

C
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1Q19
**RESULTS
PRESENTATION**



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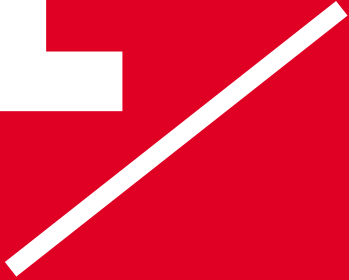
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1



key

highlights

Solid operating cash flow generation and resilient revenues in a quarter where expected special factors pressured strongly the volumes evolution



Resilient revenues in a quarter with tough volumes evolution, impacted by special factors

-0.0%

(Revenues growth)



Significant progress made towards securing the OTP¹ FY19 operating costs savings objective

€12.4m

(FY19 op. costs savings secured)



Operating costs increasing as a result of growth in activity in parcels & banking

+1.1%

(Operating costs growth)



Continued recovery in public debt placements boosts Financial Services profitability

+90.5%

(Public debt placements growth)



Completion of 321 Crédito acquisition expected in May, reaffirming Banco CTT's targets

2020

(Banco CTT expected Net profit break-even)



Strong operating cash flow generation, due to better working capital management

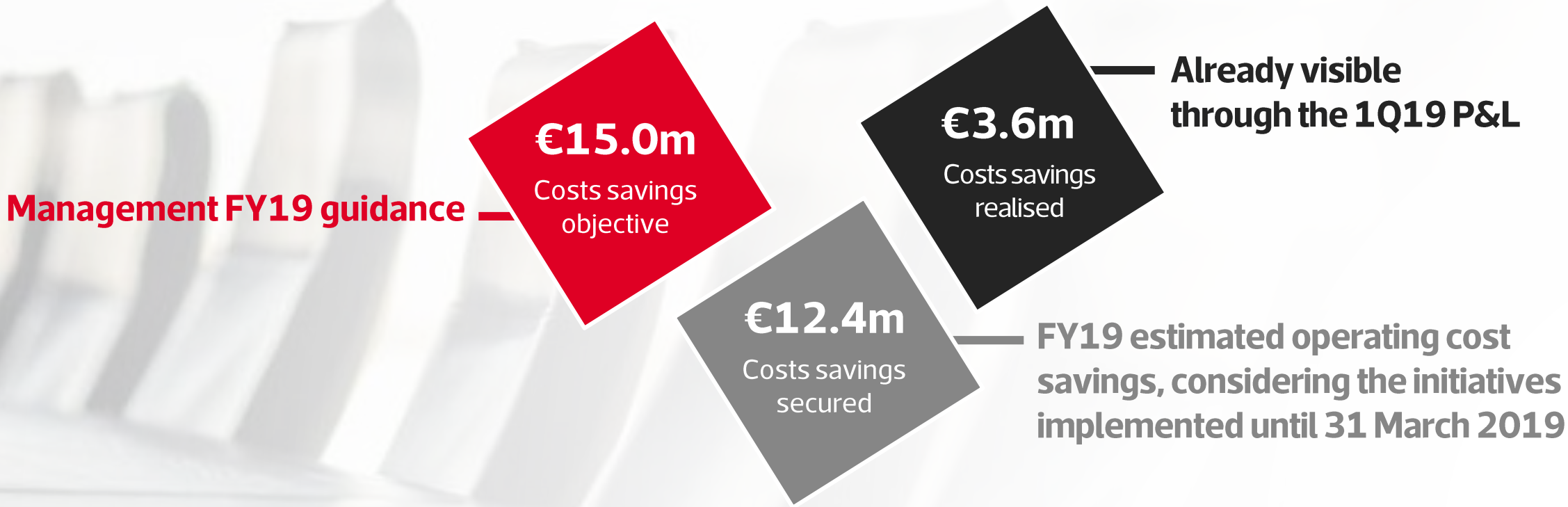
€8.4m

(Operating cash flow)



¹Operational Transformation Plan.

Significant progress has been made towards securing the OTP FY19 operating costs savings objective; working on additional cost containment measures



Completion of 321 Crédito acquisition, expected in May, allows to reaffirm Banco CTT's targets



bancoc**ctt**



Banco CTT key financial targets ¹

Positive EBITDA contribution (on a pro-forma basis)

2019

Positive Net profit

2020

Additional capital until 2020 ²

c.€20m

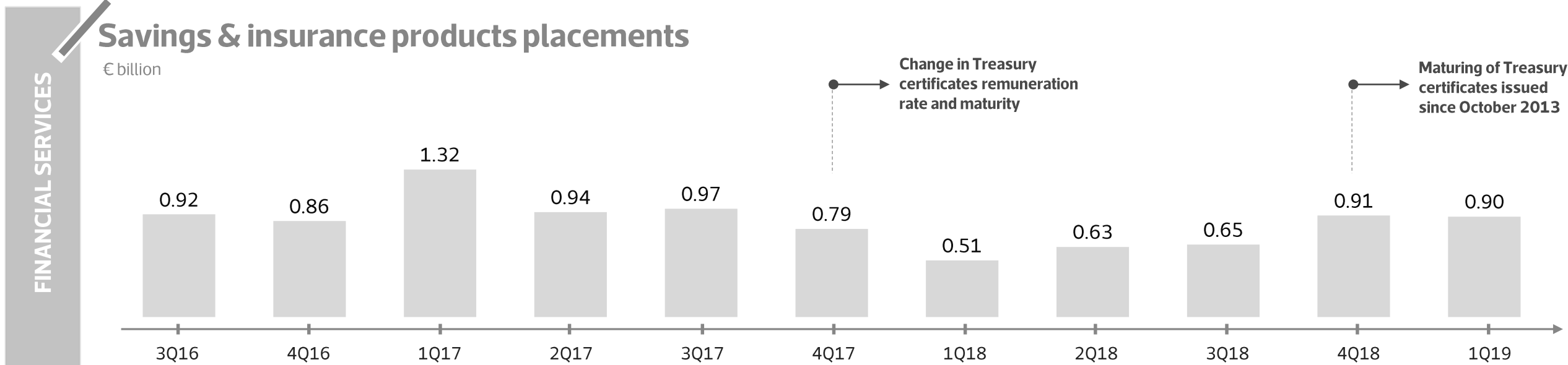
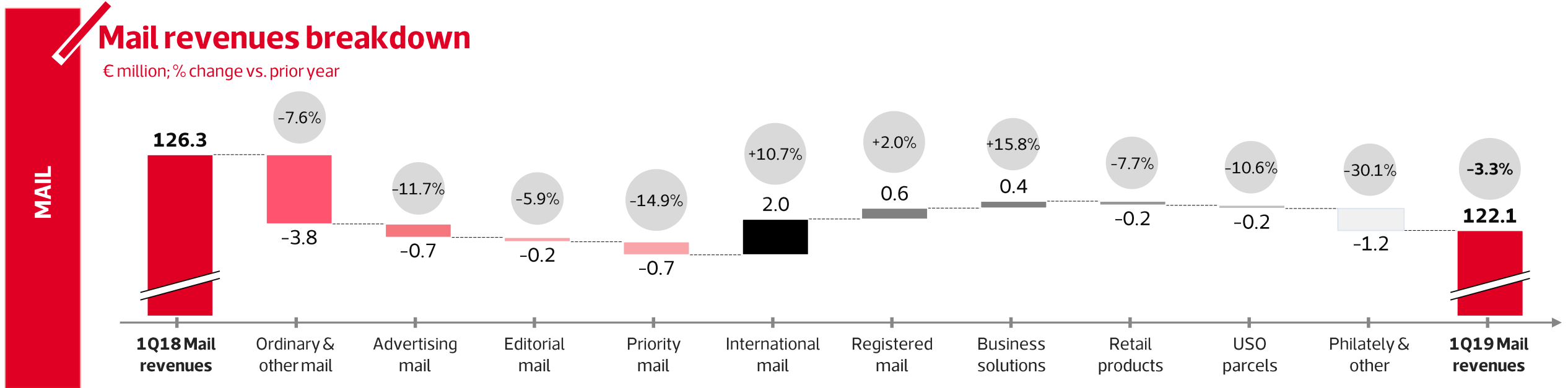
ROE long-term aspiration

c.15%

¹ Assuming consolidation of 321 Crédito from May-19 onwards.

² In addition to the capital increase required to finance the final acquisition price.

Strong recovery of savings placements; positive mail price & mix effect were unable to offset the high volumes decline, which was impacted by seasonal & comparison factors



Continued solid expansion in key Banco CTT business drivers; E&P volumes were impacted by the loss of a large client in Spain

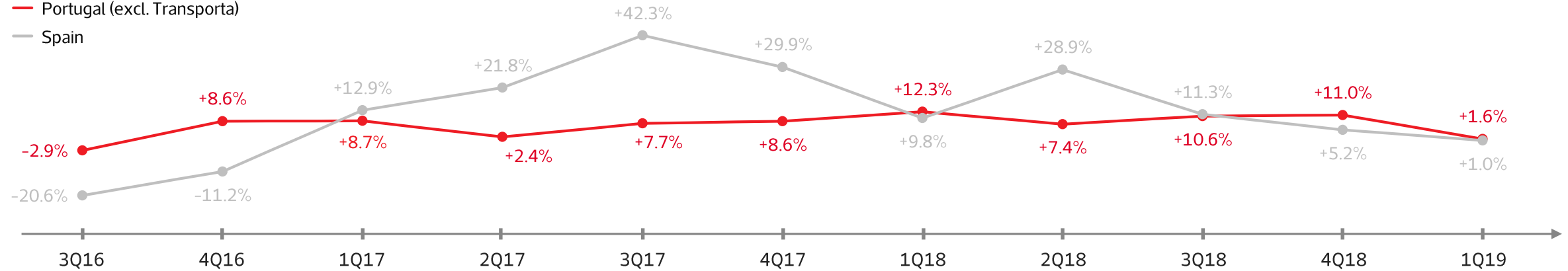


EXPRESS & PARCELS

Parcels volumes

Quarterly change vs. prior year

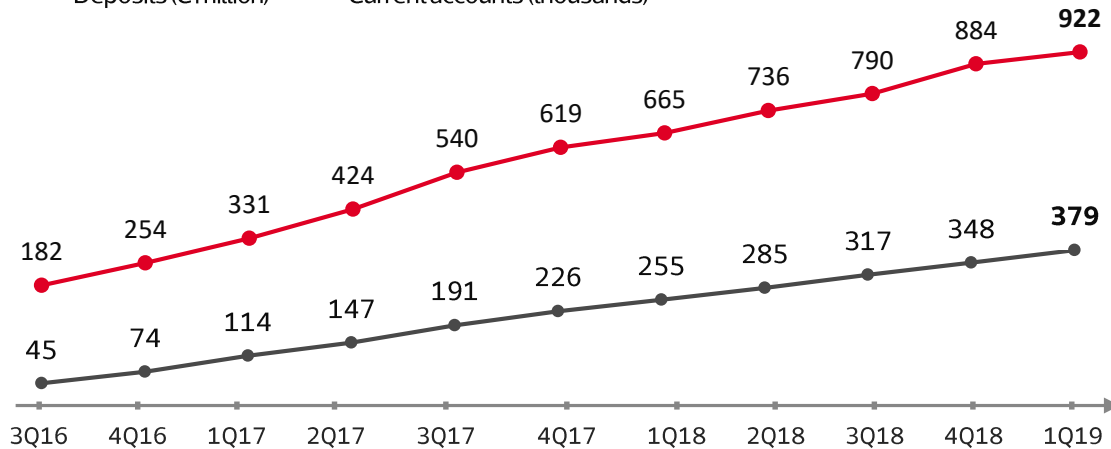
— Portugal (excl. Transporta)
— Spain



BANCO CTT

Deposits & current accounts¹

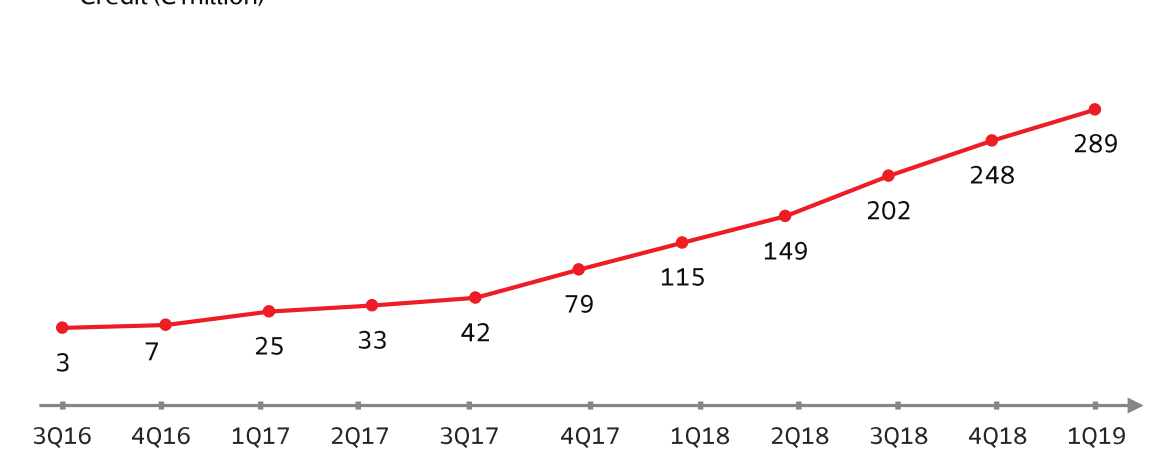
— Deposits (€ million) — Current accounts (thousands)



+€103m off-BS customer funds

Credit placed by Banco CTT on its own Balance Sheet²

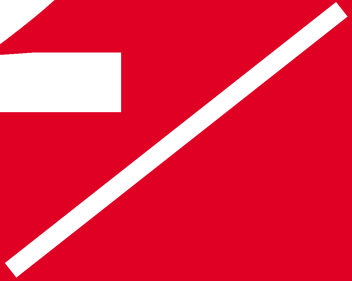
— Credit (€ million)



¹Cumulative figures.

²Net of impairments.

2



key

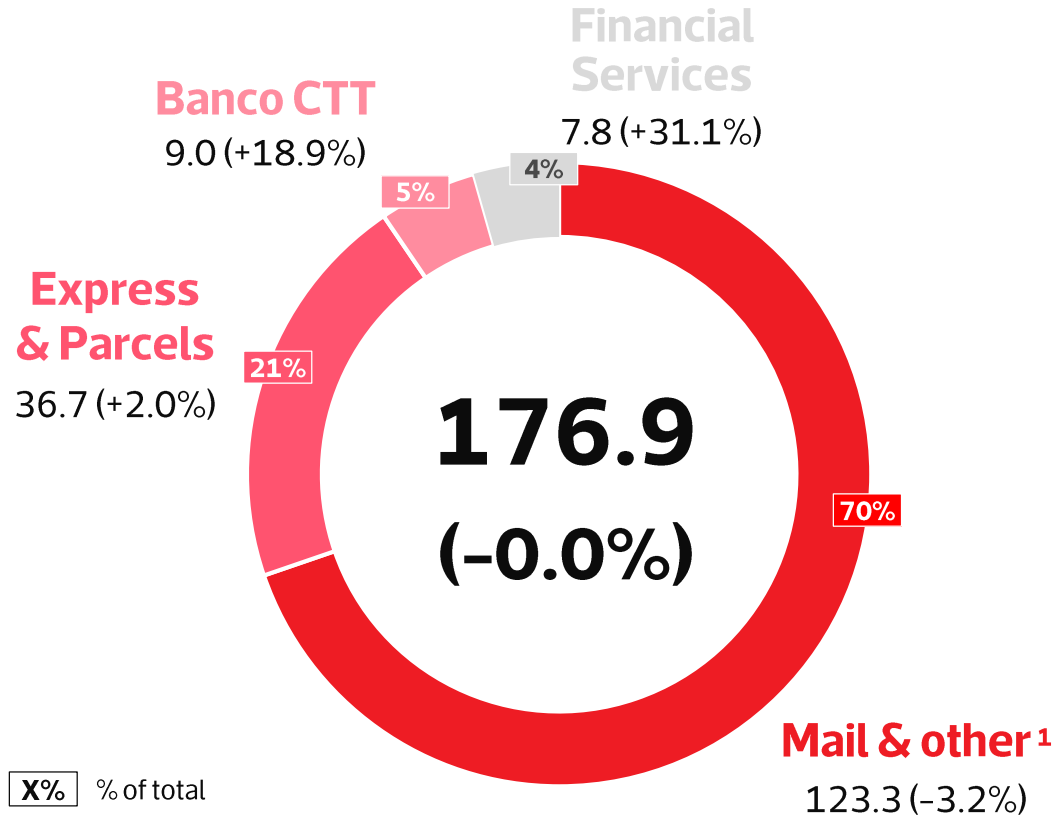
financials

Banco CTT and Financial Services revenues advanced strongly, offsetting the decline in Mail, pressured by expected special factors



1Q19 revenues

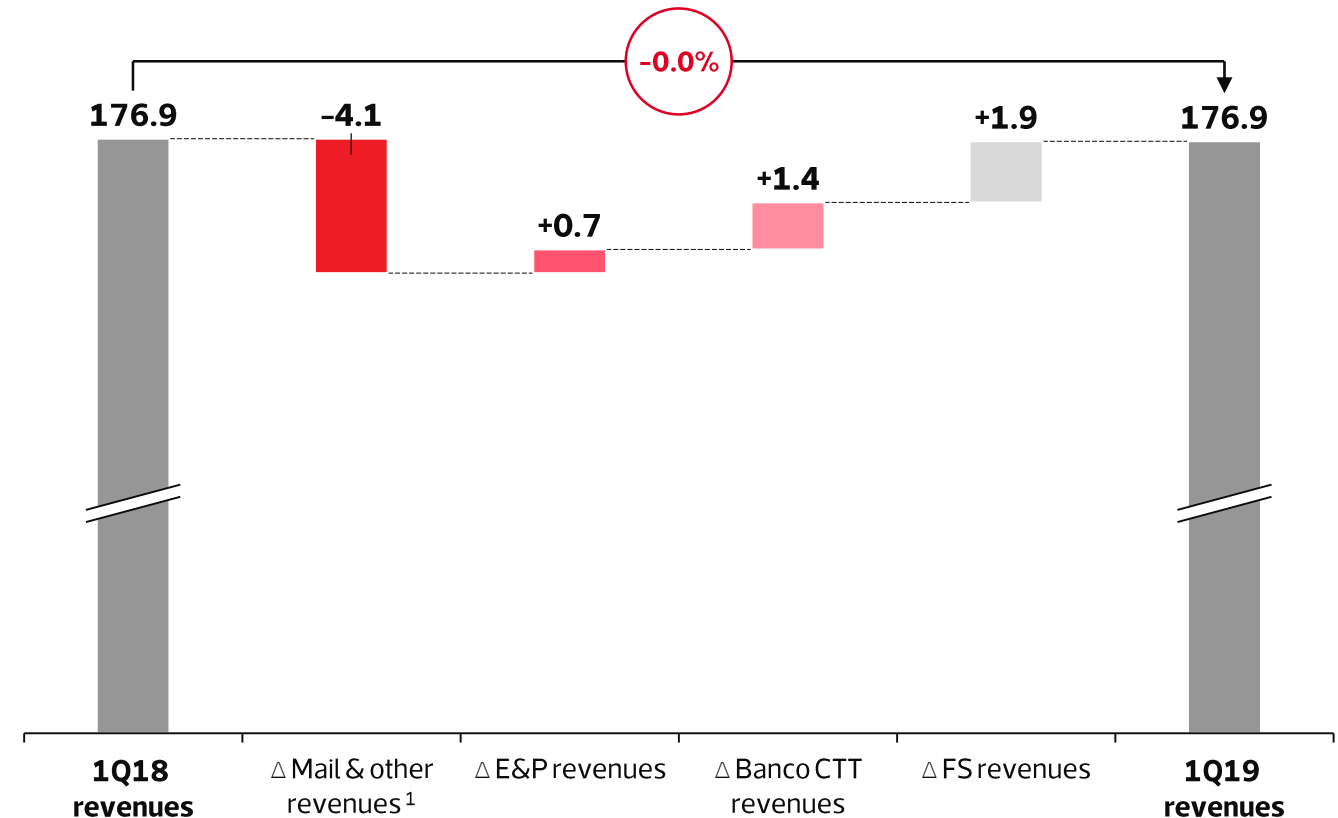
€ million; % change vs. prior year; % of total



X% % of total

Revenues breakdown

€ million; % change vs. prior year



- **Positive mix effect in Mail and effective 4.7% price increase in the period** unable to compensate the addressed mail volumes decline of 11.3%, influenced by seasonal (government mail, -3.3m objects, -1.5p.p. impact) and comparison (partial volumes loss of 2 large clients in Mar-18, -3.7m objects, -1.7p.p. impact) factors
- **Express & Parcels revenues remained resilient**, growing 2.0%, despite the loss of a key account in Spain (-€1.4m, -0.5m objects impact)
- **Banco CTT revenues registered a solid advance**, driven by net interest (+€1.0m) and fees & commissions (+€0.7m) income growth
- **Strong recovery in Financial Services**, on the back of 90.5% growth in public debt placements

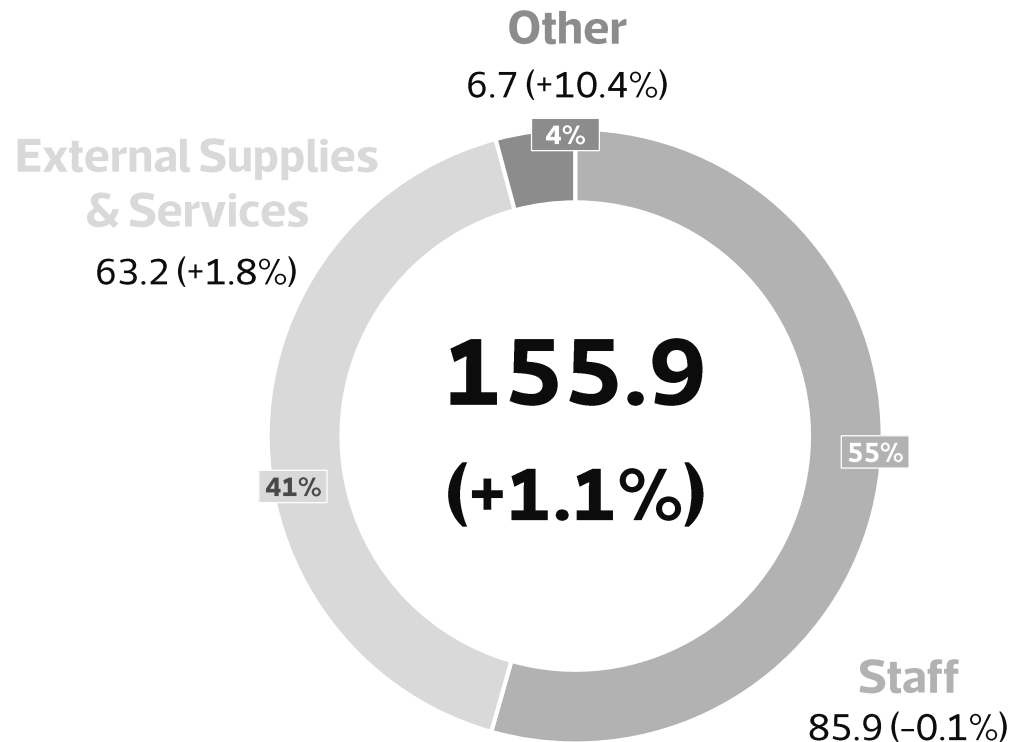
¹Includes Central Structure.

The operating costs increased as a result of growth in activity in Express & Parcels and Banco CTT; additional cost containment measures are being introduced



1Q19 operating costs

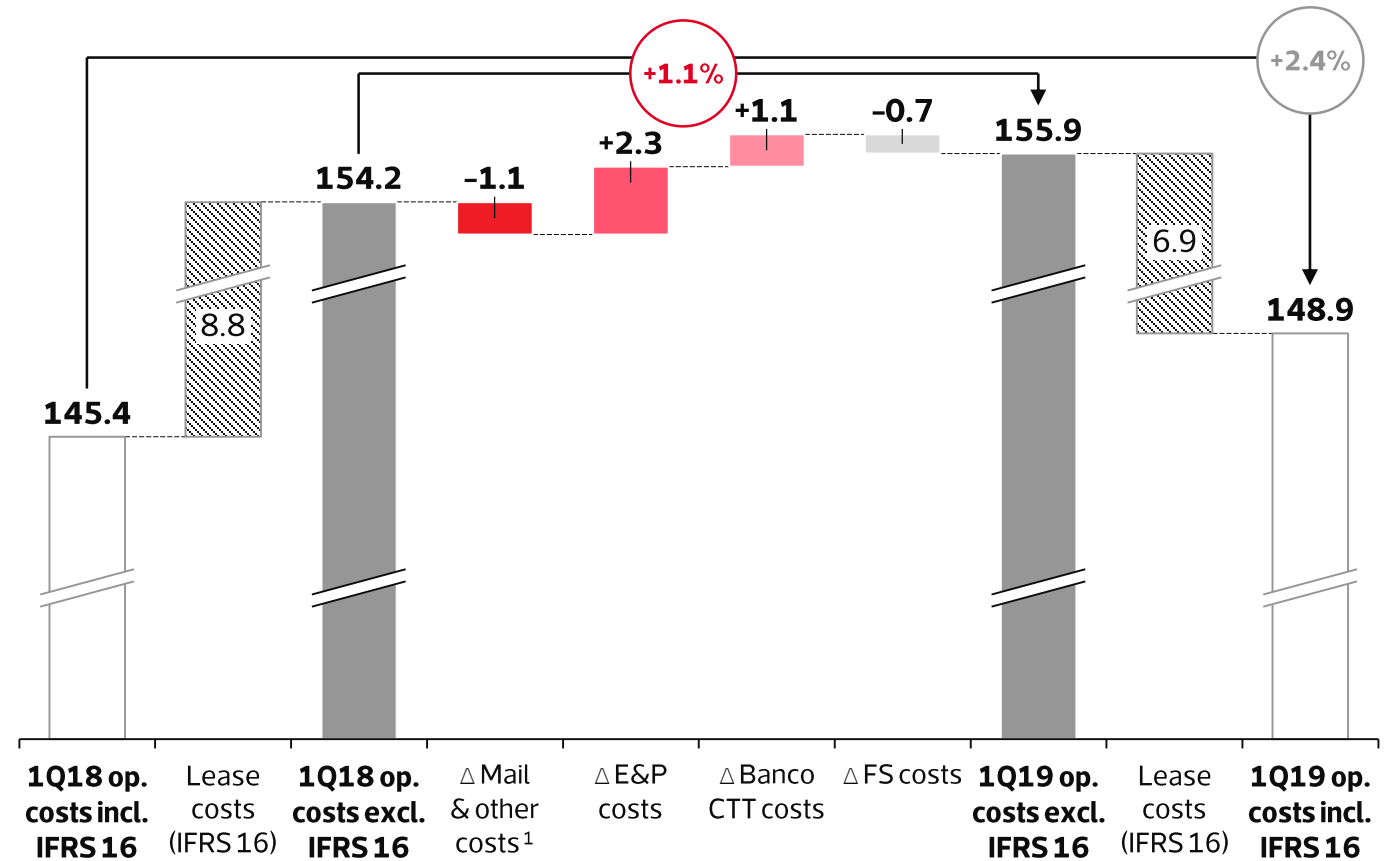
€ million; % change vs. prior year; % of total



X% % of total

Operating costs breakdown

€ million; % change vs. prior year



- **Staff costs:** HR optimisation initiatives (-€2.0m) and a cut in the telephone subscription fee benefit (-€0.9m) fully offset the impacts of the increase in headcount in growth areas and the salary revision agreed with the unions in 2Q18 (+€0.7m)
- **ES&S & other costs:** savings realised in rents & buildings costs (-€1.3m) were unable to offset the increase in costs related to growth in activity in parcels and the adjustment to increased scale acquired throughout 2018 in Spain (+€1.7m), more customers driving higher transactionality in banking (+€0.2m), and the increase in mail (+€0.3m) & audit costs (+€0.3m) due to new regulatory standards and procedures

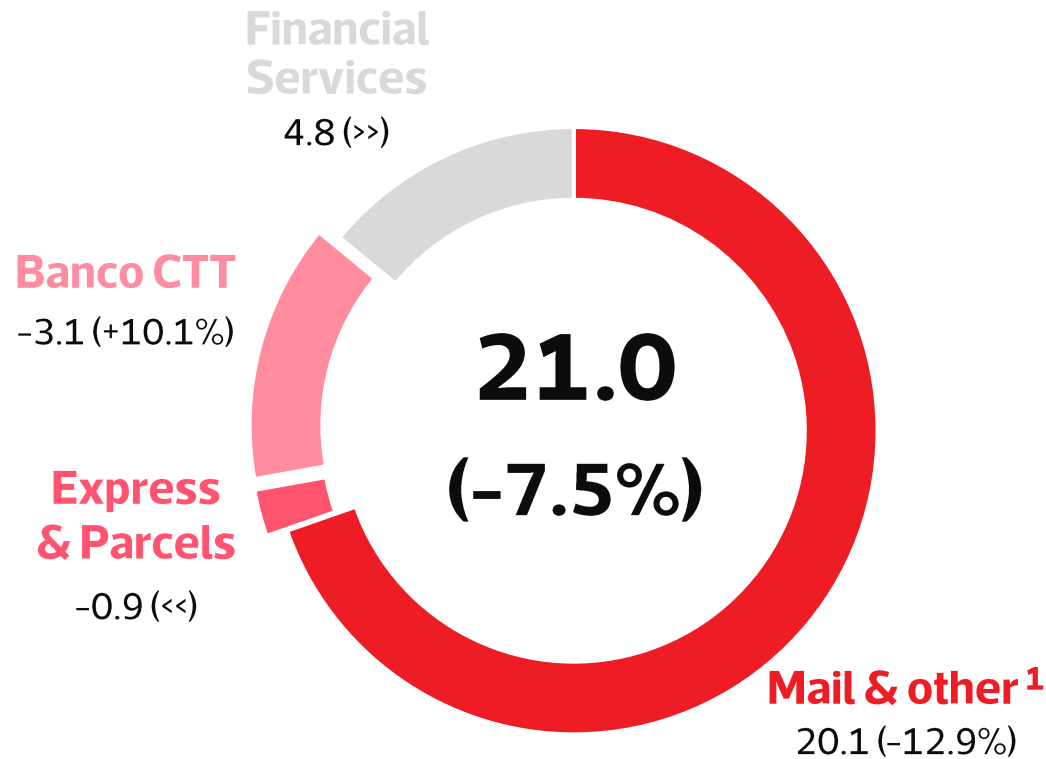
¹Includes Central Structure.

The EBITDA evolution reflects the strong expansion in Financial Services and the challenging mail & parcels volumes developments in the quarter



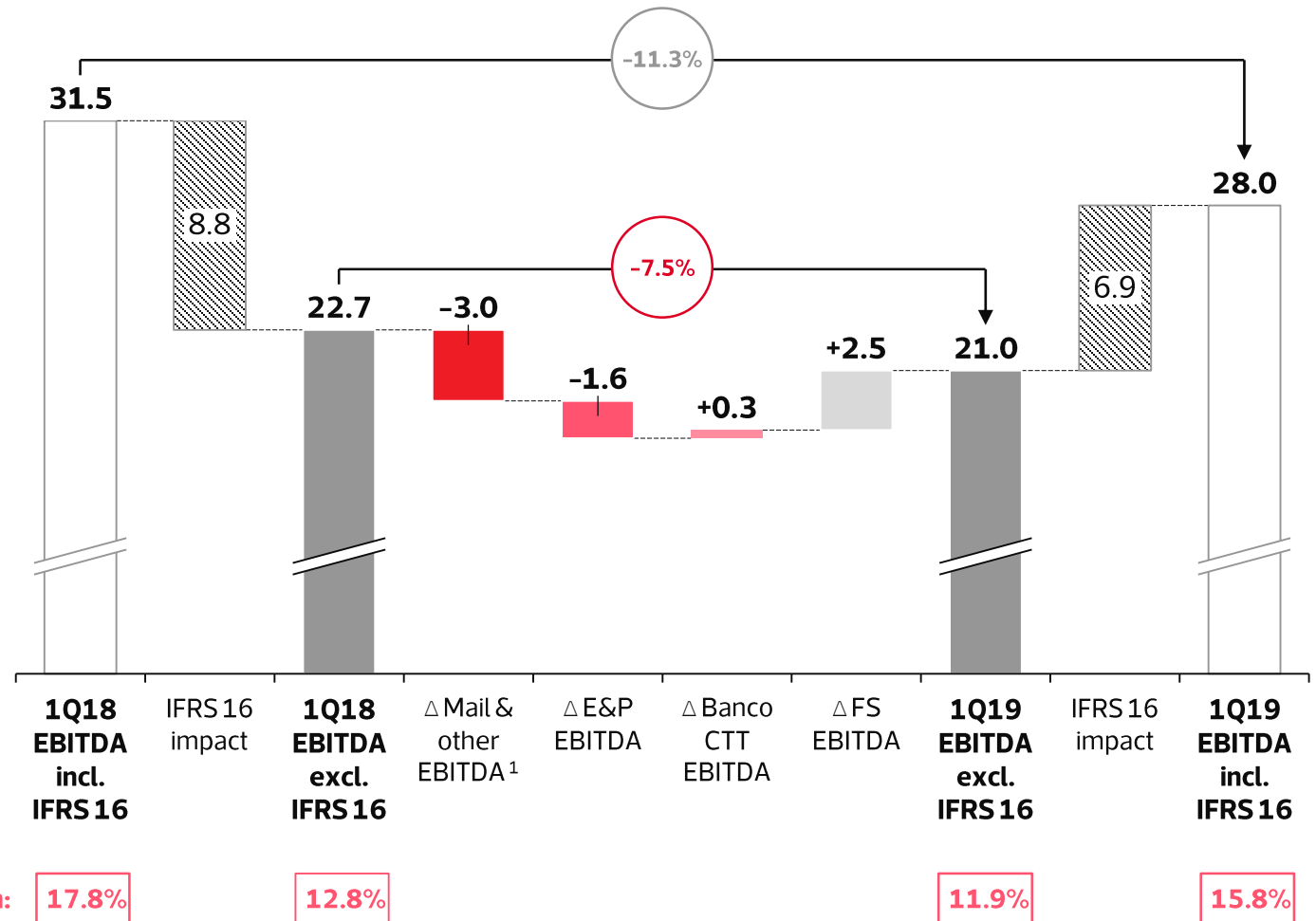
1Q19 EBITDA

€ million; % change vs. prior year



EBITDA breakdown

€ million; % change vs. prior year



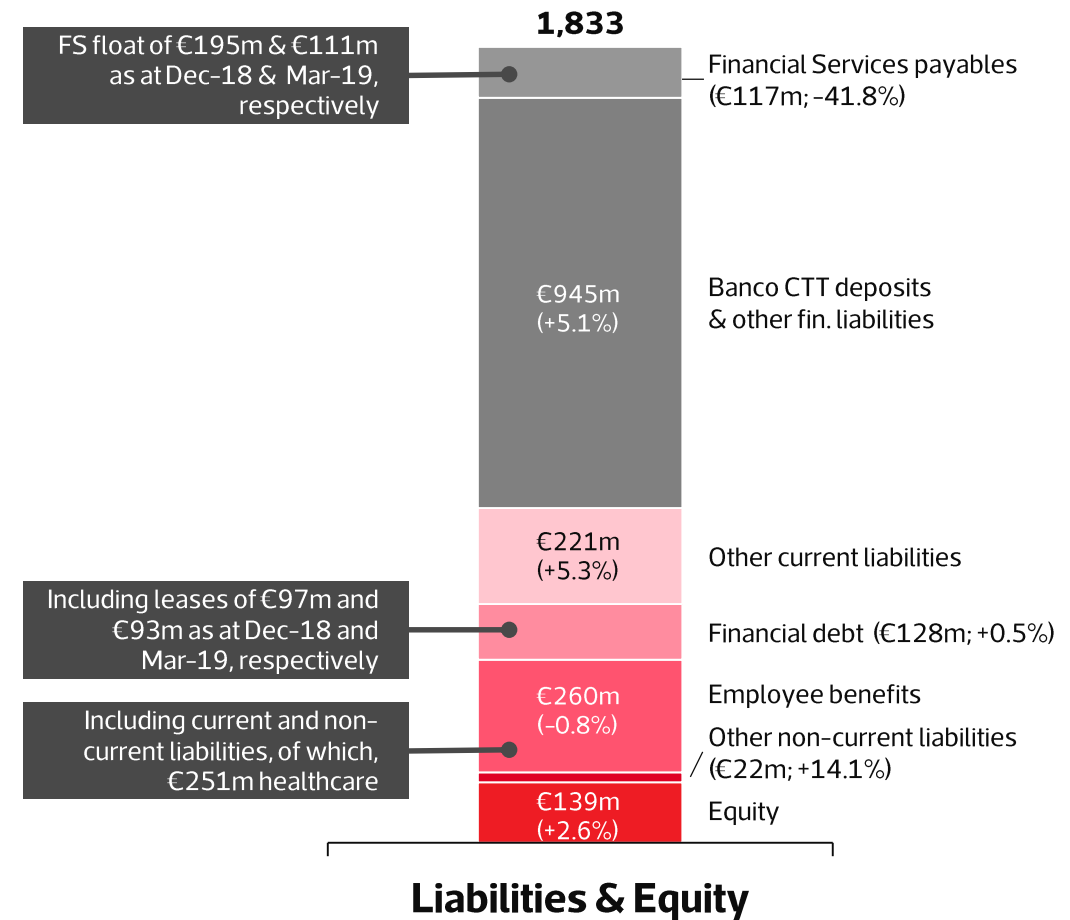
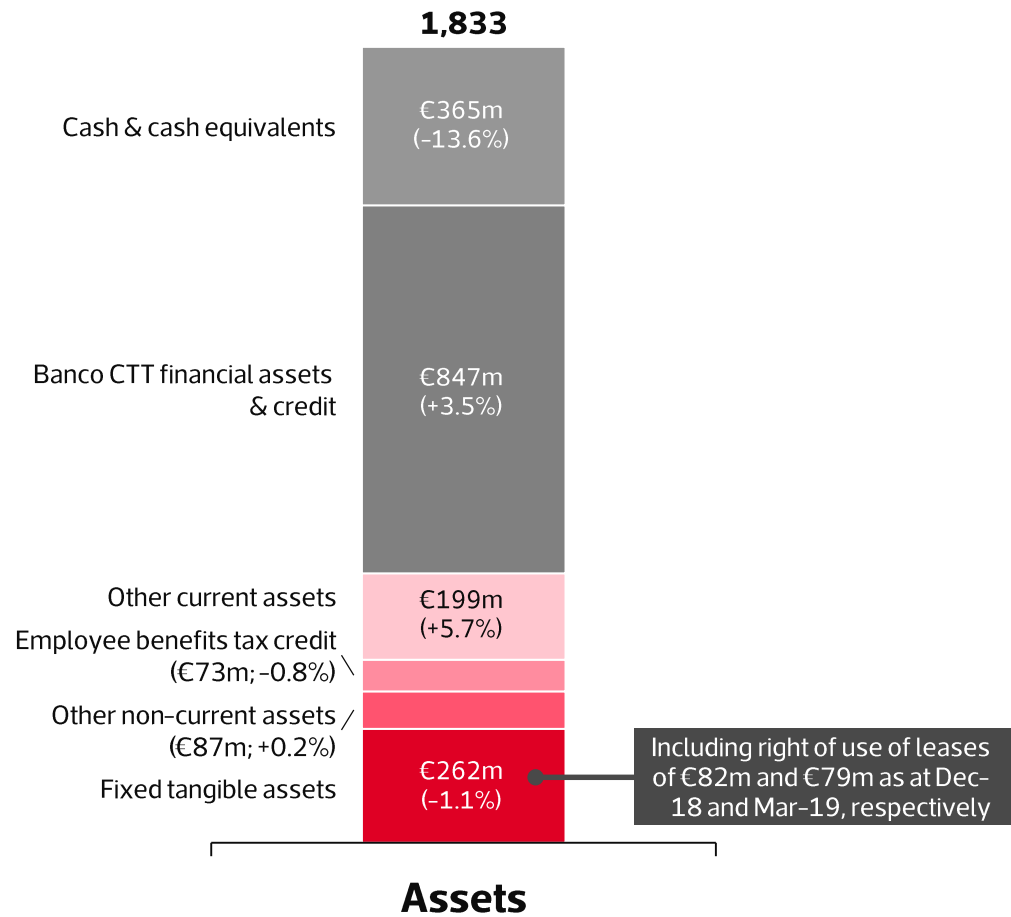
¹Includes Central Structure.

The Balance sheet reflects the impacts of the adoption of IFRS 16 – an increase in both tangible assets & equity and financial debt, as guided



Balance sheet – 31 March 2019

€ million; % change vs. 31 December 2018

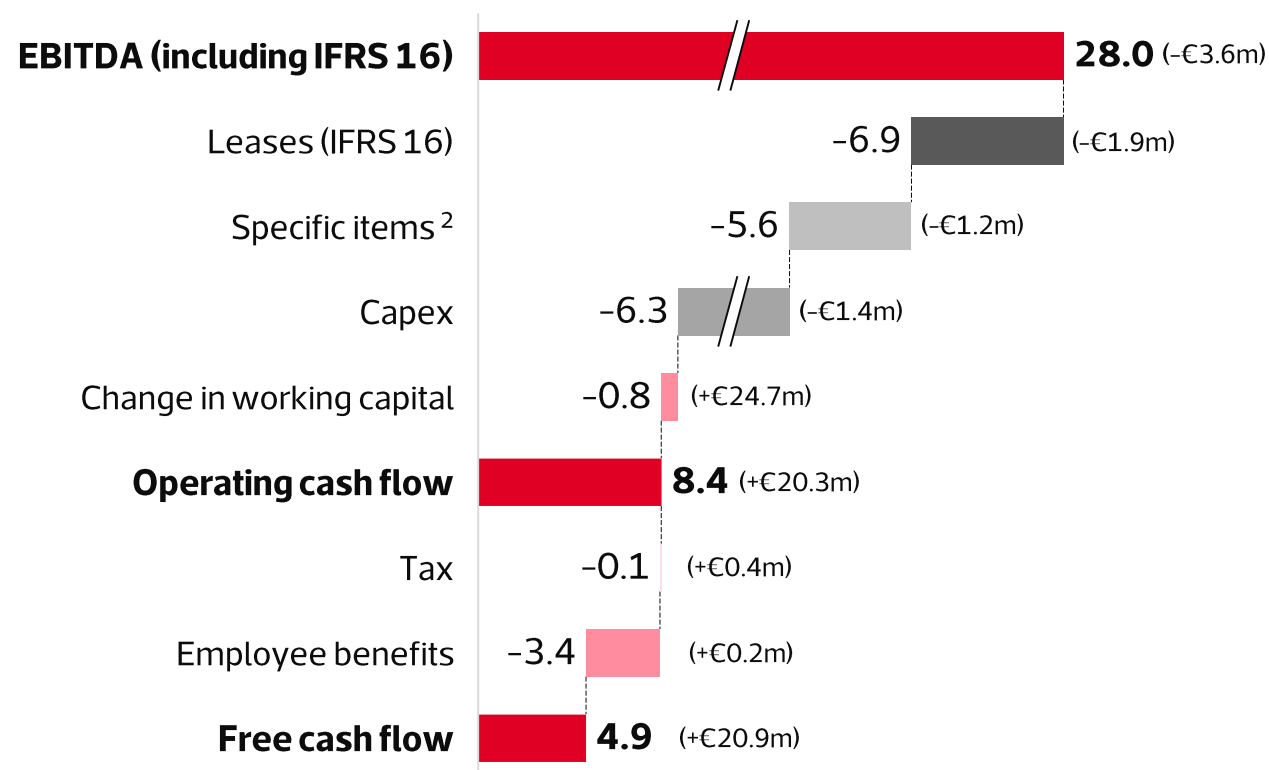


Solid operating cash flow generation, as a result of better working capital management, in what is traditionally a weak quarter due to seasonally high Capex payments



Cash flow (adjusted ¹)

€ million; change vs. prior year



Net financial cash (debt)

€ million

(+) Cash & cash equivalents	365
(-) Financial Services payables, net	111
(-) Banco CTT liabilities, net	93
(=) Own cash	161
(-) Financial debt (excl. leases)	35
(-) Leases liabilities (IFRS 16)	93
Net financial cash (debt)	33

¹ Excluding Financial Services float and Banco CTT deposits & other financial liabilities & financial assets and credit.

² Further detail on slide 23.

3



business

units

Seasonal and comparison factors, affecting volumes evolution, impacted negatively the profitability of Mail in the quarter



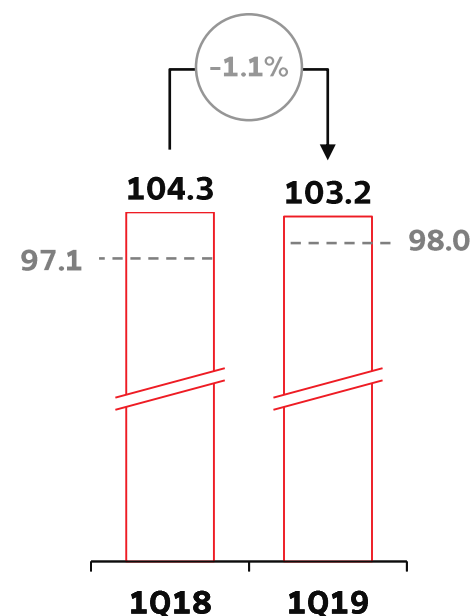
1Q19 revenues ¹

€ million; % change vs. prior year

- Transactional	€103.0m (-1.9%)
- Advertising	€5.6m (-11.7%)
- Editorial	€3.7m (-5.9%)
- Business Solutions	€2.8m (+15.8%)
- USO Parcels	€1.5m (-10.6%)
- Retail & other	€5.4m (-20.8%)
- Central structure	€1.2m (+8.1%)
Total	€123.3m (-3.2%)

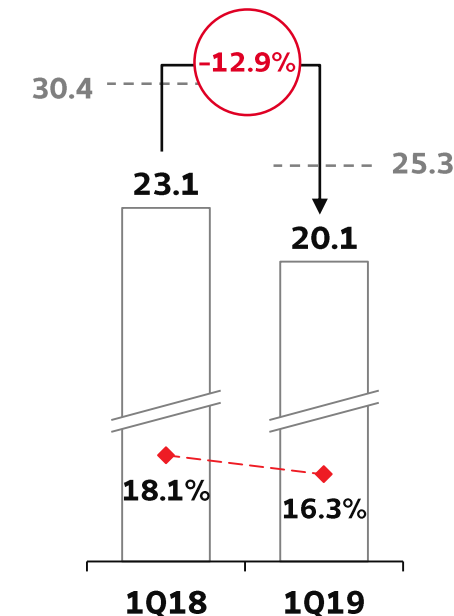
Operating costs ¹

€ million



EBITDA ¹

€ million



□ Exc. IFRS 16 --- Inc. IFRS 16

□ Exc. IFRS 16 --- Inc. IFRS 16 -◆- Exc. IFRS 16 EBITDA Margin

Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
1Q19	N/D	164.2	142.6	13.1	8.5	106.2
vs. 1Q18	+4.7%	-11.3%	-11.0%	-15.7%	-10.6%	+5.9%

-8.2% excl. special factors

¹ Includes Central Structure.

Express & Parcels revenues remained resilient, despite the loss of a large client representing >10% of the sales of Tourline in Spain



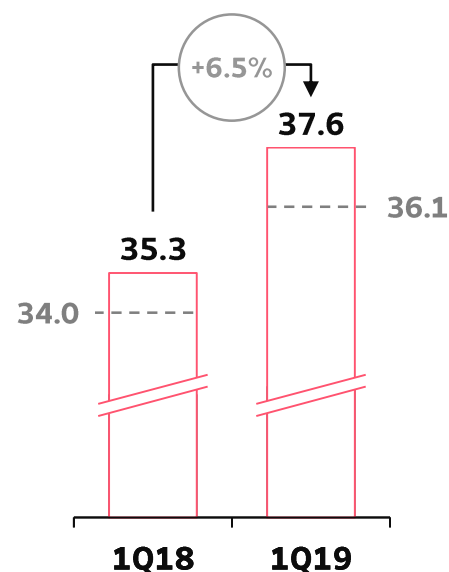
1Q19 revenues

€ million; % change vs. prior year

- Portugal ¹	€22.9m (+3.5%)
- Parcels	€17.1m (+3.0%)
- Cargo & Logistics	€3.9m (+5.2%)
- Banking network	€1.6m (+3.6%)
- Other	€0.3m (+9.8%)
- Spain	€13.3m (-0.4%)
- Mozambique	€0.5m (-1.1%)
Total	€36.7m (+2.0%)

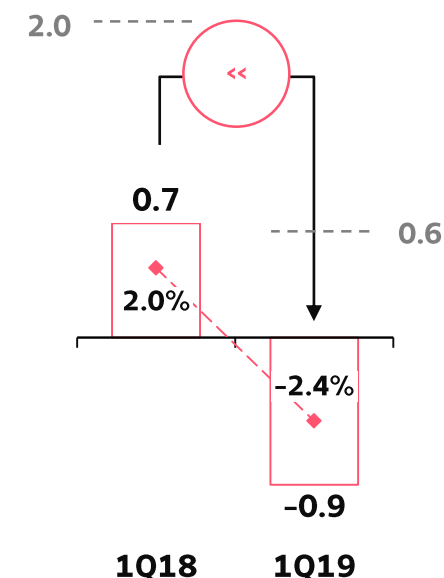
Operating costs

€ million



EBITDA

€ million



E&P volumes by region (m items)

Metric	Total	Portugal	Portugal (excl. Transporta)	Spain	Mozambique
1Q19	9.0	4.9	4.1	4.1	0.01
vs. 1Q18	+1.7%	+2.3%	+1.6%	+1.0%	-13.6%

¹Excluding revenues from intra-group transactions.

Mortgage & consumer credit growth and a new savings product launch drove a noticeable improvement in Banco CTT revenues and profitability



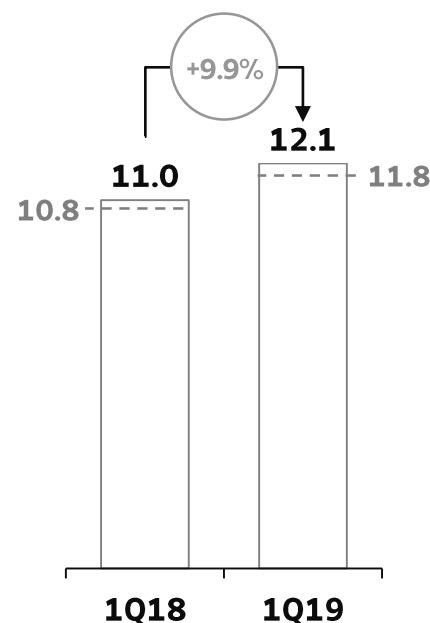
1Q19 revenues ¹

€ million; % change vs. prior year

- Net interest income	€2.5m (+€1.0m)
- Interest income	€2.7m (+€1.0m)
- Interest expense	€0.2m (+€0.0m)
- Fees & commissions income	€1.6m (+€0.7m)
- Consumer credit and insurance	€0.5m (+€0.4m)
- Own products	€1.1m (+€0.3m)
- Payshop & other	€4.9m (-€0.3m)
Total	€9.0m (+€1.4m)

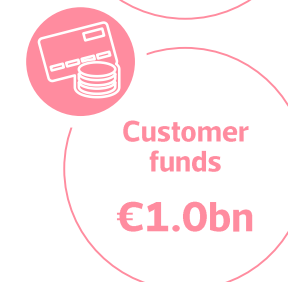
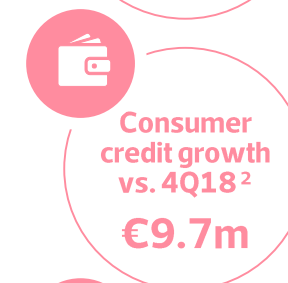
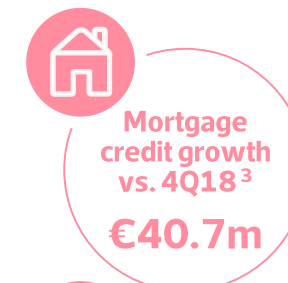
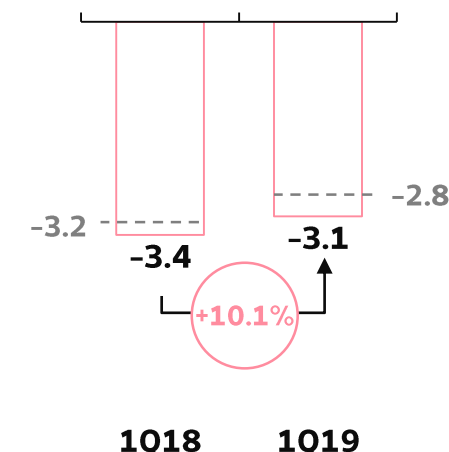
Operating costs

€ million



EBITDA

€ million



Selected Banco CTT Balance Sheet indicators

Metric (non-consolidated)	Assets (€ million)	Cash & equivalents	Investments	Credit to clients ³	Deposits (€million)	Consolidated Equity (€ million) / CET 1 (%) ⁴
31-Mar-19	1,040.2	247.6	456.8	288.6	922.0	85.4 / 23.0%
vs. 31-Dec-18	+4.4%	-1.3%	+0.6%	+16.3%	+4.3%	-4.6% / -0.4p.p.

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 1Q18).

² Consumer credit & credit cards sold in partnership with BNP Paribas Personal Finance (Cetelem). Amount outside CTT's Balance Sheet, representing the amount of credit placed in 1Q19, in partnership with BNP Paribas Personal Finance (Cetelem).

³ Net of impairments.

⁴ Fully implemented.

The continued recovery in public debt placements with high incremental margin coupled with robust cost control provided a strong boost to Financial Services profitability



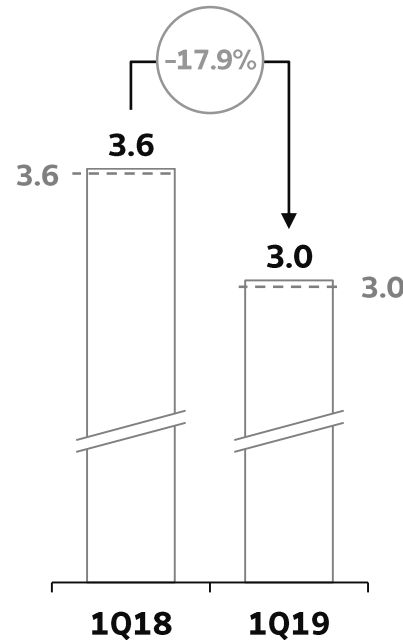
1Q19 revenues ¹

€ million; % change vs. prior year

– Savings & Insurance	€6.1m (+65.2%)
– Payments	€0.2m (-18.1%)
– Money orders	€1.4m (-20.1%)
– Other	€0.2m (-52.1%)
Total	€7.8m (+31.1%)

Operating costs

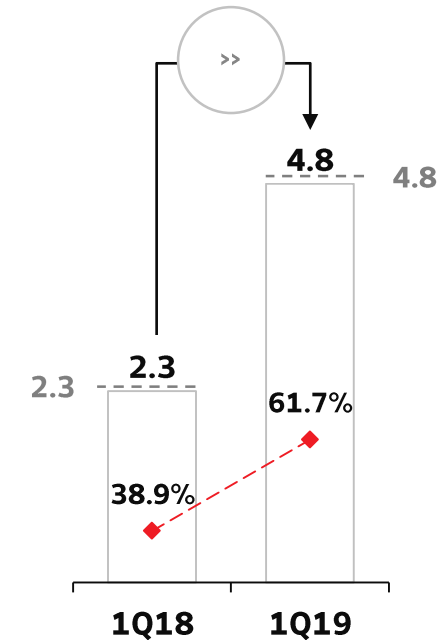
€ million



□ Exc. IFRS 16 - - - Inc. IFRS 16

EBITDA

€ million



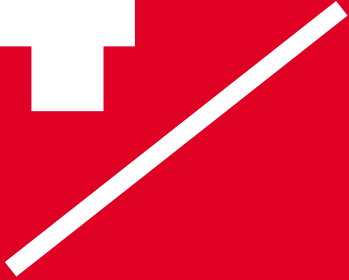
□ Exc. IFRS 16 - - - Inc. IFRS 16 - ◆ - Exc. IFRS 16 EBITDA Margin

FS volumes by type

Metric	Savings & insurance flows (€bn)	Savings & insurance placements	Savings & insurance reimbursements	Money orders (m ops)
1Q19	1.1	0.9	0.2	3.6
vs. 1Q18	+44.7%	+78.3%	-19.4%	-16.1%

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 1Q18).

4



appendix

Changes to accounting policies and management reporting

IFRS16 adoption

The adoption of IFRS16 has changed the manner in which statutory accounts are presented with respect to operating costs related to fleet and buildings, which are no longer considered in External Supplies and Services costs and are accounted for in amortisations and interest expense. This change had an impact not only on the current reporting period (1Q19) but also on 1Q18, which was restated for comparison purposes.

Allocation of internal revenues to operating costs

The purpose of this amendment is to allow the evolution of the consolidated revenues to be seen as the sum of the performance of the external products that CTT offers, removing the effects of internal revenues with intragroup companies. As a result of this change, internal revenues are now deducted from the respective business segments operating costs.

Migration of the payments business to Banco CTT

Part of the payments services in the Financial Services business unit (billing and invoicing, Western Union transfers, integrated solutions and tolls) migrated to the Banco CTT business unit.

Allocation of the Central Structure costs by business unit

Until 2018, the Central Structure of the Company, along with Intragroup Eliminations, was reported together with Mail under the Mail & Other business unit. The Central Structure reflects a structure of costs whose revenues are of a negligible value, leaving a net cost deficit in what regards central / corporate costs, which have been traditionally split between two business areas: Mail (99.7%) and Financial Services (0.3%). Considering the immateriality of the value attributed to the Financial Services business unit, in view of the migration of the Payments from the Financial Services business unit to Banco CTT business unit, the Company simplified this allocation procedure by placing 100% of the allocation of the central structure under the Mail & Other business unit.

Elimination of recurring / reported terminology

Any non-recurring items are now recognised below EBIT under the caption "Specific items". The 1Q18 reporting was restated, for comparison purposes.

Income statement detail

The amounts related to "Gain/losses on disposal of assets" are now disclosed separately in the Income Statement.

Income statement



€ million	Reported		Reported with Banco CTT under equity method ¹	
	1Q18	1Q19	1Q18	1Q19
Revenues	176.9	176.9	173.7	172.3
Operating costs	145.4	148.9	138.1	141.7
EBITDA (incl. IFRS 16 impact)	31.5	28.0	35.6	30.6
of which, IFRS 16 impact:	8.8	6.9	8.6	6.8
EBITDA margin	17.8%	15.8%	20.5%	17.7%
Depreciations, amortisations, impairments & provisions	13.6	13.7	14.8	12.6
of which, IFRS 16 impact:	6.9	5.6	6.7	5.5
EBIT	17.9	14.2	20.9	18.0
Specific items	6.4	5.6	4.2	4.1
Financial income / (costs)	-2.5	-2.4	-2.5	-2.4
of which, IFRS 16 impact:	-1.1	-1.0	-1.1	-1.0
Associated companies - gains / (losses)	0.1	0.3	-3.9	-3.9
Earnings before taxes (EBT)	9.2	6.6	10.2	7.6
Income tax for the period	3.2	2.9	4.3	4.0
Non-controlling interests	0.0	0.0	0.0	0.0
Net profit attributable to equity holders	5.9	3.7	5.9	3.7

¹Part 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 1Q18).

Balance sheet



€ million	CTT		With Banco CTT under equity method ¹	
	31-Dec-18	31-Mar-19	31-Dec-18	31-Mar-19
Non-current assets	1,108.1	1,149.0	486.6	479.3
Current assets	746.3	683.8	456.9	399.7
Assets	1,854.5	1,832.8	943.5	879.0
Equity	135.9	139.5	135.9	139.5
Liabilities	1,718.6	1,693.3	807.6	739.6
Non-current liabilities	364.3	362.5	363.5	362.0
Current liabilities	1,354.3	1,330.8	444.1	377.6
Equity and Liabilities	1,854.5	1,832.8	943.5	879.0

¹Part 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 1Q18).

Cash flow



€ million	Adjusted ¹		
	1Q18	1Q19	Δ 19/18
EBITDA excl. IFRS 16	22.7	21.0	-1.7
Specific items*	-4.3	-5.6	-1.2
Capex	-5.0	-6.3	-1.4
Δ Working capital	-25.4	-0.8	24.7
Operating cash flow	-12.0	8.4	20.3
Tax	-0.5	-0.1	0.4
Employee benefits	-3.5	-3.4	0.2
Free cash flow	-16.0	4.9	20.9
Debt (principal + interest)	-0.1	3.7	3.8
Net change in own cash	-16.1	8.6	24.7
Δ Liabilities related to Financial Services (net)	-49.4	-84.5	-35.2
Δ Liabilities related to Banco CTT (net)	-66.3	18.2	84.5
Net change in cash	-131.7	-57.7	74.1

*Specific items affecting EBITDA.

¹ Excluding Financial Services float and Banco CTT deposits & other financial liabilities & financial assets and credit.

Specific items



€ million

	Specific items	
	1Q18	1Q19
EBIT	17.9	14.2
Specific items affecting EBIT	6.4	5.6
Revenues	0.0	0.0
Staff costs	3.7	4.0
ES&S & other op. costs	0.6	1.6
Provisions	1.7	-
Impairments and D&A	0.3	-
EBIT including specific items	11.5	8.7

Indemnities related to the Operational Transformation Plan

€1.5m of strategic studies, of which €1.4m related to the Operational Transformation Plan

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