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to bring
the world**

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RESULTS
PRESENTATION
2019



att

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in**
Ambition

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2019 – a year of transition

Changes in the leadership of the Company provide an impulse and a new direction

+4.6%

Revenues growth accelerates
(+1.4% in 2018)

€101.5m

EBITDA guidance delivered
(€90.4m in 2018)

€16.5m

Operating costs savings exceeded the OTP¹ full year objective
(€15.0m initial objective)



-2.1%

Mail revenues remain resilient

Despite an acceleration of addressed mail volumes decline to -9.1%



+10.7%

Parcels volumes growth in Portugal

Leading to increases in transport & distribution costs to resolve capacity bottlenecks



€3.7m

Landmark year for Banco CTT

With 321 Crédito fully absorbed, positive EBITDA is reached in the fourth year of operation



€4.0bn

Very strong savings performance

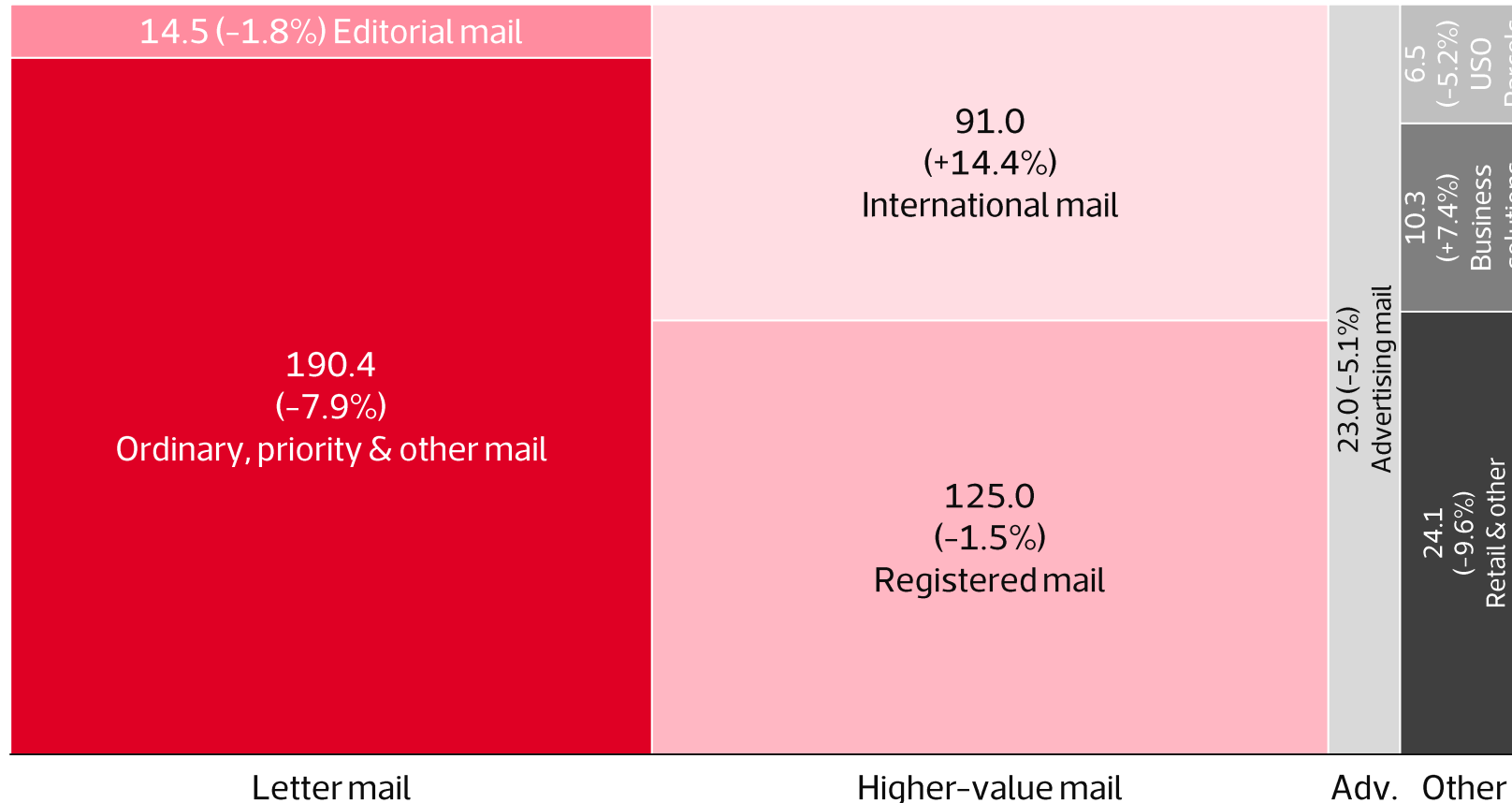
Financial Services business area resuming a sound contribution

¹Operational Transformation Plan.

Growth in higher-value mail revenues mitigates the impact of volumes decline

Mail revenues

€ million; % change vs. prior year



€484.6m
-2.1% vs. prior year

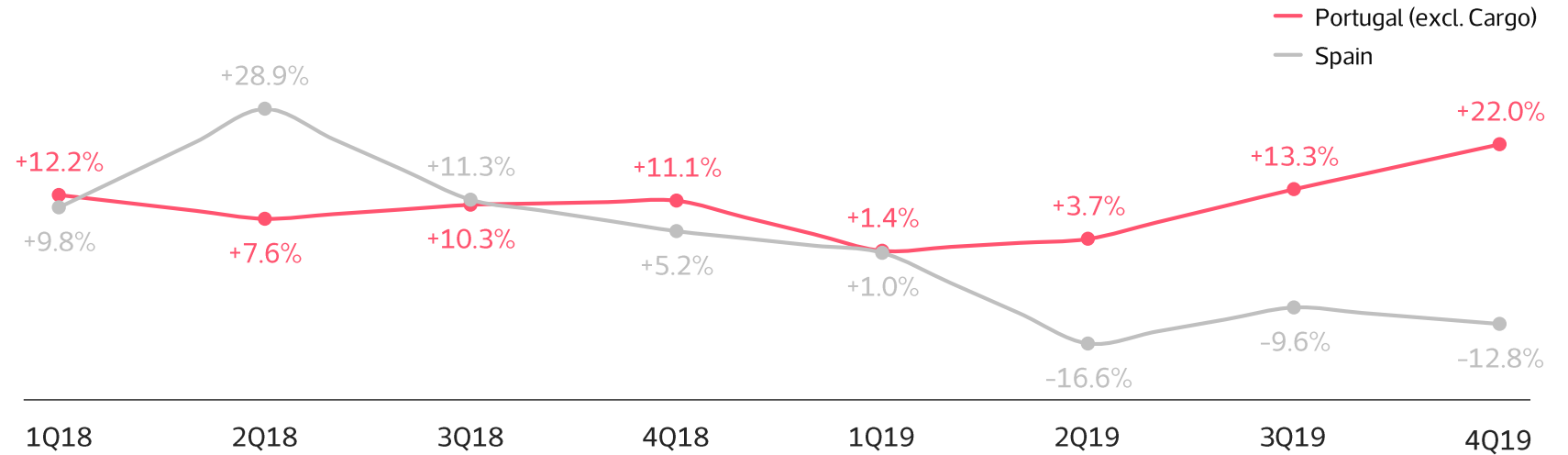
- International inbound mail revenues increased by +20.4% to €44.7m, driven by e-commerce
- Solid performance by international outbound mail, benefiting from a positive contribution (+€5.3m) from the legislative elections

Portuguese parcels and public debt placements display strong growth dynamics

Parcels volumes

% change vs. prior year

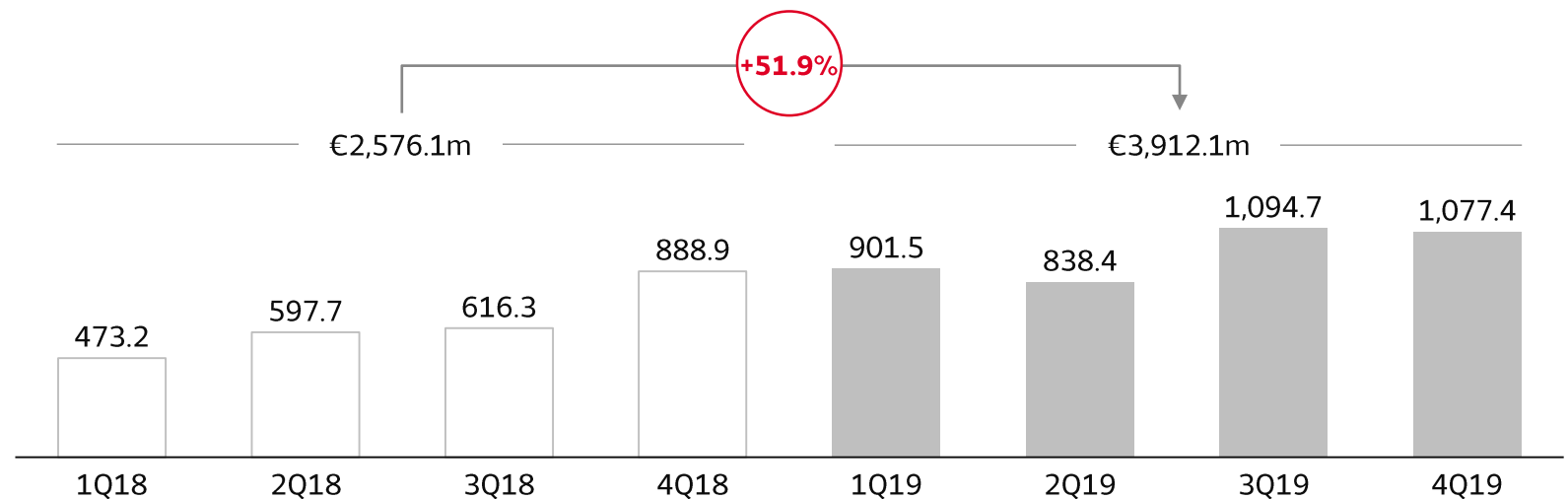
- Portuguese parcels volumes growth accelerated further in 4Q19, benefiting from a very pronounced holidays shopping effect and large customer wins
- Spain impacted by the loss of a large customer (excluding that effect, volumes would have grown slightly in 4Q19)



Public debt placements

€ million; % change vs. prior year

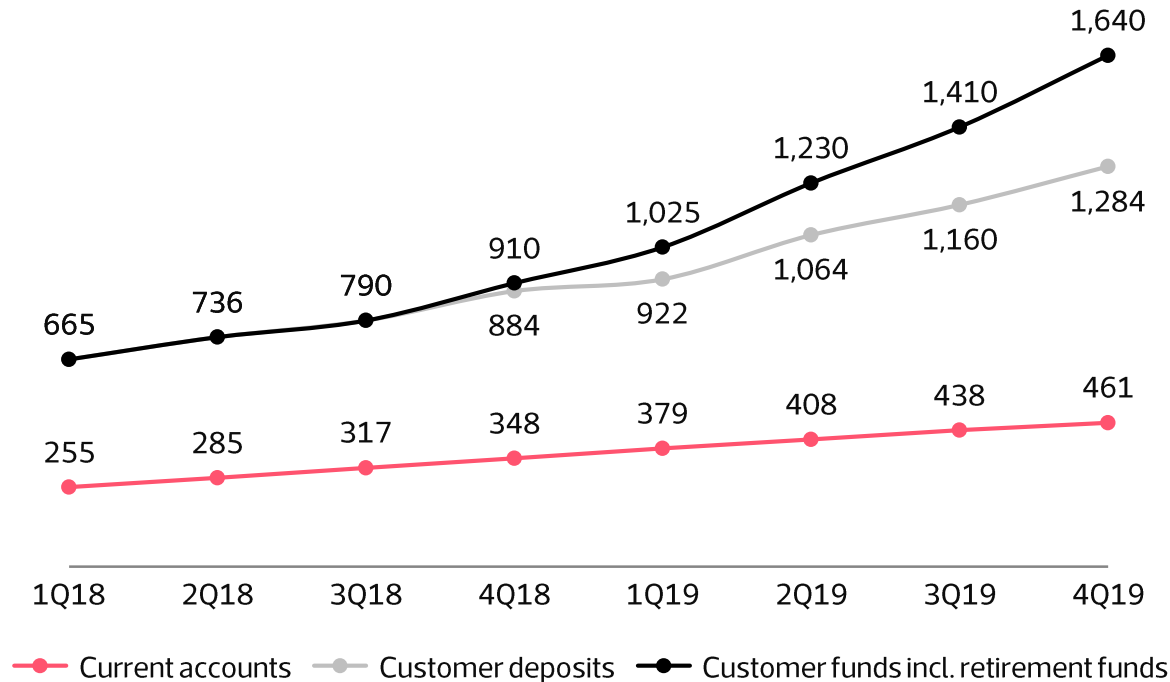
- Public debt products placements totaled €3.9bn (+51.9%), evidencing the Retail Network's proximity to the population and its continued ability to capture savings



Banco CTT customer funds and credit growth accelerate, boosted by new partnerships and 321 Crédito

Current accounts & customer funds

Current accounts (thousands); Customer funds (€ million); cumulative

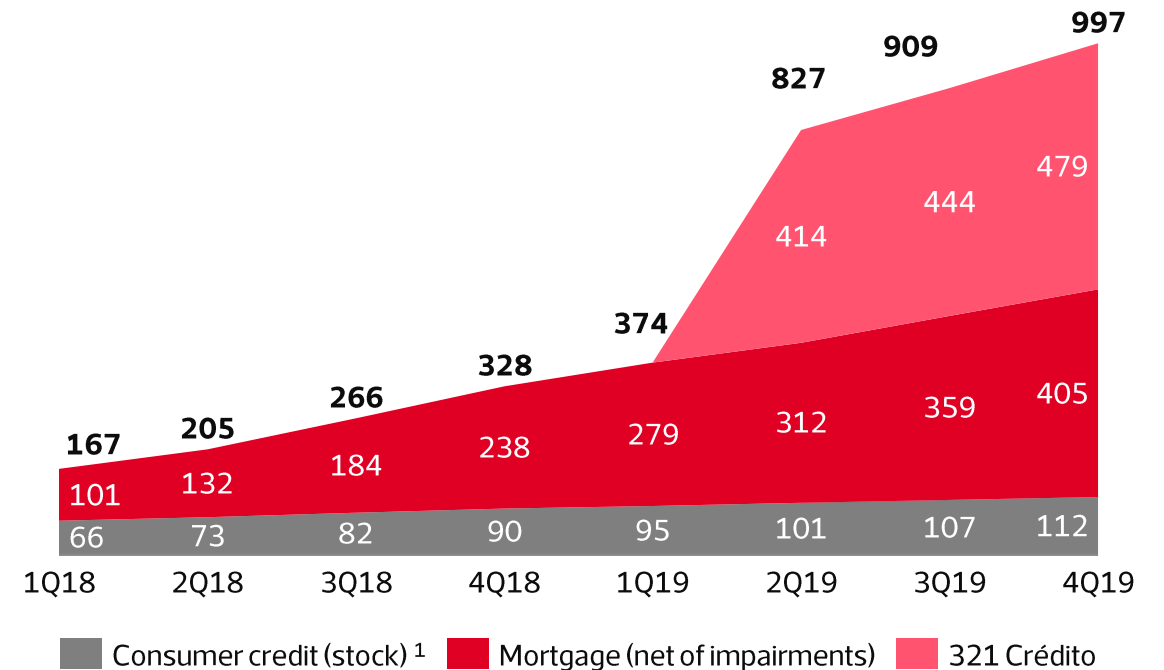


- Seamless integration with partners for the sale of products and services: retirement funds placements reaching double-digit new production market share in one year

¹ Amount outside CTT's Balance Sheet, placed in partnership with BNP Paribas Personal Finance (Cetelem).

Credit to clients

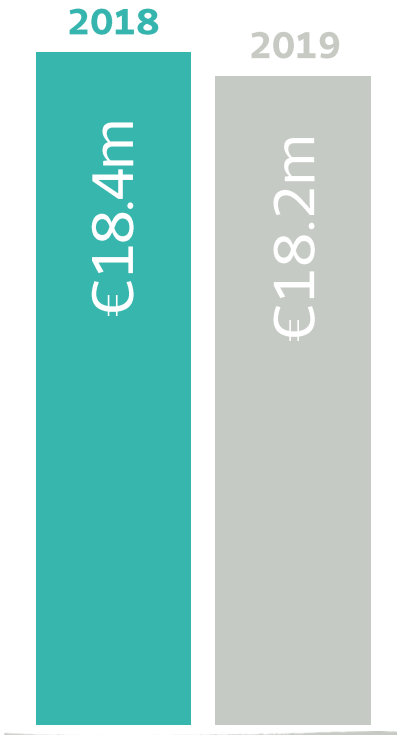
Total; € million; cumulative



- 321 Crédito acquisition provided a significant boost to the lending book and improved the loan-to-deposit ratio to 69.0%

Transformation

The Operational Transformation Plan costs savings exceed the full year objective



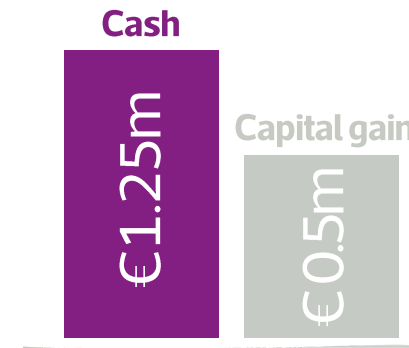
Specific items

Non-recurring costs impacting EBIT



Operating costs savings

Impact on the P&L



Asset sales

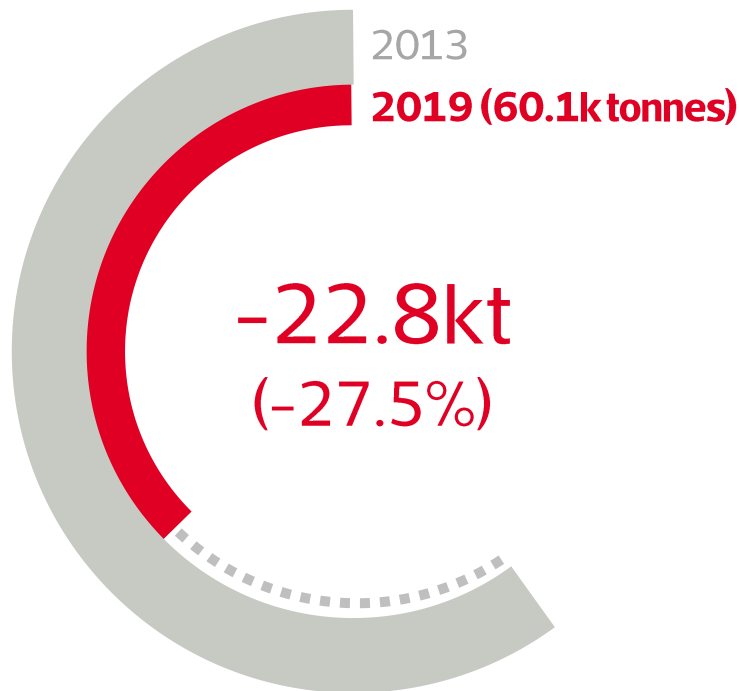
Cash proceeds & capital gains

Sustainability

Alignment with the UN Sustainable Development Goals

Carbon Emissions

CO₂e tonnes (scopes 1+2+3) vs. 2013 base year (CTT science-based target)



A⁻

CDP™ score report

Climate change 2019



-2.5%

Decrease in energy consumption

Mainly driven by the decrease in electricity



315

Ecological vehicles in fleet

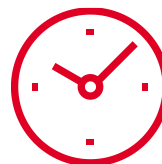
The largest ecological transport and distribution fleet in Portugal



+4.2%

Increase in training hours

251k hours with 88% of the employees participating



+47%

Voluntary work initiatives

22 corporate voluntary social & environmental initiatives. Participation of 358 volunteers, for a total of 1,548 hours





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Innovation

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02

Financials

Full year financial indicators exhibit material improvement

Key financial indicators

€ million; % change vs. prior year

	Quarter			Year		
	4Q18	4Q19	Δ%	FY18	FY19	Δ%
Revenues¹	183.2	200.7	+9.6%	708.0	740.3	+4.6%
Operating costs ¹	157.8	172.5	+9.3%	617.6	638.8	+3.4%
EBITDA¹	25.4	28.2	+11.0%	90.4	101.5	+12.2%
EBITDA including IFRS 16	32.8	34.6	+5.6%	122.7	128.3	+4.6%
Specific items	-2.1	2.2	+207.5%	18.4	18.2	-0.9%
EBIT	19.0	13.0	-31.3%	45.6	47.3	+3.7%
Net profit attributable to equity holders	10.1	6.3	-36.9%	21.5	29.2	+35.8%
Free cash flow	29.4	16.2	-45.0%	15.0	32.3	+115.1%

+35.8%
FY19 Net profit growth

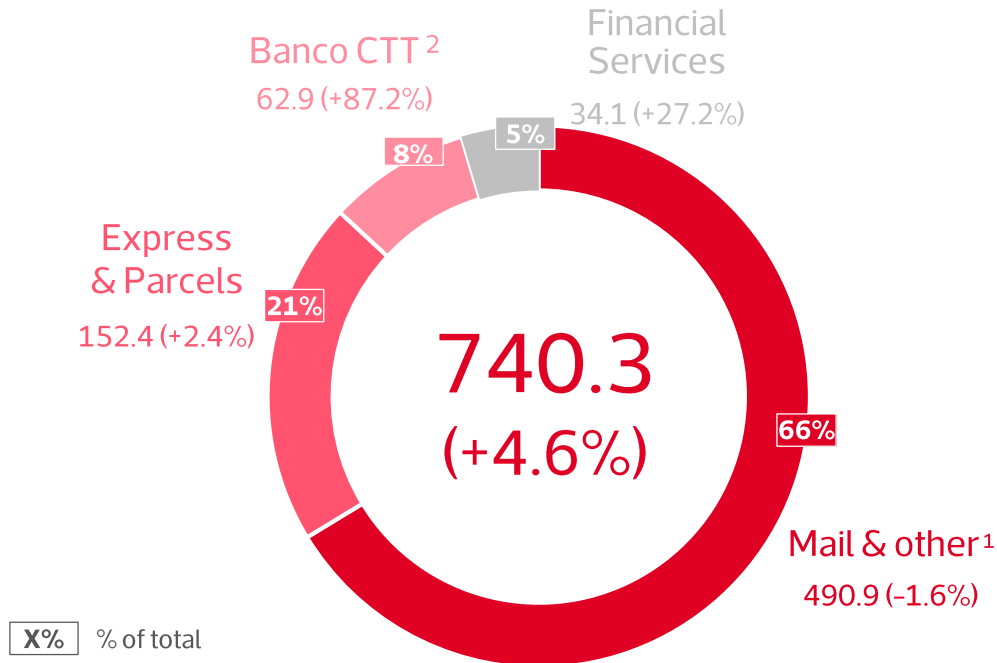
- Positively impacted by a one-time corporate tax refund of €6.8m as a result of a favourable Tax Authority decision on the deduction of the tax loss on CTT Espresso's sale of Tourline in 2016

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

Growth in revenues underpinned by organic & inorganic evolution in Banco CTT and strong performance by Financial Services

Revenues

€ million; excluding specific items; % change vs. prior year; % of total



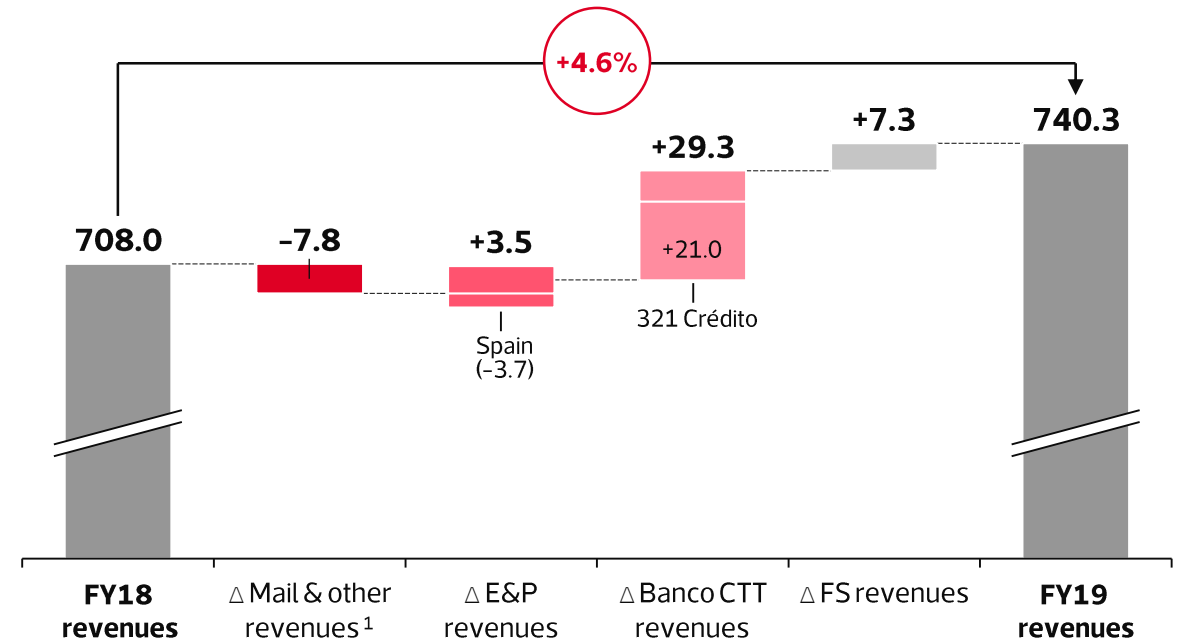
- Strong positive mix effect in Mail and +1.5% effective price increase were unable to fully offset the impact of the -9.1% addressed mail volumes decline
- Holiday season shopping drove +16.9% parcels revenues growth in 4Q19 in Portugal. Spain affected by the loss of a large client with -€7.9m impact on full year revenues

¹ Including Central Structure.

² In 2019 and in 2018 (proforma), part of the payments segment of the Financial Services business unit is considered within Banco CTT business unit, to which it migrated, and excluded from Financial Services. 321 Crédito was merged into Banco CTT business unit in 2019.

Revenues breakdown

€ million; excluding specific items; % change vs. prior year

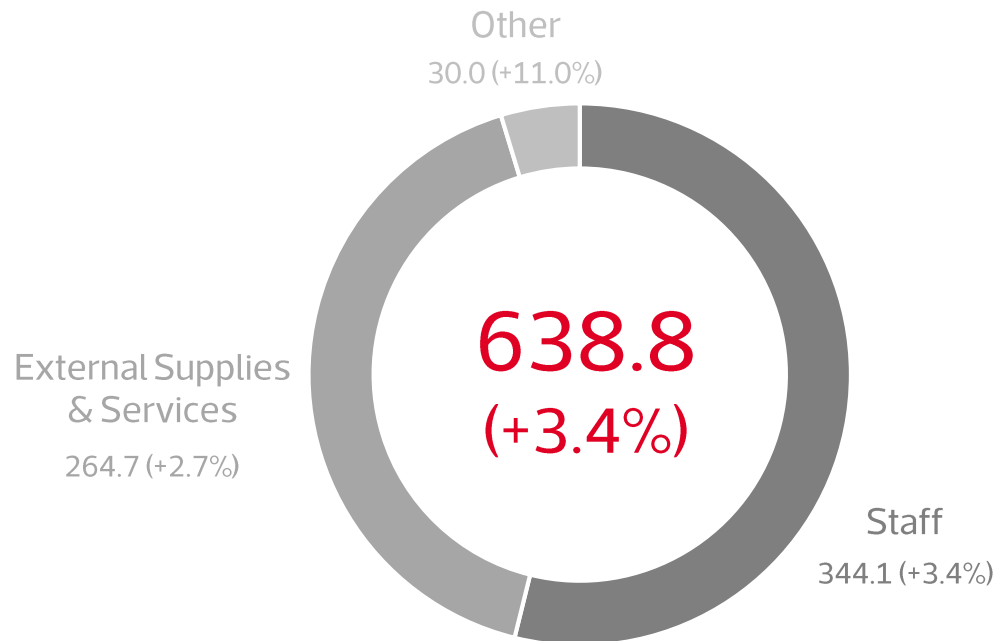


- Banco CTT business unit revenues, excluding 321 Crédito, grew by €8.3m (+24.5%), on the back of increases in NII (+€4.9m) and fees & commissions income (+€4.0m)
- Notable increase in public debt products placements to €3.9bn (+51.9%) drove high double-digit Financial Services revenues growth

Operating costs increase organically & inorganically in the growth areas

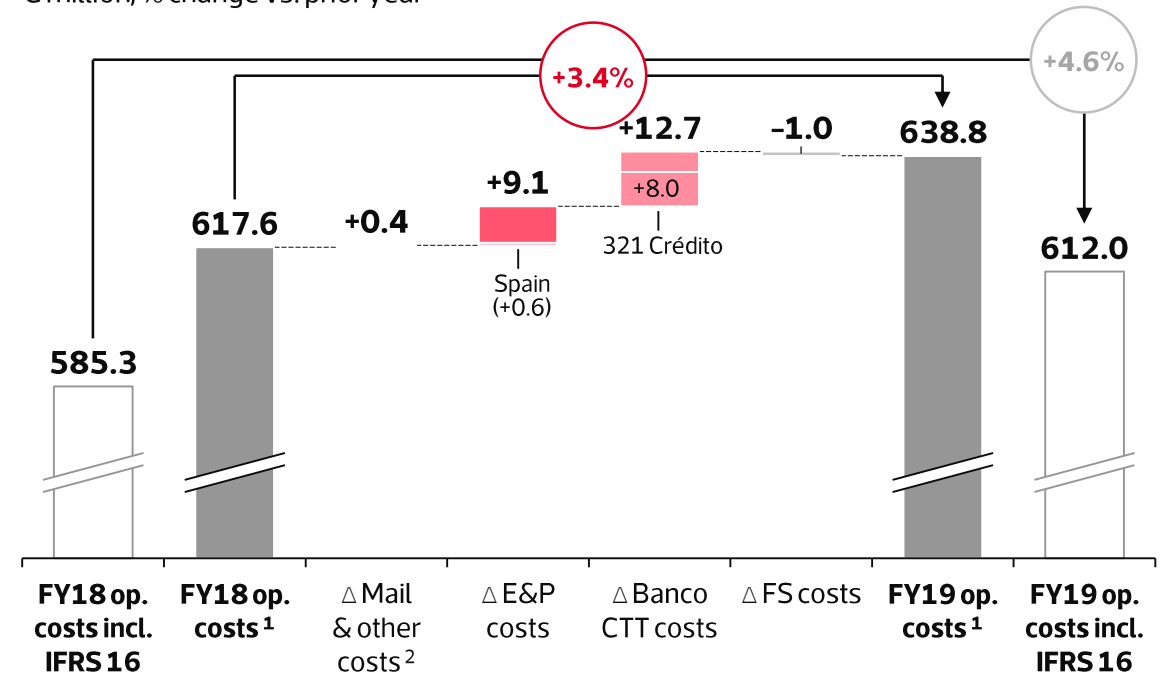
Operating costs¹

€ million; % change vs. prior year



Operating costs¹ breakdown

€ million; % change vs. prior year



- Staff costs, excluding 321 Crédito, increased by €7.6m (+2.3%). In 2018, the Company recognised gains related to the cancellation of the liability associated with the monthly life annuity (-€3.5m) and the updated labour accidents liability (+€1.1m). Excluding these effects, costs growth was €3.0m (+0.3%), as savings from negotiated staff exits (€7.2m) were offset by new admissions & temporary hiring in the growth areas, and salary increases & career progressions agreed with the unions
- ES&S costs, excluding 321 Crédito, grew by €4.0m (+1.6%), as savings in facilities & fleet (€4.8m) were offset by increases in transport & distribution, related to parcels volumes growth in Portugal (+€5.8m) and legislative elections (+€3.4m)

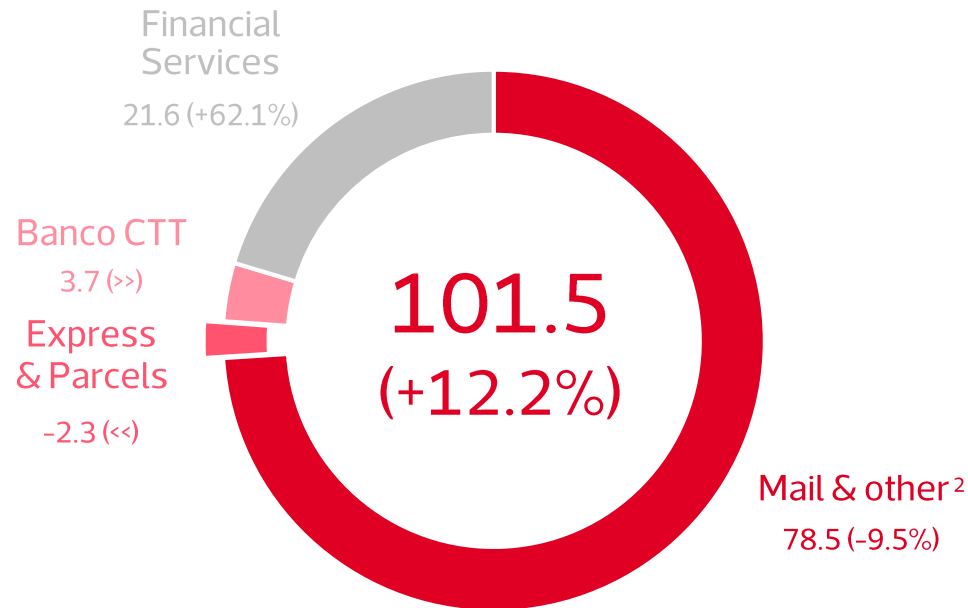
¹ Excluding Specific Items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

² Including Central Structure.

EBITDA growth supported by the organic & inorganic contribution of banking and financial services

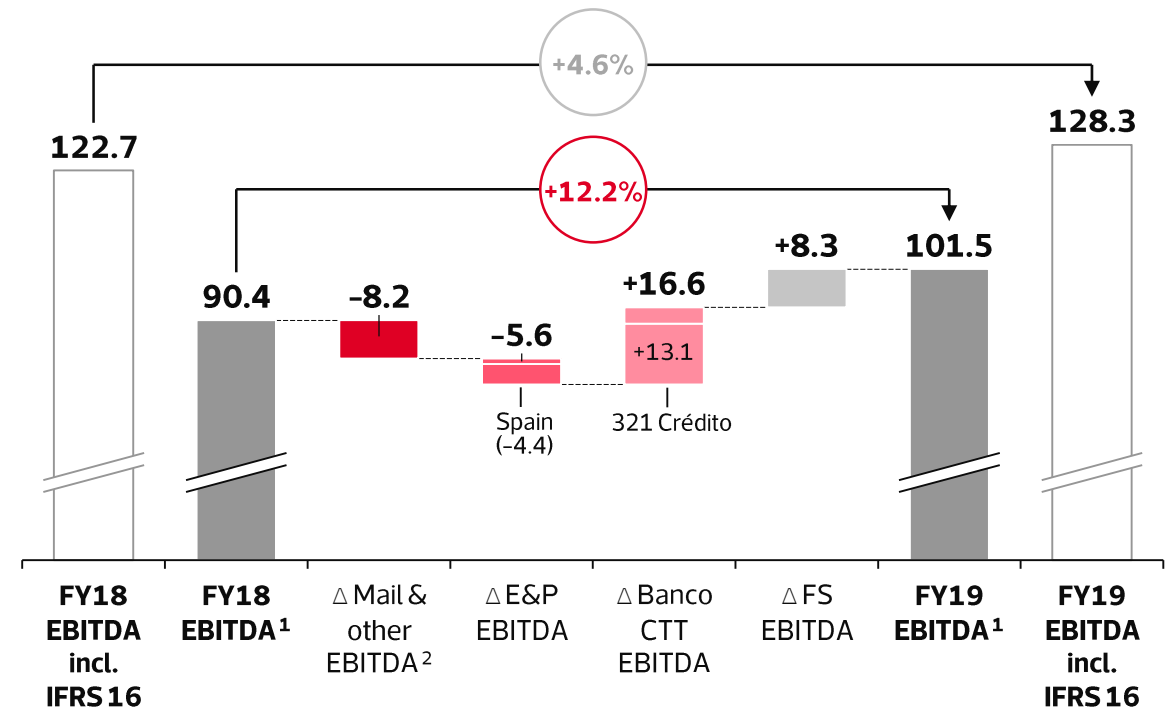
EBITDA¹

€ million; % change vs. prior year



EBITDA¹ breakdown

€ million; % change vs. prior year



Margin:

17.3%

12.8%

13.7%

17.3%

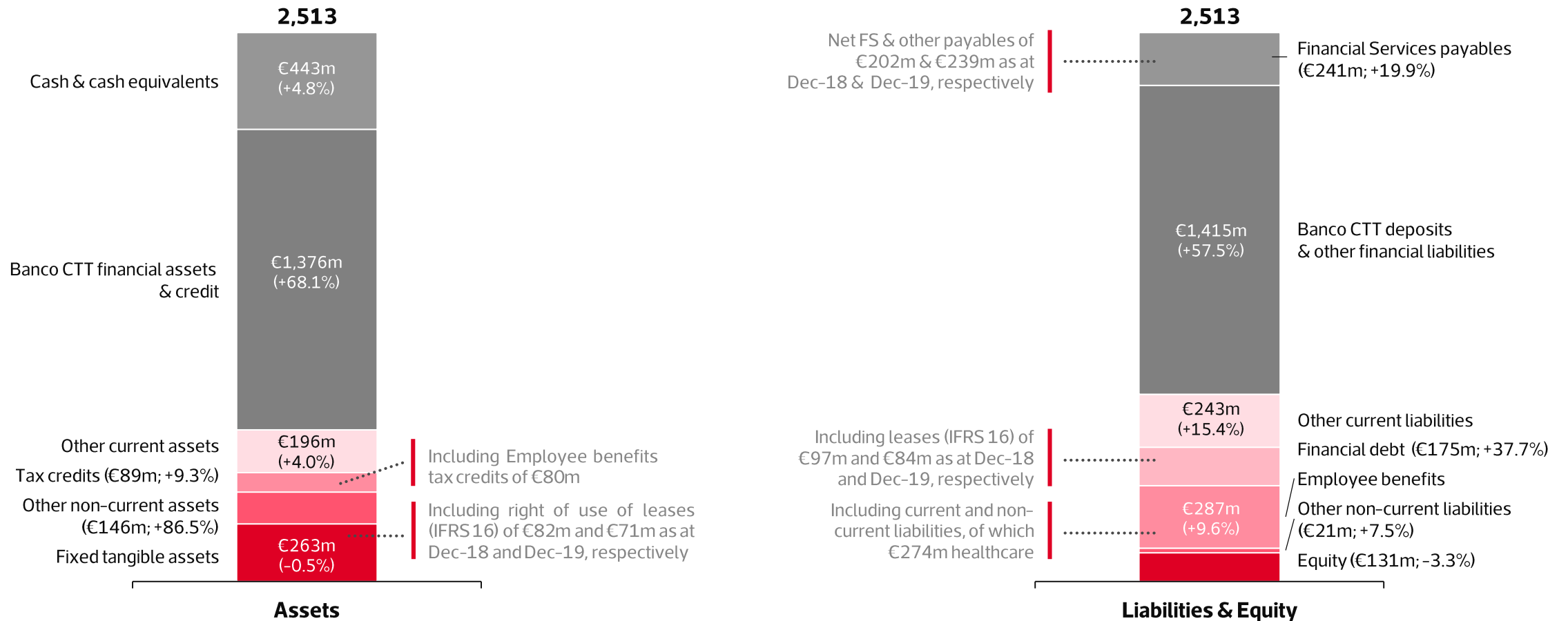
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

² Including Central Structure.

The Balance Sheet reflects the increased importance of Banco CTT in the consolidated figures

Balance Sheet – 31 December 2019

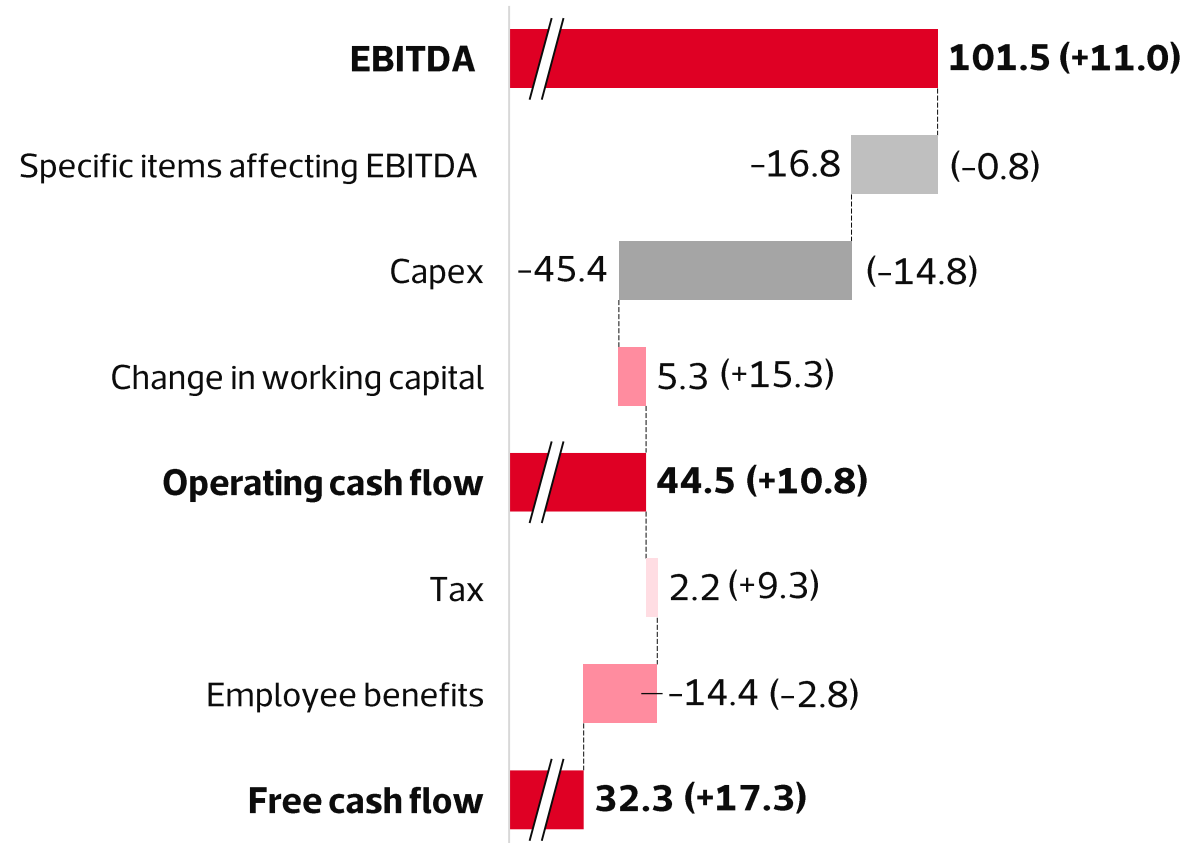
€ million; % change vs. 31 December 2018 (restated – including IFRS 16)



Free cash flow more than doubles, preserving the positive net cash position of CTT in a year of significant investment

Cash flow

€ million; impact on cash flow vs. prior year



Net financial debt¹

€ million

(+) Cash & cash equivalents	443
(-) Net Financial Services & other payables	239
(-) Banco CTT liabilities, net	60
(-) Other	28
(=) Own cash	115
(-) Financial debt	91
(=) Net cash position	24
(-) Leases liabilities (IFRS 16)	84
Net financial debt¹	60

¹ Does not consider Employee benefits, net.



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with**
Confidence

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03

Outlook

2020 outlook

Celebrating 500 years of history with Net profit at Banco CTT and margin improvement in Express & Parcels

Guidance provided excludes any possible impact from Covid-19



Mid single-digit revenues growth

Supported by organic developments in the growth levers and the contribution of 321 Crédito



EBITDA of ≥€110m and high single-digit EBIT growth

Reflecting improvements in Express & Parcels and Banco CTT, and continued efficiency measures



Sound increase in dividend

The Board of Directors will propose a dividend of €0.11 per share for the 2019 financial year (increase of 10% vs. prior year), payable in May 2020



New universal postal service concession

CTT has formally announced its intent to be the new universal service concessionaire, of a more sustainable concession contract



Addressed mail volumes decline

Expected decline to be in the -6% to -8% range. E-substitution driven decline in transactional mail. Special impacts: +2 working days



Capex of €40m

Forecasted double-digit parcels growth entails an accelerated investment programme to increase automation and eliminate capacity bottlenecks in Express & Parcels



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Excellence

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04

Appendix

Mail revenues remained resilient despite a challenging volumes development

Mail & other revenues ¹

€ million; % change vs. prior year

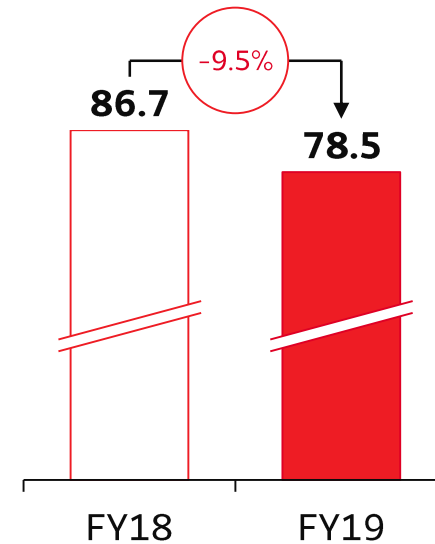
Transactional	€406.4m (-1.6%)
Advertising	€23.0m (-5.1%)
Editorial	€14.5m (-1.8%)
Business Solutions	€10.3m (+7.4%)
USO Parcels	€6.5m (-5.2%)
Retail & other	€30.4m (+0.3%)
Total	€490.9m (-1.6%)

Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
FY19	N / D	619.0	536.0	48.2	34.8	521.4
vs. FY18	+1.5%	-9.1%	-8.5%	-16.5%	-6.5%	+22.0%

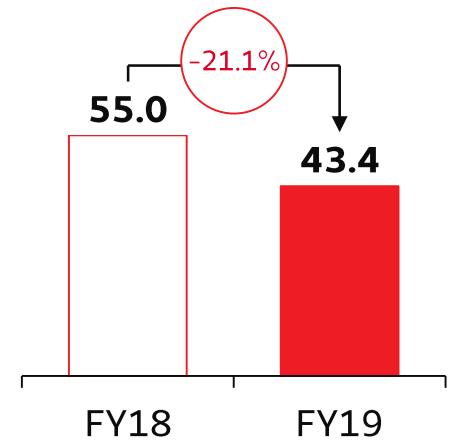
EBITDA ^{1,2}

€ million



EBIT ^{1,3}

€ million



¹ Including Central Structure.

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

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

Parcels growth in Portugal gave rise to increases in transport & distribution costs to resolve capacity bottlenecks. Spain impacted by the loss of a key account

Express & Parcels revenues

€ million; % change vs. prior year

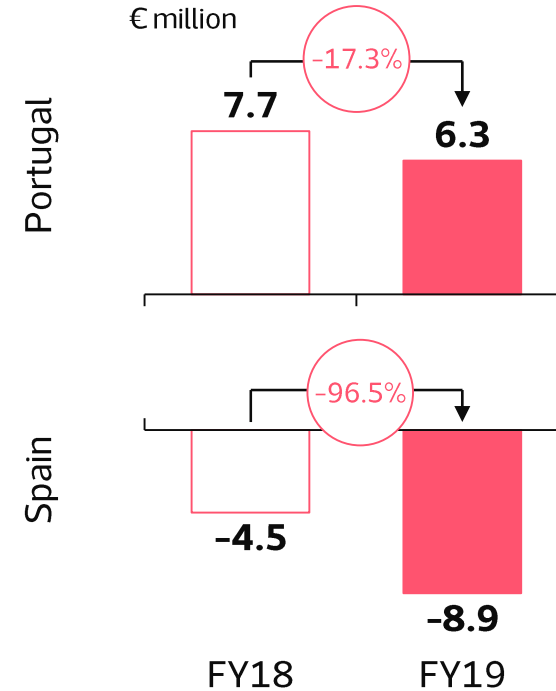
Portugal	€98.2m (+7.4%)
Parcels	€75.0m (+10.7%)
Cargo	€12.4m (-2.8%)
Banking network	€6.7m (+5.3%)
Logistics	€3.1m (+1.5%)
Other	€0.9m (-33.2%)
Spain	€51.8m (-6.8%)
Mozambique	€2.4m (+23.0%)
Total	€152.4m (+2.4%)

Express & Parcels volumes by region (m items)

Metric	Total	Portugal	Spain	Mozambique
FY19	37.8	22.0	15.8	0.06
vs. FY18	+1.3%	+11.2%	-9.8%	-12.0%

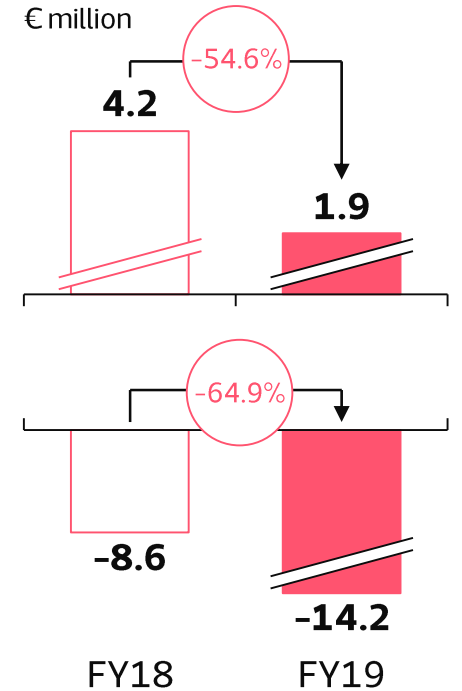
EBITDA¹

€ million



EBIT²

€ million



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

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

Landmark year for Banco CTT, achieving positive EBITDA in the fourth year since its launch

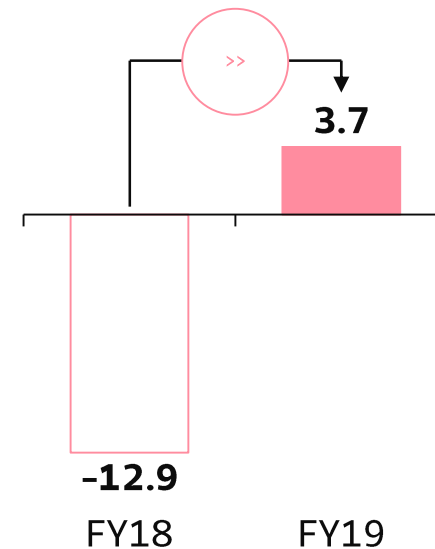
Banco CTT revenues ¹

€ million; change vs. prior year

Net interest income	€12.7m (+€4.9m)
Interest income	€13.6m (+€5.1m)
Interest expense	-€0.9m (-€0.2m)
Fees & commissions income	€8.9m (+€4.0m)
Own products	€5.5m (+€1.8m)
Consumer credit & insurance	€3.4m (+€2.2m)
Payments & other	€20.2m (-€0.6m)
321 Crédito	€21.0m (+€21.0m)
Total	€62.9m (+€29.3m)

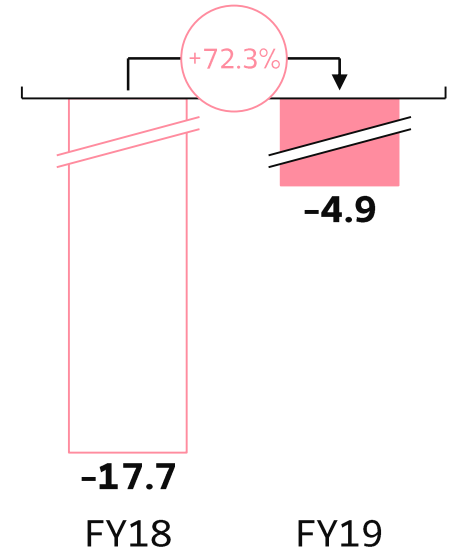
EBITDA ²

€ million



EBIT ³

€ 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-Dec-19	1,665.9	206.7	456.4	885.8	1,283.6	211.4 / 19.1%
vs. 31-Dec-18	+66.3%	-20.5%	+0.5%	+257.1%	+45.2%	+136.1% / -4.3 p.p.

461k current accounts (+32.6%)

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for FY18).

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

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

Strong performance by Financial Services, capturing €4.0bn of savings & insurance placements

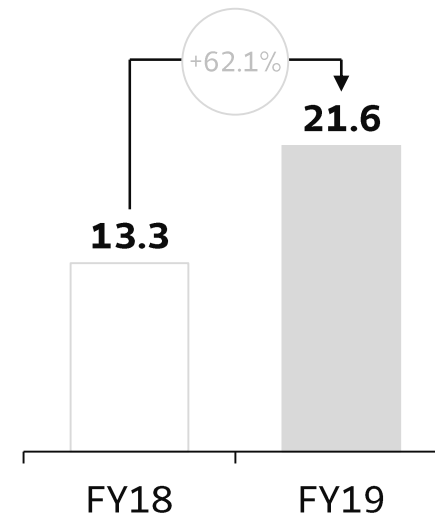
Financial Services revenues ¹

€ million; % change vs. prior year

Savings & Insurance	€26.9m (+42.1%)
Money orders	€5.6m (-8.6%)
Payments	€1.2m (+1.7%)
Other	€0.4m (-29.4%)
Total	€34.1m (+27.2%)

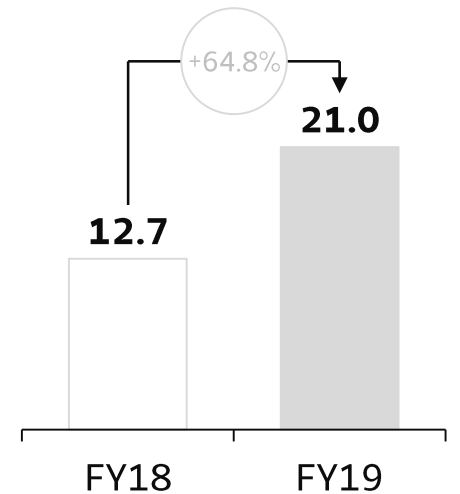
EBITDA ²

€ million



EBIT ³

€ million



Financial Services volumes by type

Metric	Savings & insurance flows (€bn)	Placements	Redemptions	Money orders (m ops.)
FY19	4.8	4.0	0.9	14.2
vs. FY18	+29.7%	+47.3% <small>of which 3.9 (+51.9%) public debt</small>	-15.8%	-9.4%

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for FY18).

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

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

All key profitability indicators registered material improvement vs. prior year

Income statement

€ million; FY18 restated – including IFRS 16

	Reported		With Banco CTT under equity method ¹	
	FY18	FY19	FY18	FY19
Revenues	708.0	740.3	692.0	695.3
Operating costs	617.6	638.8	584.3	593.0
EBITDA	90.4	101.5	107.7	102.3
EBITDA including IFRS 16	122.7	128.3	139.3	128.5
Depreciation, amortisation, impairments & provisions	58.7	62.8	54.0	55.1
of which IFRS 16 impact	25.4	21.6	24.6	21.0
Specific items	18.4	18.2	17.5	16.7
EBIT	45.6	47.3	67.7	56.7
Net financial income / (costs)	-9.7	-10.4	-9.6	-10.3
of which IFRS 16 impact	-4.2	-3.7	-4.2	-3.6
Associated companies – gains / (losses)	-0.8	-1.4	-18.3	-9.4
Earnings before taxes	35.1	35.5	39.7	37.0
Net profit attributable to equity holders	21.5	29.2	21.5	29.2

+35.8%
Net profit growth

- Positively impacted by a one-time corporate tax refund of €6.8m as a result of a favourable Tax Authority decision on the deduction of the tax loss on CTT Espresso's sale of Tourline

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for FY18).

The Balance Sheet reflects the integration of 321 Crédito and the adoption of IFRS16

Balance Sheet

€ million; 31 December 2018 restated – including IFRS 16

	Reported		With Banco CTT under equity method ¹	
	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19
Non-current assets	1,108.1	1,734.7	486.6	615.8
Current assets	746.3	778.8	456.9	456.9
Assets	1,854.5	2,513.4	943.5	1,072.8
Equity	135.9	131.4	135.9	131.4
Liabilities	1,718.6	2,382.0	807.6	941.3
Non-current liabilities	364.3	512.8	363.5	432.0
Current liabilities	1,354.3	1,869.2	444.1	509.3
Equity and Liabilities	1,854.5	2,513.4	943.5	1,072.8

+€659.0m
Increase in assets

- Of which €479m related to 321 Crédito credit to clients

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for FY18).

Free cash flow generation more than doubled vs. prior year

Cash flow

€ million

	Reported			With Banco CTT under equity method ¹		
	FY18	FY19	Δ 19 / 18	FY18	FY19	Δ 19 / 18
EBITDA	90.4	101.5	11.0	107.7	102.3	-5.4
Specific items affecting EBITDA	16.1	16.8	0.8	15.2	15.3	0.1
Capex	30.7	45.4	14.8	23.4	39.0	15.6
Change in working capital	-10.0	5.3	15.3	-14.3	3.9	18.2
Operating cash flow	33.7	44.5	10.8	54.7	51.9	-2.8
Tax	-7.1	2.2	9.3	-17.8	5.2	23.1
Employee benefits	-11.6	-14.4	-2.8	-11.6	-14.4	-2.8
Free cash flow	15.0	32.3	17.3	25.3	42.7	17.5
Debt (principal + interest)	20.9	59.3	38.4	20.9	59.3	38.4
Dividends	-57.0	-15.0	42.0	-57.0	-15.0	42.0
Financial investments	-1.4	-114.4	-113.0	-26.4	-133.6	-107.2
Changes to the consolidation perimeter	-	6.8	6.8	-	-	-
Net change in own cash	-22.4	-30.9	-8.5	-37.2	-46.5	-9.4
Change in liabilities FS & other & Banco CTT (net)	-155.4	30.9	186.3	-69.4	37.4	106.8
Change in other	-26.3	20.3	46.5	0.0	0.0	0.0
Net change in cash	-204.1	20.3	224.4	-106.6	-9.2	97.4

€32.3m

Free cash flow

- €44.5m operating cash flow in a year marked by significant investment

¹ Part of the payments services of the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit in 1Q19 (proforma figures presented for FY18).

Specific items relate to the transformation & M&A processes and regulatory costs

Specific items

€ million

	FY18	FY19
EBIT excluding Specific items	64.0	65.5
Specific items	18.4	18.2
Revenues	-9.4	-0.6
Staff costs	20.7	11.9
ES&S & other op. costs	4.8	5.6
Provisions	2.2	0.0
Impairments and D&A	0.1	1.4
EBIT	45.6	47.3

€18.2m

Specific items

- €12.4m related to the Operational Transformation Plan (OTP)
- €11.9m of staff costs, of which €10.8m of indemnities related to negotiated staff exits, in the context of the OTP
- €5.6m of ES&S & other op. costs, of which €5.0m of M&A costs & strategic studies: €1.5m related to the 321 Crédito acquisition, €1.6m related to the OTP and €1.6m related to the new regulatory measures

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