²	61.7

¹impairments, provisions and IFRS 16 affecting EBITDA; ²Only financial debt presented in the table; it does not include Net employee benefits of €202.0m as of 30 June 2021; ³The 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. ⁴The 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.

Outlook: benefiting from repositioning to grab further growth

A graphic illustration on the left side of the slide. It features a large red smartphone with the 'ctt' logo on its screen. To its right is a white laptop with a red cover. On the laptop cover, there is a white Apple logo and a white icon of a tablet. The background is a mix of purple and red geometric shapes.

Higher contribution from both Express & Parcels and Banco CTT will keep fueling revenues growth, translating into improving profitability

Continued acceleration of the digital initiatives will further strengthen CTT's competitive position

The COVID-19-related uncertainty remains present

CTT expects to achieve above €60m in EBIT in FY21

Progress on the concession process allows for reaffirmed confidence in the formalization of a sustainable new contract within the term of the current extension



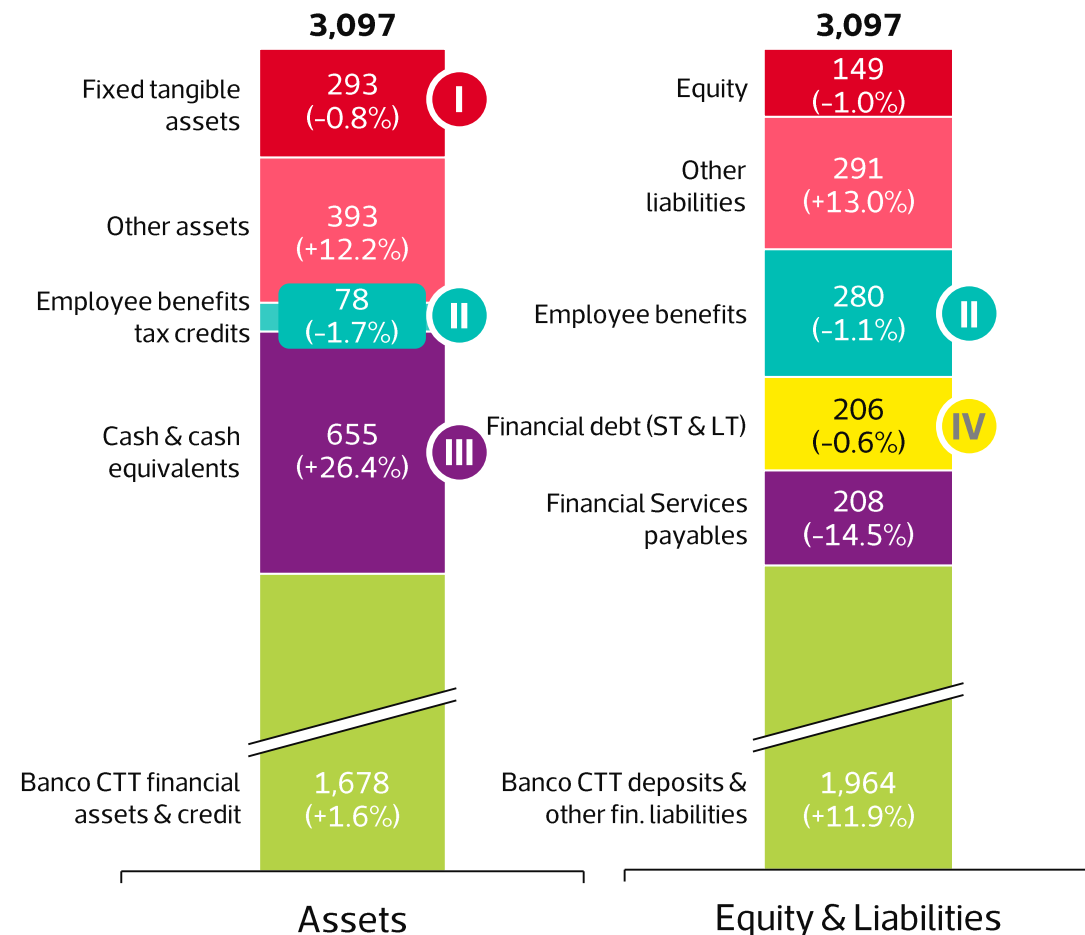
Appendix

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Key Balance sheet details

30 June 2021 Balance sheet

€ million; % change vs. 31 Dec 2020



I Fixed tangible assets

(+) Rights of use (leases)	103.6
(+) Other fixed tangible assets	189.1
(=) Fixed tangible assets	292.8

Rights of use grew by €1.1m vs. Dec-20 (+1.0%)

II Net employee benefits

(+) Employee benefits ¹	279.9
(-) Employee benefits tax credit	77.9
(=) Net employee benefits	202.0

¹Of which €271m related to healthcare

III Adjusted cash

(+) Adjusted cash Banco CTT	115.0
(+) Adjusted cash CTT	29.0
(=) Adjusted cash	144.0

IV Financial debt

(+) Bank loans	89.8
(+) Lease liabilities	115.9
(=) Financial debt	205.7

Exceptional growth of parcels volumes and revenues provides a considerable boost to profitability

Revenues

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

Portugal	€67.1m (+29.6%)
Parcels	€58.6m (+41.1%)
Cargo	€4.6m (-13.6%)
Banking network	€2.3m (-31.5%)
Logistics	€1.2m (+2.5%)
Other	€0.4m (+2.3%)
Spain	€57.2m (+79.5%)
Mozambique	€1.5m (+4.9%)
Total	€125.8m (+47.8%)

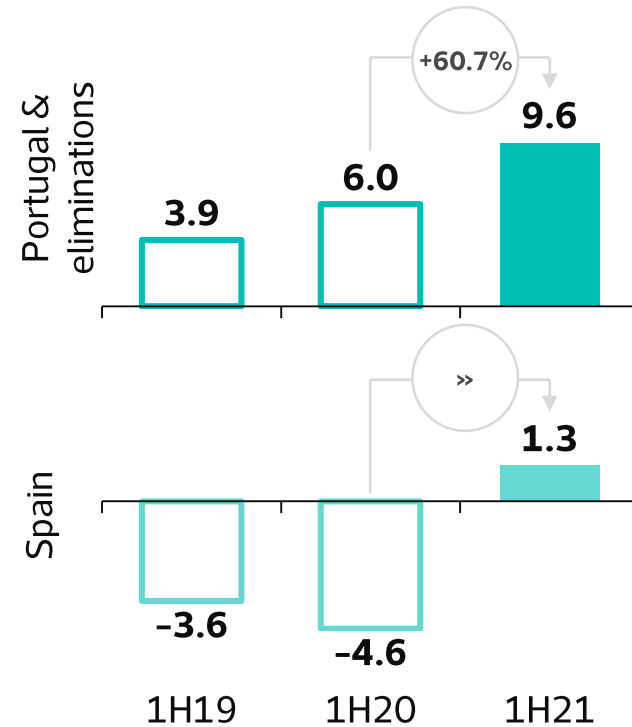
Volumes by region (m items)

Metric	Total	Portugal	Spain
1H21	36.6	16.2	20.4
vs. 1H20	+54.4%	+30.6%	+80.7%

15.5 (+38.3%) excluding cargo

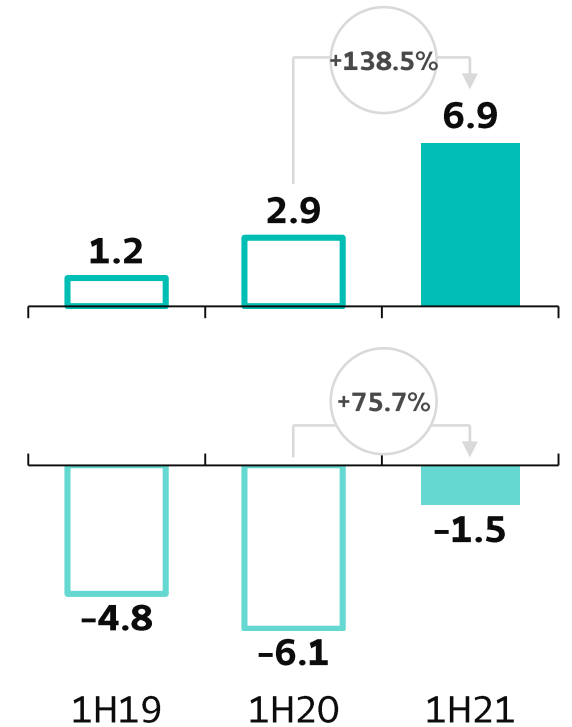
EBITDA^{1,2}

€ million



Recurring EBIT²

€ million

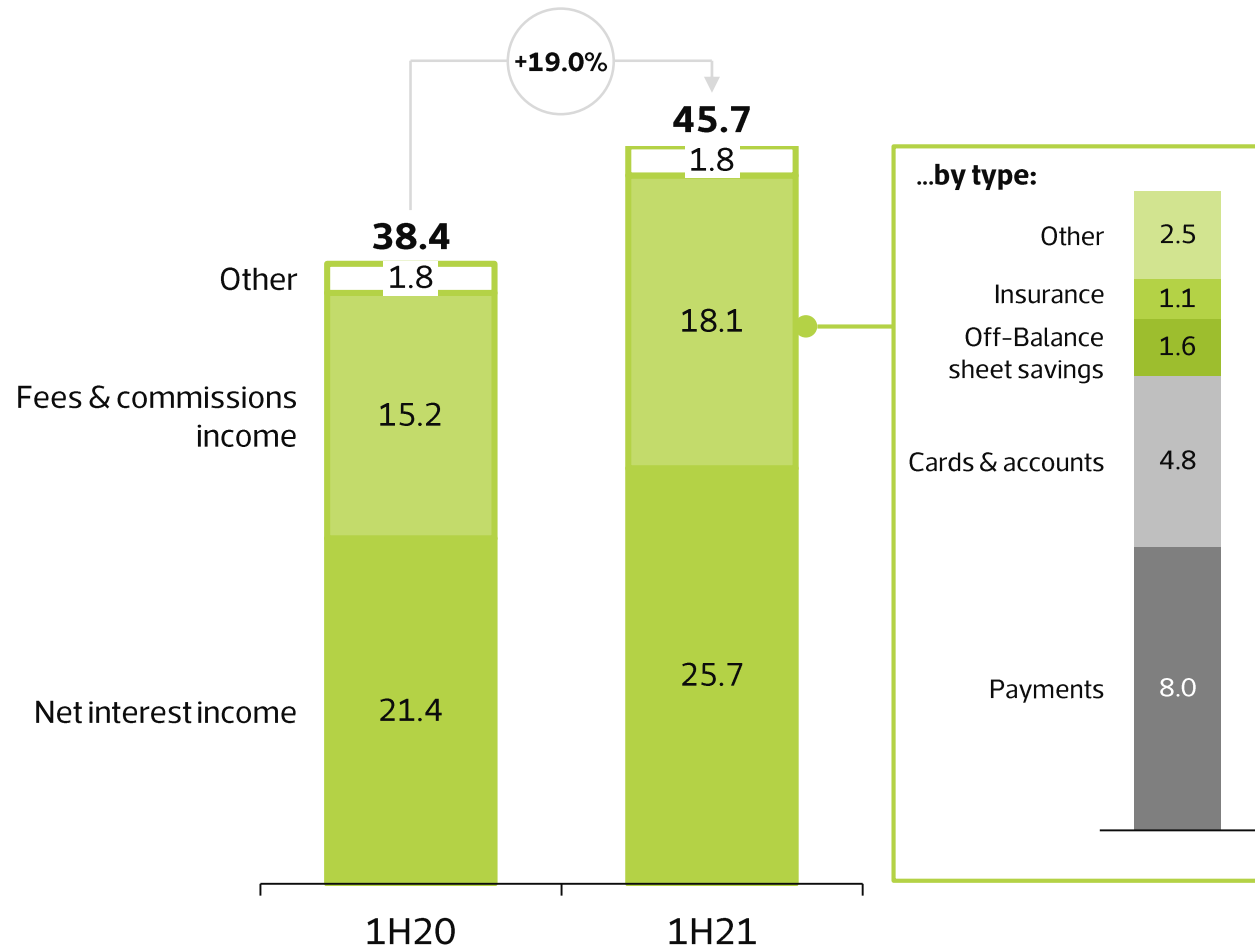


¹ Excluding Specific items, depreciation & amortization; ² Individual company views (not consolidated).

Banco CTT is benefitting from significant operational leverage, as the fixed-cost infrastructure is largely in place

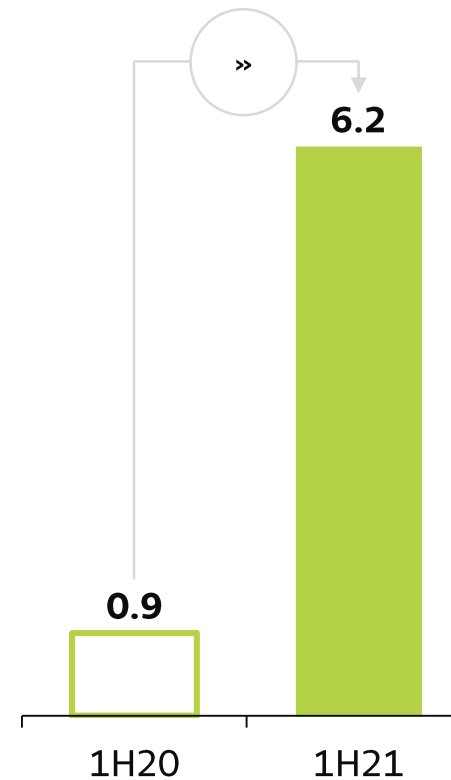
Revenues

€ million; % change vs. prior year



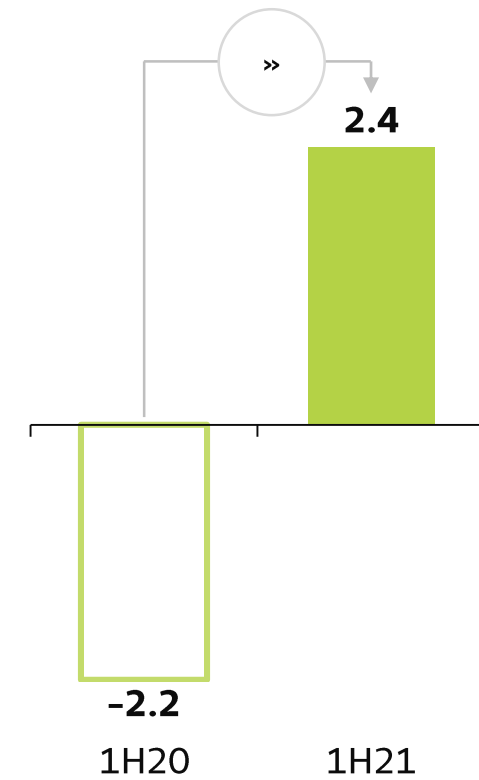
EBITDA¹

€ million % change vs. prior year



Recurring EBIT

€ million; % change vs. prior year

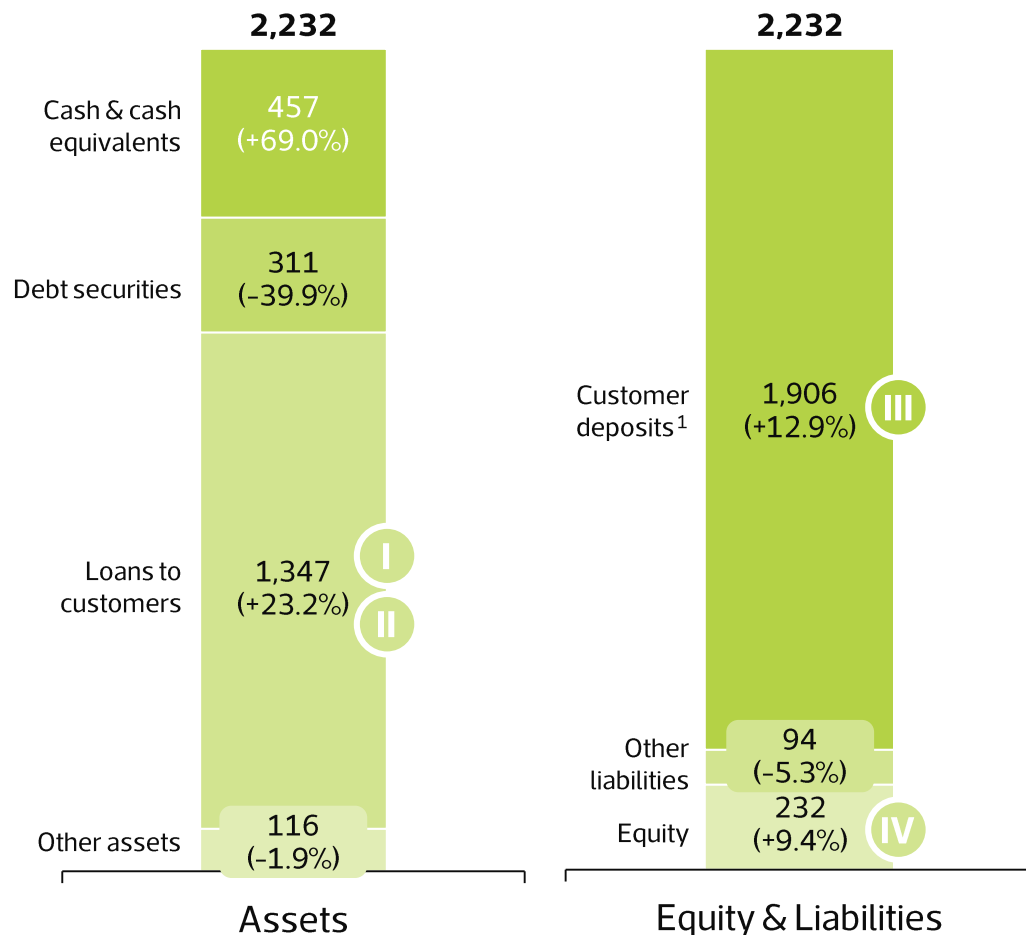


¹ Excluding Specific items, depreciation & amortization.

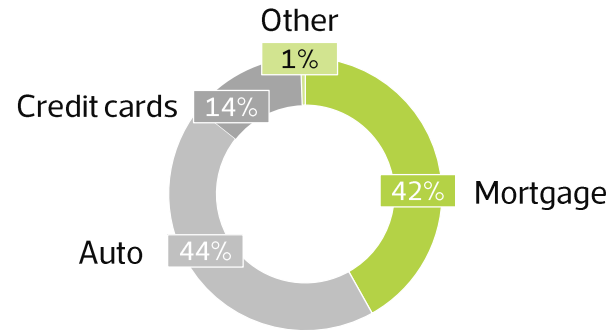
Banco CTT cost of risk remains low while capital and liquidity are ample

30 June 2021 Banco CTT Balance Sheet

€ million; % change vs. 31 Dec 2020

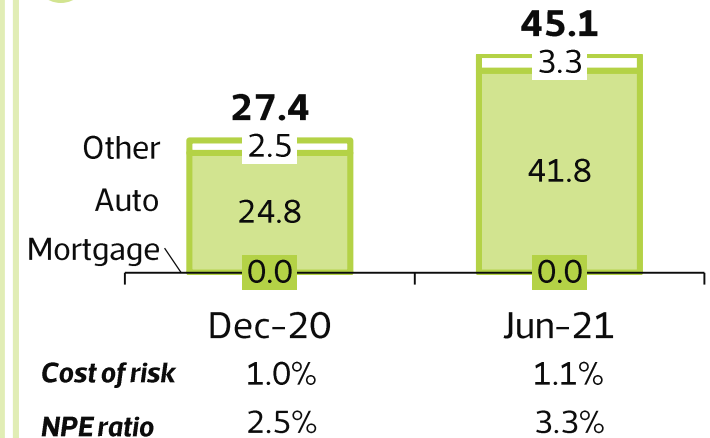


I Loans by type



Moratorium requests have a total exposure of €40.1m, 3.3% of the total gross credit portfolio

II Non-performing exposures²



III Customer deposits¹

Sight deposits

€1,342m
(+11.1%)

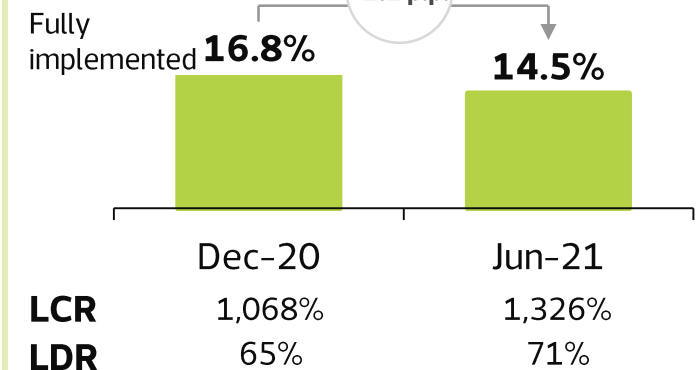
Term deposits

€564m
(+17.2%)

Significant growth both in term & sight deposits
543k current accounts (+26k in 1H21)

IV Capital and liquidity

CET1



¹ Excludes deposits from intragroup companies; ² Revision of the concept of default which came into effect in January 2021 resulted in a non-recurring growth of non-performing exposures in 1H21.

Mail profitability recovering through the mix effect of value-added mail increased weight on total mail in 1H21

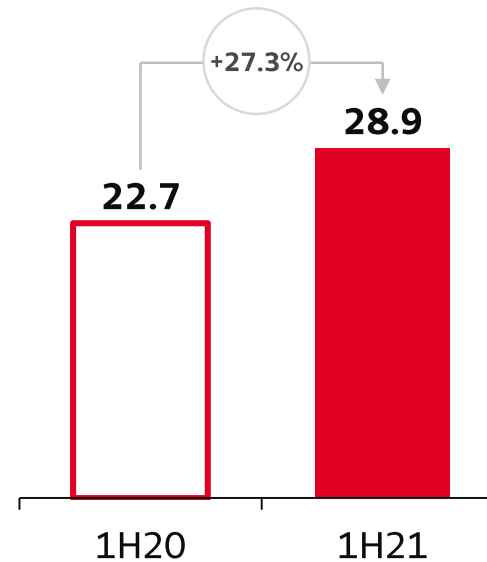
Revenues ¹

€ million; % change vs. prior year

Transactional	€185.4m (+7.1%)
Advertising	€9.1m (+5.9%)
Editorial	€6.6m (+2.8%)
Business solutions	€7.1m (-14.3%)
USO parcels	€3.9m (+46.1%)
Philately & other ¹	€5.4m (+6.7%)
Total	€217.6m (+6.6%)

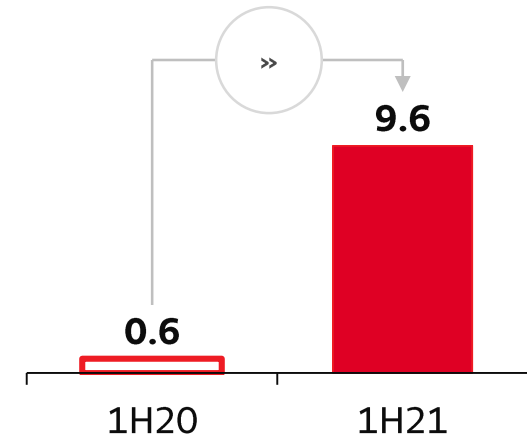
EBITDA ²

€ million



Recurring EBIT

€ million



Volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
1H21	N.A.	249.8	216.0	19.1	14.7	222.1
vs. 1H20	+2.6%	-5.0%	-5.4%	-2.8%	-2.4%	21.3%

¹Including Central Structure; ²Excluding Specific items, depreciation & amortization.

Financial Services & Retail comparison impacted by full lockdown of 2Q20

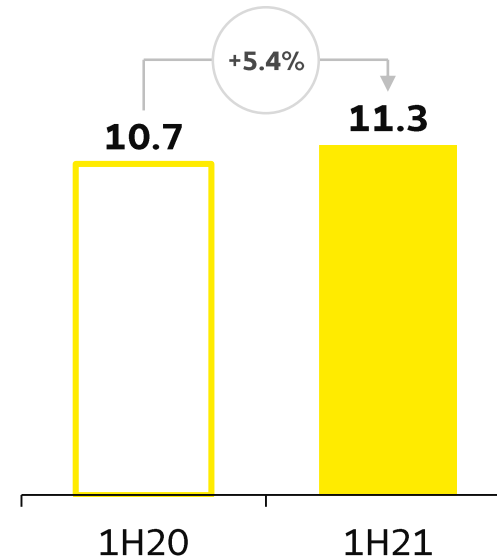
Revenues

€ million; % change vs. prior year

Savings & insurance	€12.4m (-1.8%)
Money orders	€2.8m (-6.3%)
Payments	€0.9m (+11.9%)
Retail products & services	€7.5m (+50.8%)
Other	€0.1m (+4.5%)
Total	€23.7m (+10.3%)

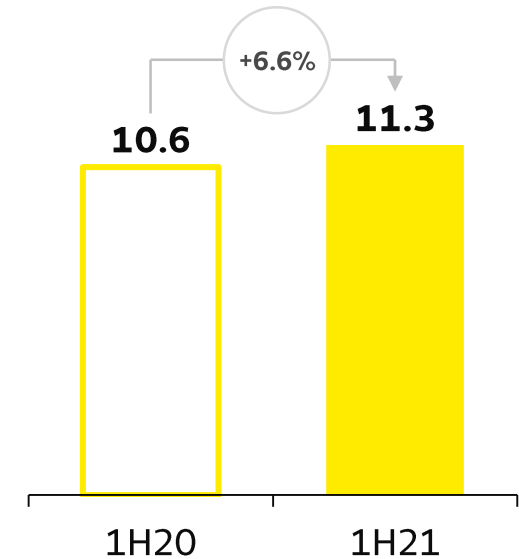
EBITDA¹

€ million



Recurring EBIT

€ million



Financial Services volumes by type

Metric	Savings flows (€bn)	Placements	Redemptions	Money orders (m ops.)
1H21	2.8	2.3	0.5	7.1
vs. 1H20	21.1%	21.1%	21.5%	-7.7%

¹ Excluding Specific items, depreciation & amortization.

Consolidated Income statement

Income statement

€ million

	Reported		With Banco CTT under equity method	
	1H20	1H21	1H20	1H21
Revenues	349.2	412.8	318.4	375.2
Operating costs	313.5	355.5	281.8	322.3
of which Impairments & provisions	11.1	5.8	3.7	0.8
EBITDA	35.7	57.3	36.6	52.9
Depreciation & amortization	30.0	28.6	27.3	25.2
of which IFRS 16 impact	11.4	13.1	11.0	12.7
Recurring EBIT	5.7	28.7	9.3	27.7
Specific items	0.8	-2.3	0.8	9.7
EBIT	4.9	31.0	8.5	18.0
Net financial income / (costs)	-4.7	-4.2	-4.7	-4.2
of which IFRS 16 impact	-1.6	-1.5	-1.6	-1.5
Associated companies – gains / (losses)	-1.2	-1.1	-4.1	8.8
Earnings before taxes	-1.0	25.7	-0.3	22.5
Net profit attributable to equity holders	-2.0	17.2	-1.9	17.2

Consolidated Balance sheet

Balance sheet

€ million

	Reported		With Banco CTT under equity method	
	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21
Non-current assets	1,984.3	1,834.3	638.8	657.2
Current assets	910.6	1,262.3	484.0	454.1
Assets	2,894.9	3,096.6	1,122.8	1,111.4
Equity	150.3	148.8	150.3	148.8
Liabilities	2,744.6	2,947.8	972.5	962.5
Non-current liabilities	493.4	480.6	444.0	441.9
Current liabilities	2,251.2	2,467.2	528.5	520.6
Equity and Liabilities	2,894.9	3,096.6	1,122.8	1,111.4
Net financial debt¹	71.4	61.7	153.9	174.8

¹ See slide 24 for more detail.

Consolidated Cash flow statement

Cash flow

€ million

	Reported			With Banco CTT under equity method		
	1H20	1H21	Δ 21/ 20	1H20	1H21	Δ 21 / 20
EBITDA	35.7	57.3	+21.6	36.6	52.9	+16.3
Non-cash items	-2.3	-9.3	-7.0	-9.3	-13.9	-4.6
Specific items affecting EBITDA	-0.8	2.3	+3.1	-0.8	-9.7	-8.9
Capex	-10.9	-11.7	-0.8	-9.3	-10.2	-1.0
Change in working capital	-17.8	-0.7	+17.1	-14.3	-1.6	+12.8
Operating cash flow	3.9	37.8	+33.9	2.9	17.5	+14.6
Tax	0.6	0.0	-0.6	1.0	0.0	-0.9
Employee benefits	-5.1	-6.6	-1.5	-5.1	-6.6	-1.5
Free cash flow	-0.6	31.3	+31.9	-1.2	11.0	+12.1
Debt (principal + interest)	-0.7	-2.8	-2.1	-0.7	-2.8	-2.1
Dividends	0.0	-12.8	-12.8	0.0	-12.8	-12.8
Acquisition of own shares	0.0	-6.4	-6.4	0.0	-6.4	-6.4
Financial investments	0.0	-0.8	-0.8	0.0	-10.8	-10.8
Net change in adjusted cash	-1.3	+8.6	+9.9	-1.9	-21.8	-19.8
Change in liabilities FS & other & Banco CTT (net) ¹	-34.9	128.0	+162.9	-49.8	-50.2	-0.4
Change in other ²	-10.2	-0.1	+10.2	-0.0	-0.0	+0.0
Net change in cash	-46.4	136.6	+183.0	-51.7	-72.0	-20.3

¹ 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 the financial services of CTT, Payshop, Banco CTT and 321 Crédito; ² 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.

Specific items with a positive impact on the 1H21 P&L

Specific items

€ million

	Reported		
	1H20	1H21	
Recurring EBIT	5.7	28.7	
Specific items	0.8	-2.3	
Revenues	-0.6	0.0	
Staff costs	0.1	8.2	<div data-bbox="1884 777 2448 969" style="border: 1px solid purple; padding: 5px;"> €8.2m restructuring charge, of which €8.0m is a non-cash provision for 118 suspension agreements of employee contracts </div>
ES&S & other op. costs & other gains	1.3	-10.5	<div data-bbox="1884 994 2448 1401" style="border: 1px solid teal; padding: 5px;"> Net gain of €10.5m that was primarily related to a €14.4m capital gain booked in connection to the sale of public debt securities to optimize Banco CTT balance sheet against a backdrop of the rollout of the partnership with Sonae and expenses of €3.9m related with an initial IFRS9 adjustment with the acquisition of the credit stock of Cartão Universo, COVID-19 related costs and other one-off projects </div>
EBIT	4.9	31.0	

CTT

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From a
parcel to
whatever
you want

From a
parcel to
whatever
you dream
of

From a
parcel to
whatever
you wish
for

We
connect
people and
companies