



**CTT – Correios de Portugal**

**1H18**

**Results Presentation**

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# AGENDA



**I**  **KEY HIGHLIGHTS**

**II**  **STRATEGY & OTP UPDATE**

**III**  **KEY FINANCIALS**

**IV**  **BUSINESS UNITS**



# Key Highlights

# SOLID RECURRING EBITDA GENERATION AS A RESULT OF POSITIVE EVOLUTION IN THE GROWTH LEVERS AND STABILISATION OF THE RECURRING OPERATING COSTS THROUGH THE OTP<sup>1</sup> INITIATIVES



## Return to revenues growth as positive evolution in the growth levers offsets declines in the legacy businesses

Supported by strong growth in Banco CTT (+€2.0m, +23.3%<sup>2</sup>), E&P (+€11.1m, +17.7%, or +€6.5m, +10.7% excluding the Transporta acquisition), and the resilience of Mail revenues, aided by pricing and strong product mix

<b>+0.9%</b> total	<b>-0.3%</b> Mail & other
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## Addressed mail volumes decline higher than the guidance range mitigated by strong positive product mix effect

International and registered mail revenues growth and price increase offset the impact of -7.9% addressed mail volumes decline on revenues. Decline of -7.2% adjusted for the effect of -1 working day in the half. The year will finish with +2 working days (+3 in 4Q18)

<b>-7.9%</b>	<b>-7.2%</b> adjusted for -1 working day
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## Stabilisation of the recurring operating costs, increasing only in growth-related areas, as the OTP<sup>1</sup> starts to have a positive impact on overheads

Recurring operating costs decline in Mail & other (-1.1%) and Financial Services (-14.4%) and increase mainly as a result of growth in activity in Banco CTT and E&P

<b>+3.2%</b> total	<b>-1.1%</b> Mail & other
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## OTP<sup>1</sup> savings objective for 2018 fully secured

€14.0m of FY18 recurring cost savings secured vs. initial objective of €13.8m (€5.3m of savings already impacting the P&L in 1H18)

<b>€14.0m</b> of FY18 savings secured
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## 4.1% annual price increase implemented in April

€1.9m impact of delay of implementation of price increase to April, to be recovered in the subsequent 3 quarters with a projected 4.7% average price increase. Final decision on quality of service and pricing (except on volumes projections<sup>3</sup>) for 2019 & 2020 issued by ANACOM in July.

<b>+4.1%</b> for FY18	<b>+4.7%</b> in 2Q18
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## Solid recurring EBITDA generation in a semester with one less working day

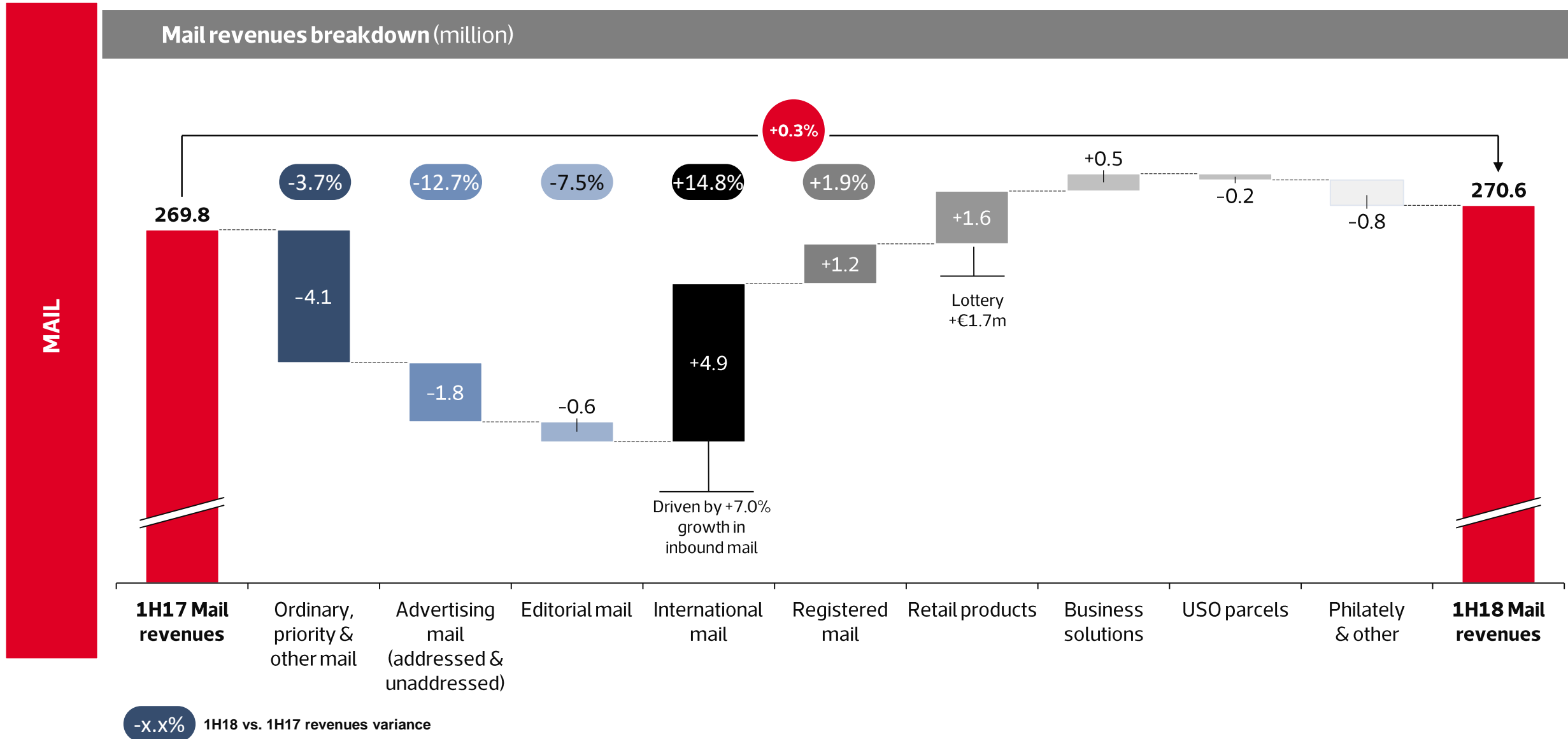
<b>€46.1m</b>
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<sup>1</sup>Operational Transformation Plan.

<sup>2</sup>Payshop migrated to Banco CTT business unit in Jan-18, the numbers for 1H17 are proforma.

<sup>3</sup>New Draft Decision issued by ANACOM on this topic.

# STRONG PRICING AND MIX EFFECT, DRIVEN BY HIGHER VALUE INTERNATIONAL AND REGISTERED MAIL PRODUCTS, FULLY OFFSET THE IMPACT OF DECLINING MAIL VOLUMES

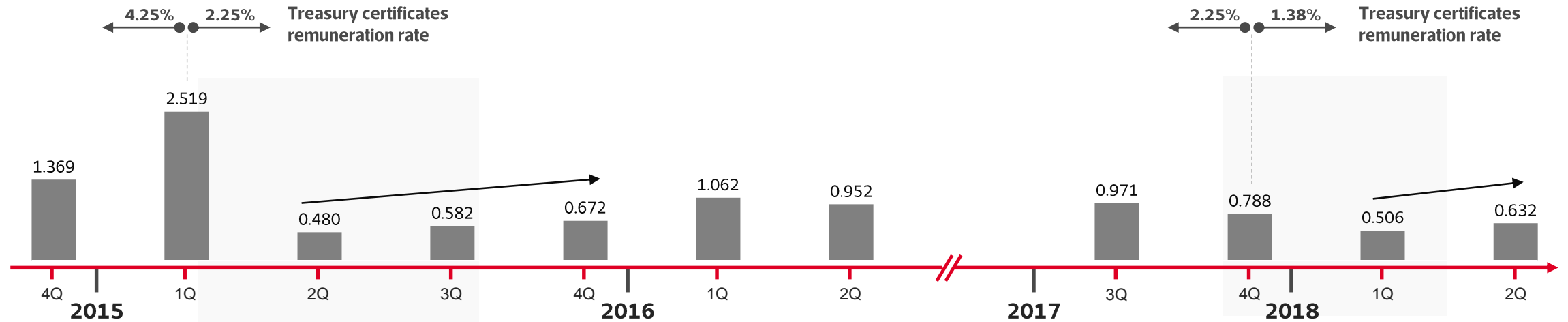


# THE RECOVERY IN SAVINGS & INSURANCE PLACEMENTS CONTINUED WHILE THE ACTIVITY IN THE GROWTH BUSINESSES REMAINS SOLID



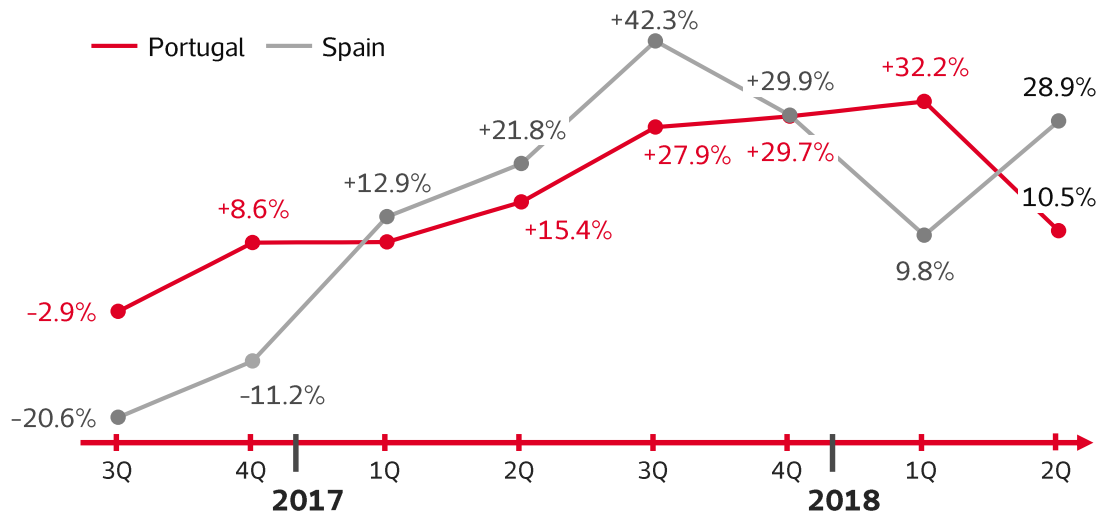
## FINANCIAL SERVICES

Savings & insurance products placements (€ billion, quarterly volumes)



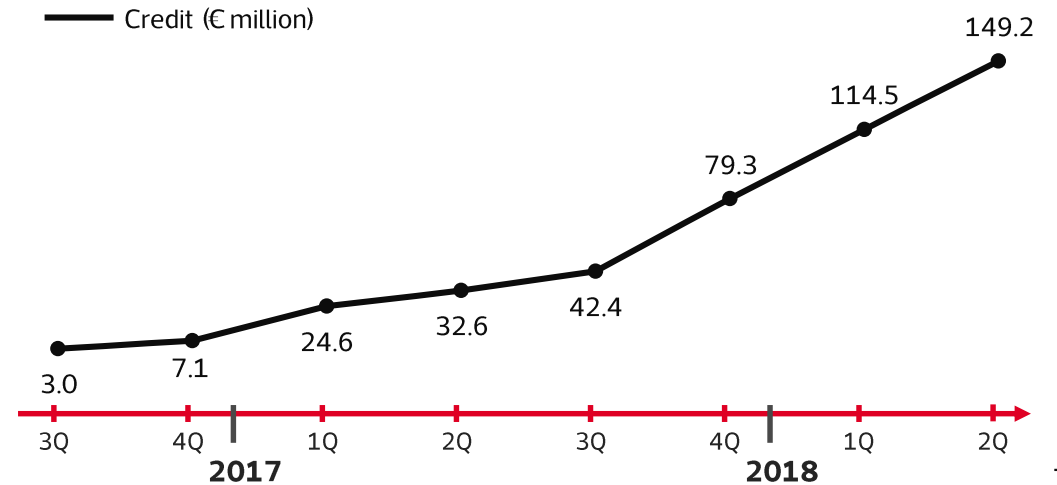
## EXPRESS & PARCELS

Parcels volumes (quarterly change, YoY)



## BANCO CTT

Credit placed by Banco CTT on its own Balance Sheet (€ million)





# Strategy & OTP Update



# CTT STRATEGY: TRANSFORM THE POSTAL BUSINESS AND CONTINUE TO DEVELOP THE GROWTH LEVERS EXPRESS & PARCELS AND BANCO CTT

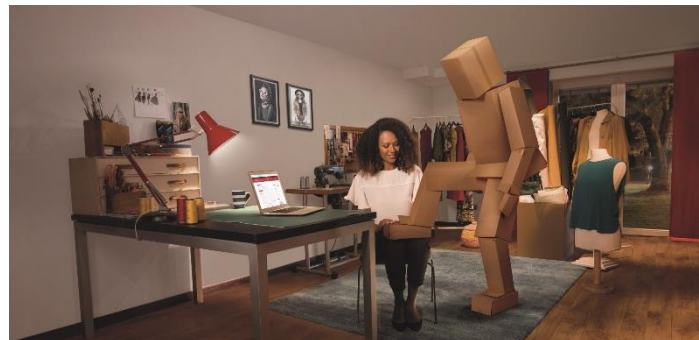


## MAIL



Preserve the value of the Mail business through the implementation of a sizeable Operational Transformation Plan to improve profitability, reinforce quality of service and sustain the mid-term transformation of the Company

## EXPRESS & PARCELS



Consolidate CTT's positioning as a strong and integrated Iberian CEP operator, leader in the last-mile distribution in Portugal, leveraging on the e-commerce growth trend

## BANCO CTT & FINANCIAL SERVICES



Develop an innovative and fast-growing retail banking & financial services player focused on simplicity, transparency and proximity

### Key initiatives 1H18

• Migration of **Payshop to Banco CTT** to consolidate the payments business

• **Mail prices update** (average annual 4.1% increase)

• **Real estate sale** promissory agreement (R. Palma)

• Launch of **CTT 24h**  
• Expansion of **Express2Me to the UK**  
• Launch of **e-commerce platform with Sonae**

• Agreement for the **acquisition of 321 Crédito**



# THE RECENT STRATEGIC ANNOUNCEMENTS UNDERPIN CTT'S COMMITMENT TO DEVELOP ITS KEY GROWTH LEVERS: EXPRESS & PARCELS AND BANCO CTT



## STRATEGIC INITIATIVES UNDERWAY IN CTT'S GROWTH LEVERS



Strengthen CTT's offer to grow in the B2C market and leverage on the development of the e-commerce in Portugal



**Launch of JV with Sonae for online B2C marketplace, based on the high expected growth of the Portuguese e-commerce landscape**

- Joint investment of €10m to €15m in the first 2 years
- Leverage on complementary capabilities and skills from the two groups to jointly develop an e-commerce marketplace
- Benefit from the growth potential of the e-commerce, through (i) positioning based on proximity, (ii) simple, safe and convenient purchasing experience, (iii) broad online offer of products and services by a growing number of companies



Accelerate the origination of credit to clients, including consumer credit



Diversify product portfolio



**Acquisition of 321 Crédito further expands Banco CTT's own credit offering, with strong contribution to profitability**

- 2017 Net profit: €7.9m (2018E target Net profit of c.9m)
- Specialised consumer credit player, operating through a network of car dealers in the used auto loans market, with strong growth dynamics:
  - 2017 market share in used auto loans production: 9.2% (top 5 in the market) vs. 7.5% in 2016
  - 2017 net loan book: €251m (62% growth vs. 2016). 2017 used auto loans production: €133m (54% growth vs. 2016)

# OPERATIONAL TRANSFORMATION PLAN SAVINGS OBJECTIVE FOR 2018 FULLY SECURED



## Total recurring operating cost savings

FY18 savings objective secured 

**€14.0m**

FY18 savings secured<sup>1</sup>

**€13.8m**

FY18 savings objective

Detail on the next page

## Total non-recurring revenues / capital gain

FY18 capital gain objective secured 

**€8.6m**

FY18 capital gain expected

**€5.2m**

FY18 capital gain objective

## Total non-recurring costs

**€11.9m** **€13.7m** YTD

4Q17 non-recurring costs €3.7m in 1Q18 and €10.0m in 2Q18

**€9.0m** **€20.0m**

4Q17 non-recurring costs objective FY18 non-recurring costs objective

<sup>1</sup>FY18 estimated recurring operating cost savings, taking into account initiatives already implemented until 30 June 2018.

# ES&S COSTS & HR OPTIMISATION INITIATIVES SAVINGS FAR EXCEEDING THE INITIAL PROJECTIONS, WHILE NETWORKS INITIATIVES ARE EXPECTED TO HAVE A MORE SIGNIFICANT IMPACT FROM 2019 ONWARDS



Progress has been made on all initiatives...



**Adjust HR policies and deepen the ES&S cost reduction efforts**



**Reinforce HR optimisation programme and rationalise non-core assets**



**Optimise the Retail Network maintaining proximity to the citizens**



**Reengineer the Distribution Network to improve operational efficiency and quality of service**

...with FY18 savings<sup>1</sup> in general exceeding the initial projections

**Renegotiation of contracts for IT, electricity, buildings leases and maintenance, fleet and transport of valuables**

**€4.4m**  
(vs. €3.7m plan)

**238 negotiated staff exits in this initiative so far, 161 in 2017 & additional 77 in 2018**

**€7.1m**  
(vs. €3.9m plan)

**Advancing at a more moderate pace vs. initial projections**

**€1.1m**  
(vs. €3.9m plan)

**The future operations model and network architecture have been defined**

**€1.4m**  
(vs. €2.3m plan)

<sup>1</sup>FY18 estimated recurring operating cost savings, taking into account initiatives already implemented until 30 June 2018.



# Key Financials






# QUARTERLY NET PROFIT IMPACTED BY ~€10M OF RESTRUCTURING COSTS RELATED TO THE OPERATIONAL TRANSFORMATION PLAN; RECURRING EBITDA BEGINS TO STABILISE



## Financial and operational performance

€ million, except when otherwise indicated

Financial indicators	Quarter			Half		
	2Q17	2Q18	Δ%	1H17	1H18	Δ%
<b>Revenues</b>	<b>175.2</b>	<b>178.2</b>	<b>+1.7%</b>	<b>352.1</b>	<b>355.1</b>	<b>+0.9%</b>
Recurring operating costs <sup>1</sup>	<b>150.6</b>	<b>154.8</b>	<b>+2.8%</b>	<b>299.5</b>	<b>309.1</b>	<b>+3.2%</b>
<b>Recurring EBITDA <sup>1</sup></b>	<b>24.6</b>	<b>23.3</b>	<b>-5.0%</b>	<b>52.6</b>	<b>46.1</b>	<b>-12.4%</b>
<b>Reported Net profit</b>	<b>7.4</b>	<b>0.9</b>	<b>-87.9%</b>	<b>17.7</b>	<b>6.3</b>	<b>-64.8%</b>
Recurring Net profit <sup>1</sup>	11.4	10.3	-10.0%	26.4	21.1	-19.9%

	 <b>Addressed mail</b> (million items)	 <b>Unaddressed mail</b> (million items)	 <b>Parcels</b> (million items)	 <b>Savings &amp; insurance flows</b> (€ billion)	 <b>BCTT credit to clients</b> (€ million)
<b>2Q18 volumes</b>	<b>172.1</b>	<b>110.8</b>	<b>9.2</b>	<b>0.9</b>	<b>34.7</b>
<b>vs. 2Q17</b>	<b>-6.7%</b>	<b>-13.0%</b>	<b>+18.8%</b>	<b>-32.4%</b>	<b>+337.6%</b>

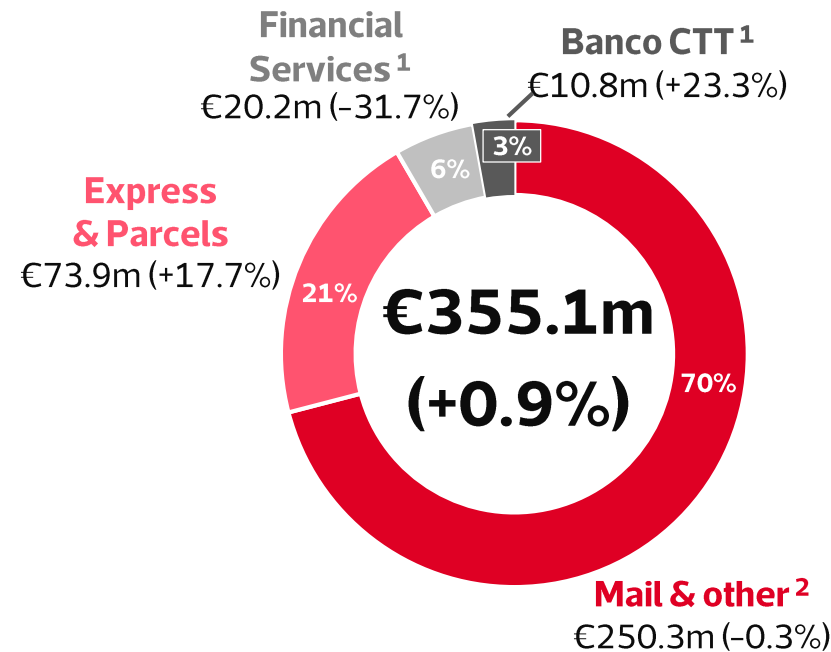
<sup>1</sup>Excluding non-recurring costs affecting EBITDA of €3.7m and €10.7m and affecting EBITDA and EBIT of €4.1m and €10.9m in 2Q17 and 2Q18, respectively. Excluding non-recurring costs affecting EBITDA of €6.9m and €15.1m and affecting EBITDA and EBIT of €7.9m and €17.2m in 1H17 and 1H18, respectively. Recurring net profit excludes non-recurring revenues and costs and considers the theoretical (nominal) tax rate of CTT.

# RETURN TO REVENUES GROWTH AS POSITIVE EVOLUTION IN THE GROWTH LEVERS OFFSET THE DECLINE OF THE LEGACY BUSINESSES



## 1H18 recurring revenues

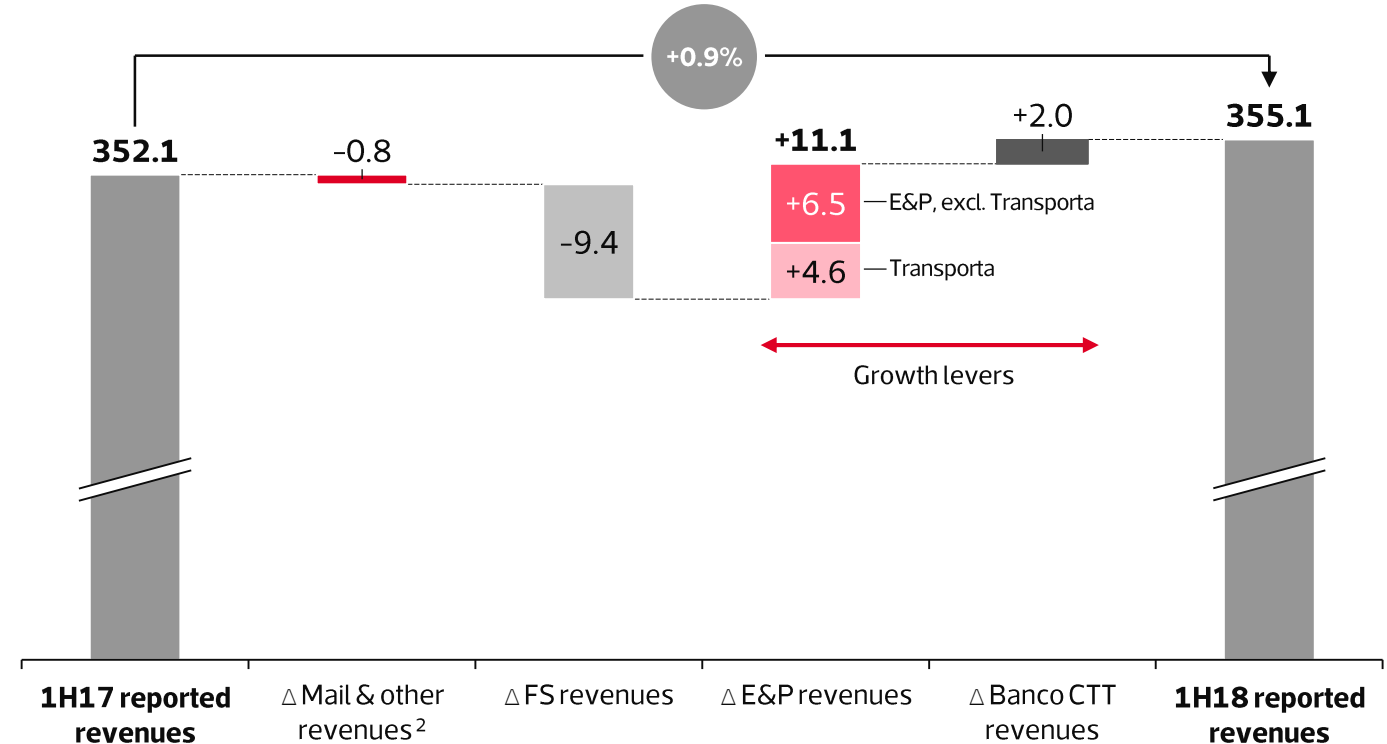
€ million; % change vs. prior year; % of total



X% % of total

## Revenues breakdown

€ million



- The growth levers continued to post strong increases in volumes and revenues. E&P volumes grew significantly in Portugal (+20.4%, +10.0% excl. Transporta) and in Spain (+19.1%). Banco CTT revenues grew €2.0m (+23.3%), driven by net interest margin expansion
- The impact of -7.9% addressed mail volumes decline (-7.2% when adjusted for the loss of one working day in the half) was offset by an effective 3.6% average price increase in the half, strong positive mix effect (growth in international mail (+4.9m) & registered mail (+€1.2m)) and higher lottery sales (+€1.7m), the latter partially suspended in 1H17
- -52.6% decline in subscriptions led to -€9.5m decline (-56.3%) in the commissions from public debt products, the principal driver of Financial Services revenues

<sup>1</sup> Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures used for 1H17 for FS and Banco CTT).

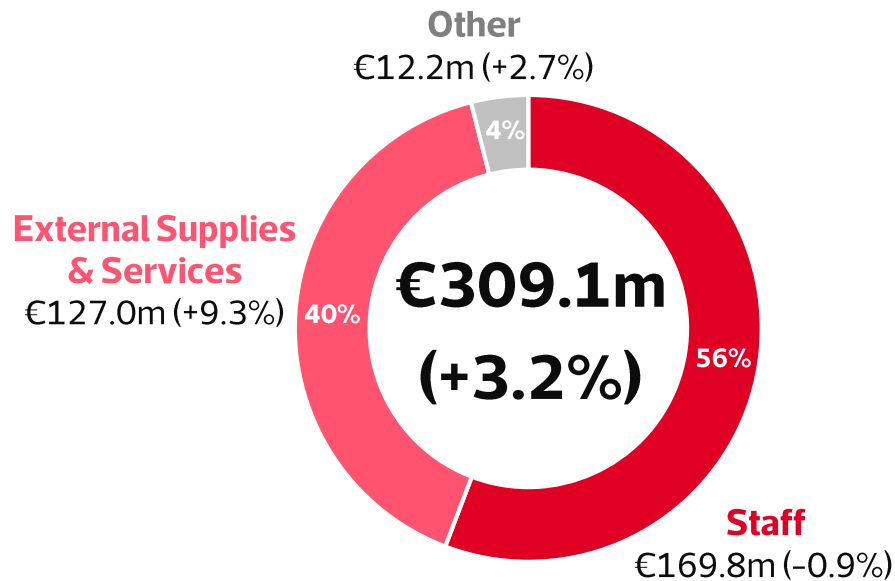
<sup>2</sup> Including income related to CTT Central Structure and Intragroup Eliminations amounting to -€18.8m in 1H17 and -€20.3m in 1H18.

# THE RECURRING OPERATING COSTS INCREASE, MAINLY AS A RESULT OF GROWTH IN ACTIVITY, AS THE OPERATIONAL TRANSFORMATION PLAN STARTS TO HAVE A POSITIVE IMPACT ON OVERHEADS



## 1H18 recurring operating costs

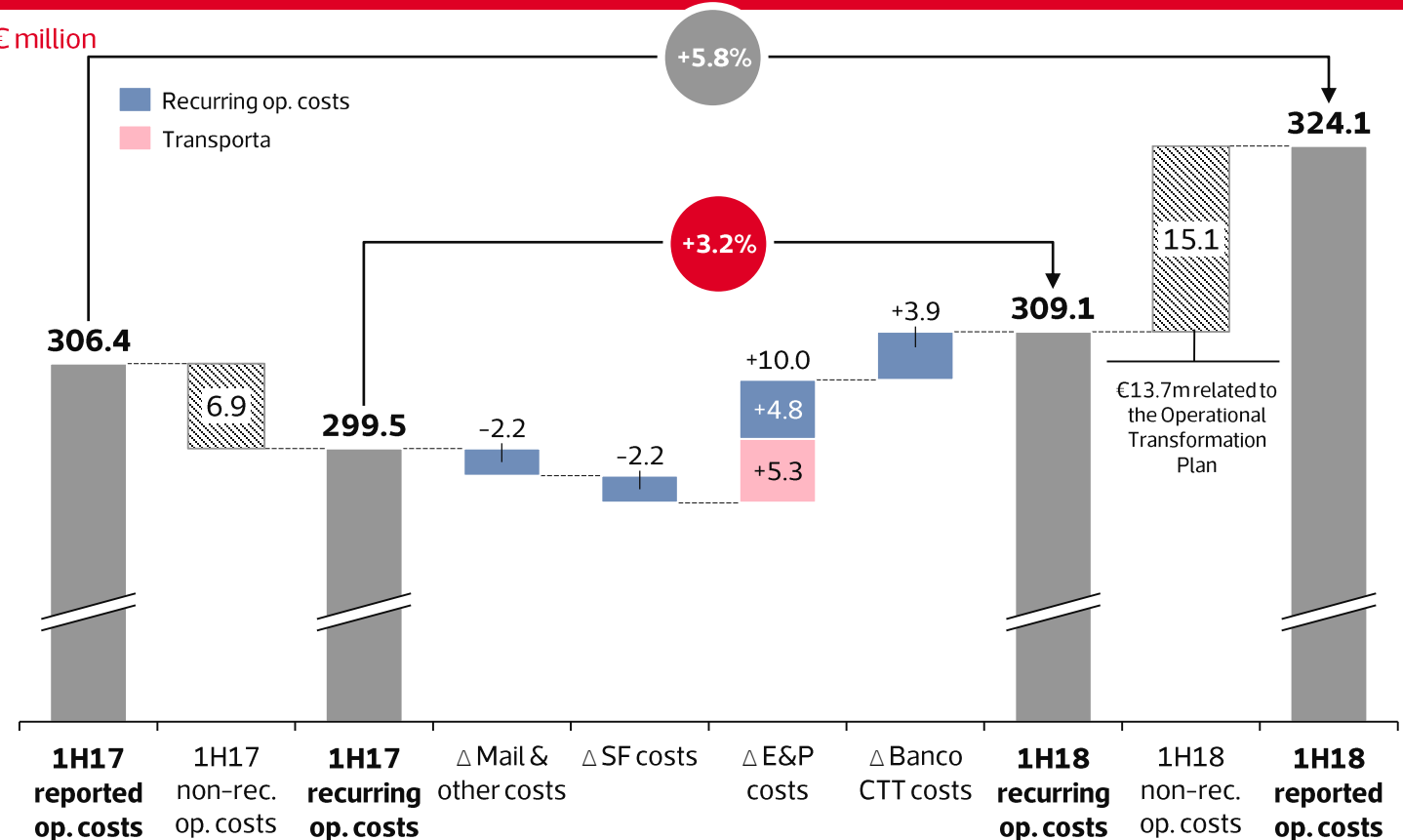
€ million; % change vs. prior year; % of total



X% % of total

## Operating costs breakdown

€ million



- **+€1.6m increase in costs of goods sold of lottery products impacting other costs** (with corresponding +€1.7m impact on revenues), sales were partially suspended in 1H17
- **ES&S costs increased by +€9.1m (+18.0%) in E&P and by +€2.8m (+33.2%) in Banco CTT.** Transportation & distribution costs (+€8.3m) and banking fees and commissions (+€0.7m) increase as a result of growth in activity, while savings were realised in IT (-€1.4m), electricity (-€0.7m) and transport of valuables (-€0.1m) costs, as a result of the OTP
- **The impacts of the Operational Transformation Plan on Staff costs more than offset the salary increase (+€1.3m impact in 1H18)** negotiated with the unions
- **The large majority of the non-rec. op. costs were related to the Operational Transformation Plan (€13.7m, >90%),** of which **€13.2m indemnities** related to negotiated staff exits

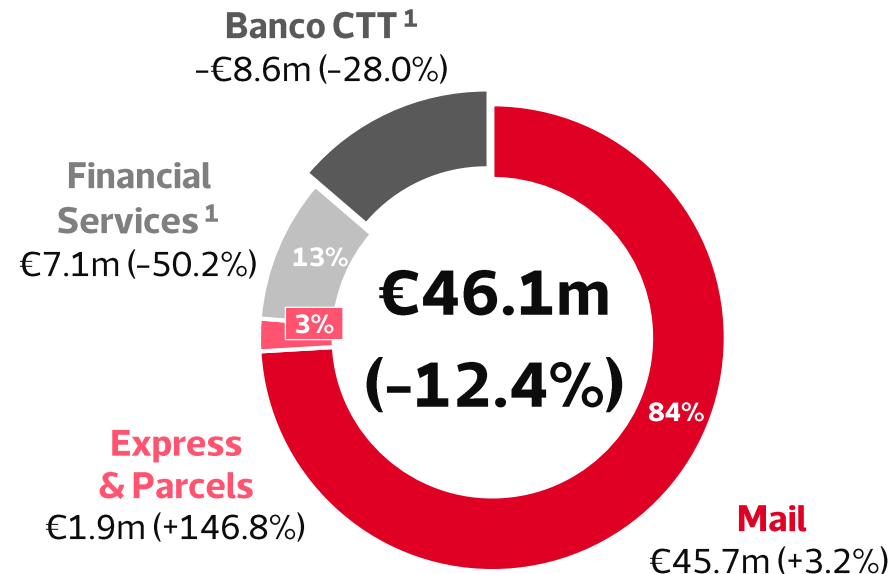


# THE EBITDA EVOLUTION REFLECTS PRIMARILY THE LOSS OF HIGH INCREMENTAL MARGIN PRODUCT REVENUES IN FINANCIAL SERVICES



## 1H18 recurring EBITDA

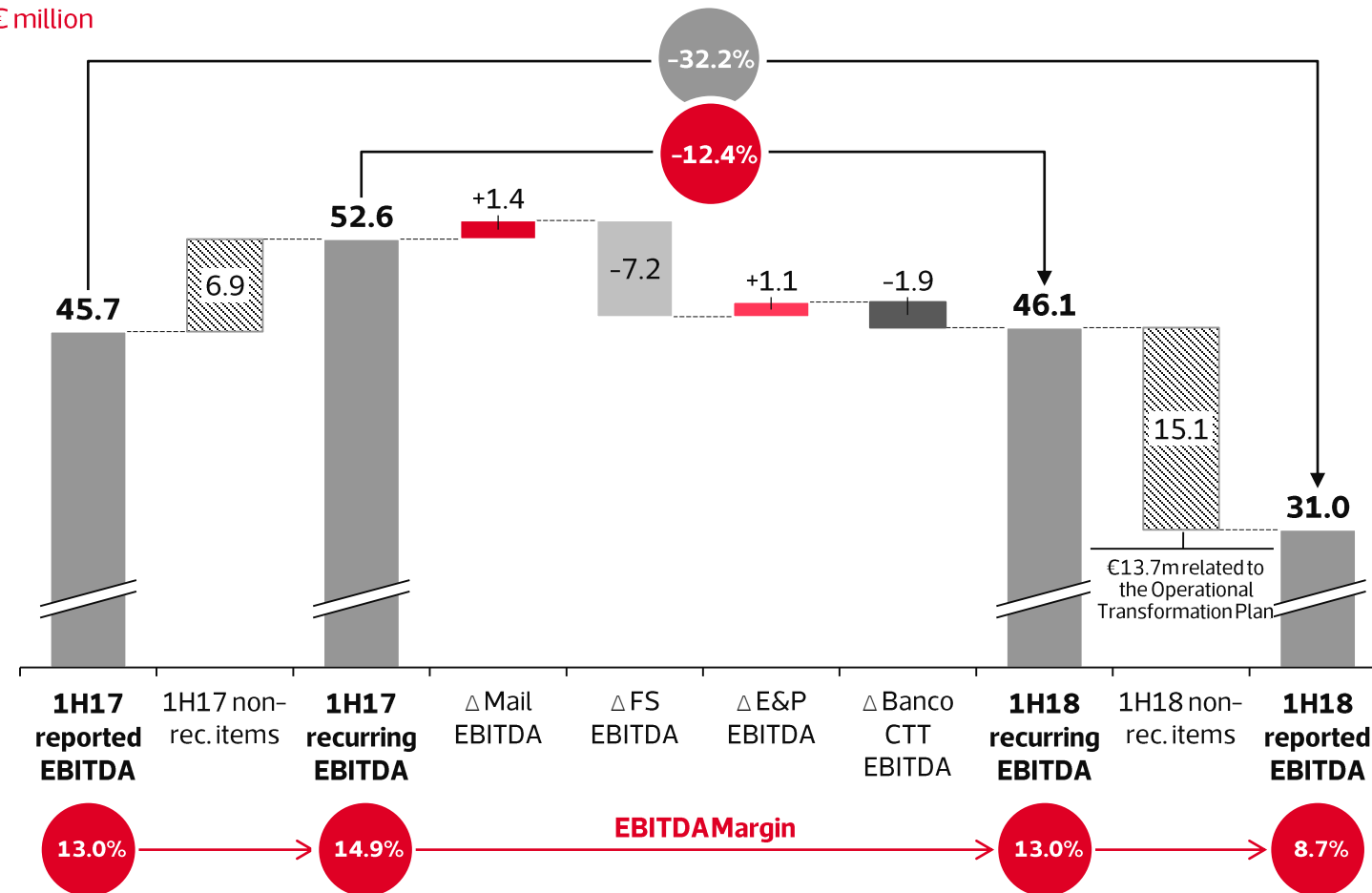
€ million; % change vs. prior year; % of total



X% % of total (excl. Banco CTT)

## EBITDA breakdown<sup>1</sup>

€ million



- **Solid EBITDA performance in Mail** as the **stabilisation of the recurring cost base** and a strong **pricing / positive mix effect** fully offset the decline in volumes
- **Financial Services EBITDA declined markedly**, due to the **loss of public debt certificates revenues with very high incremental margin**
- **Express & Parcels EBITDA growth** reflects primarily the **improvement in Spain** and the preservation of the **EBITDA margin in Portugal**
- **Banco CTT EBITDA declined** as a result of **higher marketing costs** in 1H18 and one-time commission fee received in 1H17

<sup>1</sup> Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures used for 1H17 for FS & Banco CTT).

# THE OPERATING FREE CASH FLOW GENERATION IN 1H18 WAS INFLUENCED BY ONE-TIME PAYMENTS OF €24M, AS PART OF THE OPERATIONAL TRANSFORMATION PLAN



## Cash flow

€ million; % change vs. prior year

	Reported			Adjusted <sup>1</sup> (Excl. FS float & Banco CTT deposits and fin. assets)			
	1H17	1H18	Δ%	1H17	1H18	Δ%	
<b>From operating activities</b>	<b>296.7</b>	<b>189.9</b>	<b>-36.0%</b>	<b>35.8</b>	<b>1.1</b>	<b>-96.9%</b>	Impacted by €24.0m in payments related to the OTP, including €22.2m of indemnities for negotiated staff exits in 4Q17 & 1H18
Cashflow excl. FS float & Banco CTT				42.2	3.6	-91.4%	
Banco CTT cash flow				-6.4	-2.5	60.5%	
<b>From investing activities</b>	<b>-117.9</b>	<b>-133.5</b>	<b>-13.2%</b>	<b>-21.2</b>	<b>-15.5</b>	<b>27.0%</b>	€8.3m Capex in 1H18
Capex payments	-22.9	-17.1	25.3%	-22.9	-17.1	25.3%	
of which Banco CTT	-4.4	-3.6	19.1%	-4.4	-3.6	19.1%	
Banco CTT investments and fin. assets	-96.7	-118.0	-22.0%				
Other	1.7	1.6	-4.1%	1.7	1.6	-4.1%	
<b>Operating free cash flow</b>	<b>178.8</b>	<b>56.4</b>	<b>-68.4%</b>	<b>14.6</b>	<b>-14.4</b>	<b>-198.3%</b>	
<b>From financing activities</b>	<b>-73.8</b>	<b>-65.0</b>	<b>11.9%</b>	<b>-73.8</b>	<b>-65.0</b>	<b>11.9%</b>	
of which Dividends	-72.0	-57.0	20.8%	-72.0	-57.0	20.8%	
<b>Other</b>	<b>-3.6</b>	<b>-26.5</b>	<b>-644.4%</b>	<b>0.1</b>	<b>0.0</b>	<b>-100.0%</b>	
<b>Net change in cash</b>	<b>101.5</b>	<b>-35.1</b>	<b>-134.6%</b>	<b>-59.0</b>	<b>-79.4</b>	<b>-34.5%</b>	

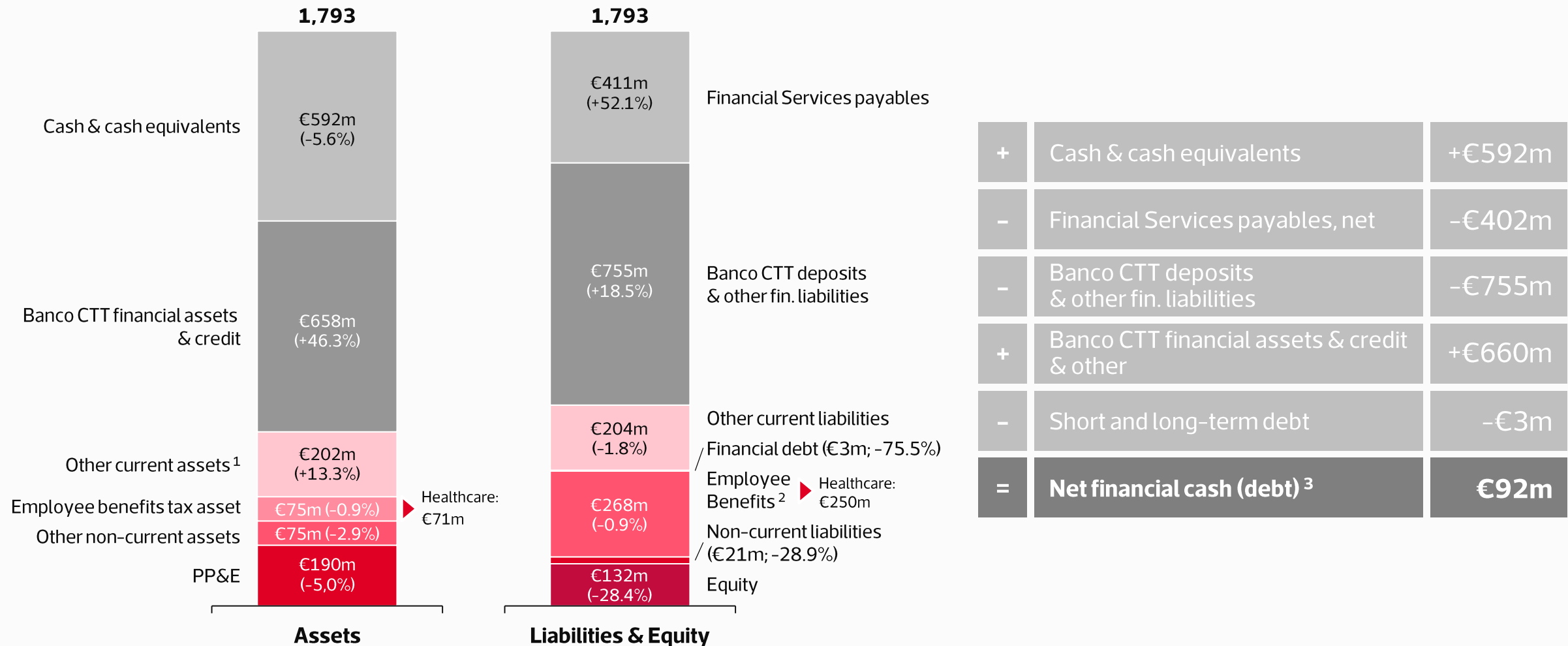
<sup>1</sup> Cash flow from operating and investing activities excluding changes in Net Financial Services payables and the following items from the CF statement, all of them relating to Banco CTT financial activity: "Banking customer deposits and other loans", "Credit to bank clients", third parties' "Other operating assets and liabilities" regarding Banco CTT, "Investments in securities", "Deposits at Bank of Portugal" and "Other banking financial assets".

# THE BALANCE SHEET REFLECTS THE SIGNIFICANT CASH FLOAT GENERATED BY FINANCIAL SERVICES AND THE STRONG DEPOSIT GATHERING CAPACITY OF BANCO CTT



## Balance Sheet – 30 June 2018

€ million; % change vs. 31 December 2017



<sup>1</sup> Including Financial Services receivables of €4m and €9m as at Dec-17 and Jun-18, respectively.

<sup>2</sup> including current and non-current liabilities.

<sup>3</sup> Including €67m of Banco CTT's own cash.



# Business Units

# MAIL: PRICING AND STRONG POSITIVE PRODUCT REVENUES MIX EFFECT OFFSET THE IMPACTS OF STRUCTURAL & COMPETITIVE PRESSURES AND ONE LESS WORKING DAY ON MAIL VOLUMES



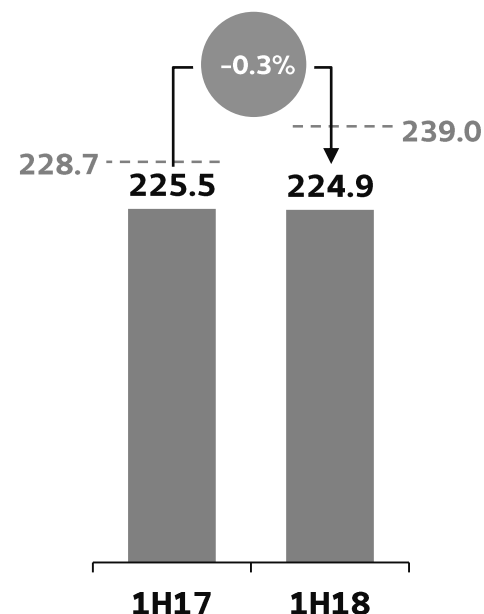
## 1H18 revenues

€ million; % change vs. prior year

- Transactional	€210.1m (+1.0%)
- Advertising	€12.5m (-12.7%)
- Editorial	€7.7m (-7.5%)
- Business Solutions	€4.8m (+12.6%)
- USO Parcels	€3.4m (-5.4%)
- Other <sup>1</sup>	€32.1m (+2.7%)
<b>Total</b>	<b>€270.6m (+0.3%)</b>

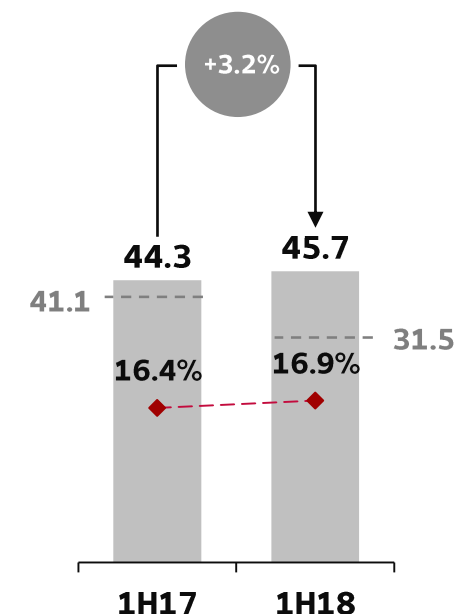
## Operating costs<sup>1</sup>

€ million



## EBITDA

€ million



## Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
<b>1H18</b>	N/D	<b>357.3</b>	<b>307.6</b>	<b>30.6</b>	<b>19.1</b>	<b>211.1</b>
<b>vs. 1H17</b>	<b>+3.6%</b>	<b>-7.9%</b>	<b>-7.1%</b>	<b>-13.7%</b>	<b>-11.5%</b>	<b>-10.1%</b>

<sup>1</sup>Other revenues include +€2.6m of revenues from lottery sales, which were partially suspended in 1H17 (+€1.7m impact in 1H18); similarly, operating costs include +€2.4m in CGS related to this product in 1H18, vs. €0.8m in 1H17.

# EXPRESS & PARCELS: DOUBLE-DIGIT LIKE-FOR-LIKE VOLUMES GROWTH IN BOTH PORTUGAL AND SPAIN DROVE STRONG REVENUES GROWTH AND HEALTHY INCREASE IN PROFITABILITY



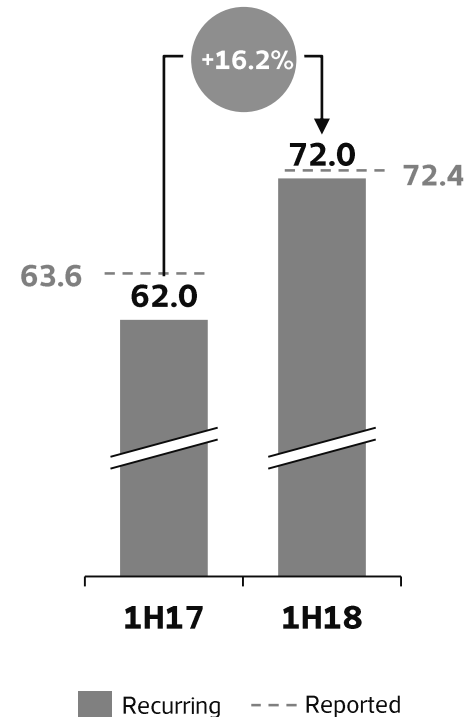
## 1H18 revenues

€ million; % change vs. prior year

- Portugal & other <sup>1</sup>	€45.6m (+20.1%)
- Parcels	€32.6m (+7.5%)
- Cargo & Logistics <sup>2</sup>	€7.9m (+156.7%)
- Banking network	€3.1m (+22.0%)
- Other <sup>2</sup>	€1.9m (-1.6%)
- Spain	€27.4m (+14.3%)
- Mozambique	€0.9m (+10.5%)
<b>Total</b>	<b>€73.9m (+17.7%)</b>
<b>Total excl. Transporta</b>	<b>€66.9m (+10.7%)</b>

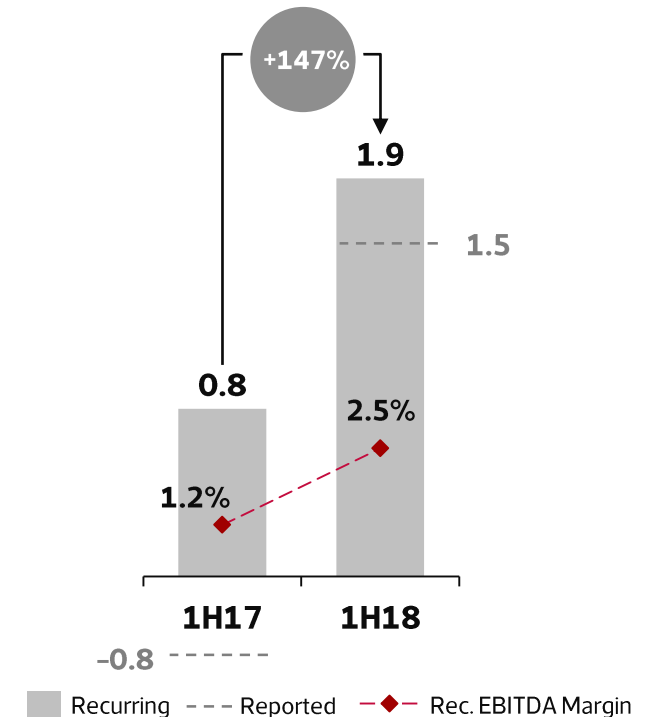
## Operating costs

€ million



## EBITDA

€ million



## E&P volumes by region (m items)

Metric	Total	Portugal	Portugal excl. Transporta	Spain	Mozambique
<b>1H18</b>	<b>18.0</b>	<b>9.4</b>	<b>8.1</b>	<b>8.5</b>	<b>0.03</b>
<b>vs. 1H17</b>	<b>+19.7%</b>	<b>+20.4%</b>	<b>+10.0%</b>	<b>+19.1%</b>	<b>-5.4%</b>

<sup>1</sup> Including revenues from intra-group transactions with companies of other business units and other operating income of Portugal, Spain and Mozambique.

<sup>2</sup> Including Transporta revenues in 1H18 (€6.8m in Cargo & Logistics and €0.1m in Other).

# FINANCIAL SERVICES: THE LOSS OF MORE THAN 50% OF HIGH INCREMENTAL MARGIN PUBLIC DEBT PRODUCTS REVENUES IMPACTED THE FINANCIAL SERVICES PROFITABILITY



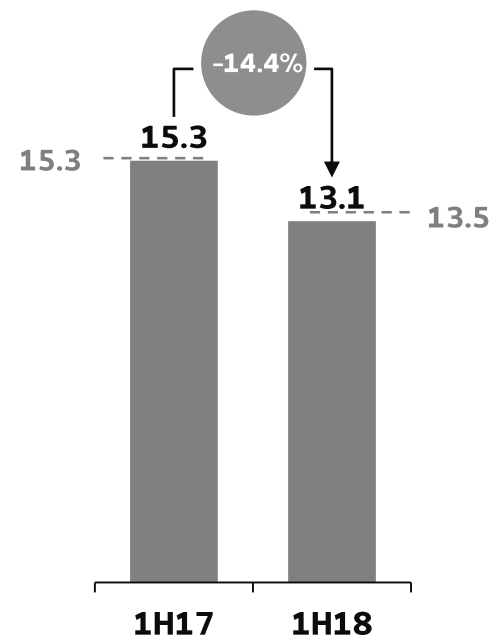
## 1H18 revenues<sup>1</sup>

€ million; % change vs. prior year

- Savings & Insurance	€8.1m (-52.8%)
- Payments <sup>1</sup>	€6.5m (-8.4%)
- Transfers	€4.3m (-11.5%)
- Other	€1.4m (+144.9%)
<b>Total</b>	<b>€20.2m (-31.7%)</b>

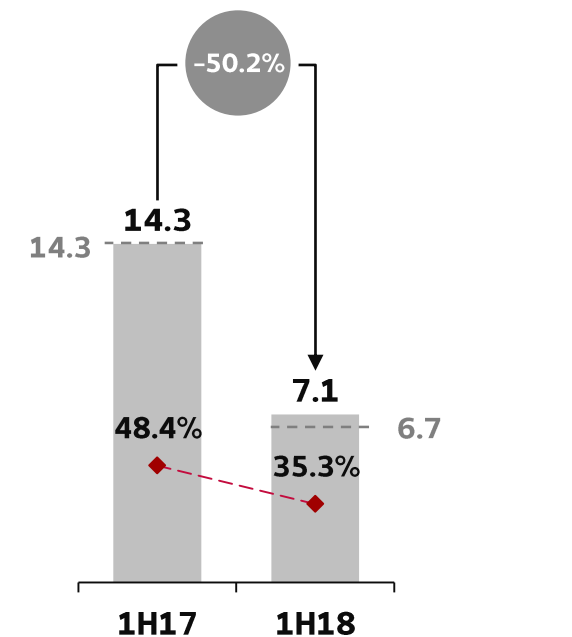
## Operating costs<sup>1</sup>

€ million



## EBITDA<sup>1</sup>

€ million



## € FS volumes by type

Metric	Savings & insurance placements (€bn)	Payments (m ops)	Money orders & transfers (m ops)
<b>1H18</b>	<b>1.1</b>	<b>13.1</b>	<b>8.3</b>
<b>vs. 1H17</b>	<b>-49.7%</b>	<b>-6.0%</b>	<b>-7.4%</b>

<sup>1</sup> Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures presented for 1H17 for this product line).

# BANCO CTT: BANCO CTT REVENUES GROWTH DRIVEN BY THE CONTINUED EXPANSION OF THE NET INTEREST MARGIN, AS MORE LIQUIDITY IS BEING DEPLOYED IN HIGHER YIELDING ASSETS, INCLUDING CREDIT



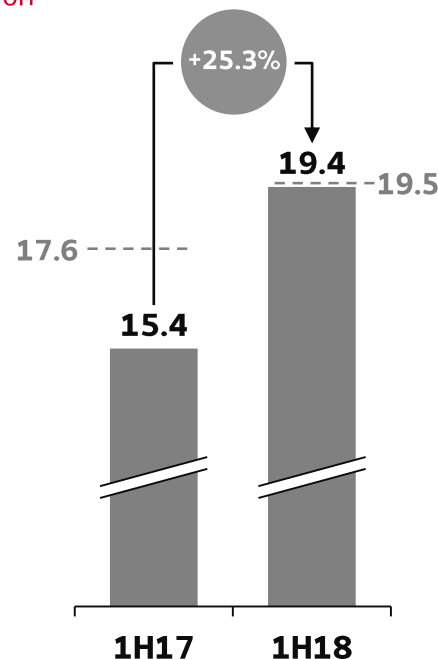
## 1H18 revenues <sup>1</sup>

€ million; change vs. prior year

<b>- Net interest income</b>	<b>€3.3m (+€2.2m)</b>
- Interest income	€3.7m (+€2.2m)
- Interest expense	€0.4m (+€0.0m)
<b>- Fees &amp; commissions income <sup>2</sup></b>	<b>€2.2m (-€0.1m)</b>
- Consumer credit <sup>2</sup> and insurance	€0.5m (-€1.0m)
- Own products	€1.6m (+€0.9m)
<b>- Payshop &amp; other <sup>1</sup></b>	<b>€5.3m (-€0.0m)</b>
<b>Total</b>	<b>€10.8m (+€2.0m)</b>

## Operating costs <sup>1</sup>

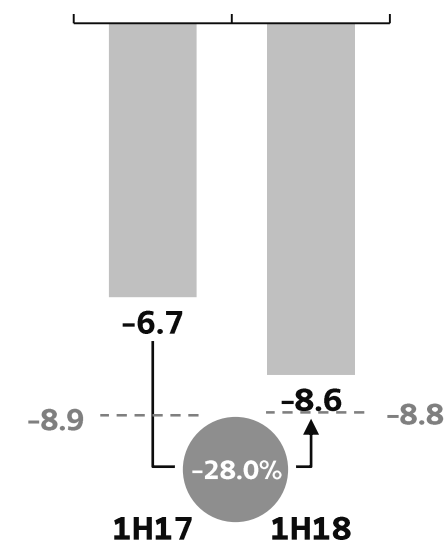
€ million



■ Recurring --- Reported

## EBITDA <sup>1</sup>

€ million



■ Recurring --- Reported



## Selected Banco CTT Balance Sheet indicators

Metric (non consolidated)	Assets (€ million)				Deposits (€ million)		Equity (€ million) / CET 1 (%) (fully implemented)
	Cash & equivalents	Investments	Credit to clients	of which Mortgage	Term	Sight	
<b>30-Jun-18</b>	<b>267.7</b>	<b>401.5</b>	<b>149.2</b>	<b>131.8</b>	<b>212.6</b>	<b>523.8</b>	<b>99.1 / 32.4%</b>
<b>vs. 30-Jun-17</b>	<b>-1.7%</b>	<b>+115.7%</b>	<b>+358.3%</b>	<b>&gt;&gt;</b>	<b>+23.6%</b>	<b>+107.6%</b>	<b>+13.2% / -17.5p.p.</b>

<sup>1</sup> Payshop business migrated to Banco CTT Business Unit in Jan-18 (proforma figures presented for 1H17).

<sup>2</sup> Consumer credit & credit cards sold in partnership with BNP Paribas Personal Finance (Cetelem). The 1H17 revenues included a fixed commission fee of €0.8m from an insurance provider for the launch of sale of insurance products.

<sup>3</sup> Amount outside CTT's Balance Sheet, representing the amount of credit placed in 1H18, in partnership with BNP Paribas Personal Finance (Cetelem).

Branches (#)  
**212**

Current accounts  
**c. 285k**  
(+c.59k in 1H)

Customers (#)  
**> 350**  
thousand

Deposits  
**€736.4m**

Consumer credit <sup>3</sup>  
**€18.8m**





# Appendix

# CONSOLIDATED RESULTS



€ million	Reported		Recurring <sup>1</sup>		Reported with Banco CTT under equity method <sup>2</sup>	
	1H17	1H18	1H17	1H18	1H17	1H18
Revenues	352.1	355.1	352.1	355.1	346.8	348.0
Operating costs	306.4	324.1	299.5	309.1	292.2	308.3
<b>EBITDA</b>	<b>45.7</b>	<b>31.0</b>	<b>52.6</b>	<b>46.1</b>	<b>54.6</b>	<b>39.8</b>
<b>EBITDA margin</b>	<b>13.0%</b>	<b>8.7%</b>	<b>14.9%</b>	<b>13.0%</b>	<b>15.7%</b>	<b>11.4%</b>
Depreciations, amortisations, impairments & provisions	-15.2	-16.7	-14.2	-14.5	13.8	15.3
<b>EBIT</b>	<b>30.6</b>	<b>14.3</b>	<b>38.4</b>	<b>31.6</b>	<b>40.8</b>	<b>24.5</b>
Financial income / (costs)	-2.4	-2.8	-2.4	-2.8	-2.4	-2.8
Associated companies - gains / (losses)	0.0	0.1	0.0	0.1	-8.2	-7.9
<b>Earnings before taxes (EBT)</b>	<b>28.2</b>	<b>11.7</b>	<b>36.0</b>	<b>28.9</b>	<b>30.3</b>	<b>13.9</b>
Income tax for the period	10.5	5.4	9.7	7.7	-12.6	-7.6
Non-controlling interests	-0.05	0.03	-0.05	0.03	-0.05	0.03
<b>Net profit attributable to equity holders</b>	<b>17.7</b>	<b>6.3</b>	<b>26.4</b>	<b>21.1</b>	<b>17.7</b>	<b>6.3</b>

<sup>1</sup> Recurring net profit excludes non-recurring revenues and costs and considers the theoretical (nominal) tax rate of CTT.

<sup>2</sup> Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures presented for 1H17).

# BALANCE SHEET



€ million	CTT		With Banco CTT under equity method <sup>1</sup>	
	31-Dec-17	30-Jun-18	31-Dec-17	30-Jun-18
Non-current assets	678.5	867.1	413.4	415.2
Current assets	930.3	925.5	557.3	620.6
<b>Assets</b>	<b>1,608.8</b>	<b>1,792.6</b>	<b>970.7</b>	<b>1,035.7</b>
Equity	184.0	131.8	184.0	131.8
Liabilities	1,424.8	1,660.8	786.8	904.0
Non-current liabilities	282.7	272.2	282.7	272.1
Current liabilities	1,142.0	1,388.6	504.1	631.8
<b>Equity and Liabilities</b>	<b>1,608.8</b>	<b>1,792.6</b>	<b>970.7</b>	<b>1,035.7</b>

<sup>1</sup> Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures presented for Dec-17).

# €15.1M OF NON-RECURRING ITEMS AFFECTING EBITDA IN 1H18, €13.7M OF WHICH RELATED TO THE OPERATIONAL TRANSFORMATION PLAN



€ million	Non-recurring items		
	1H17	1H18	
<b>Recurring EBITDA</b>	<b>52.6</b>	<b>46.1</b>	
<b>Non-recurring items affecting EBITDA</b>	<b>6.9</b>	<b>15.1</b>	
Other operating income	0.0	0.01	
Staff costs	2.9	13.3	€13.2m of indemnities related to the Operational Transformation Plan
ES&S & other op. costs	4.0	1.7	€1.3m of strategic studies, €0.5m of which related to the Operational Transformation Plan
<b>Reported EBITDA</b>	<b>45.7</b>	<b>31.0</b>	
<b>Recurring EBIT</b>	<b>38.4</b>	<b>31.6</b>	
<b>Non-recurring costs affecting only EBIT</b>	<b>1.0</b>	<b>2.2</b>	
Provisions (reinforcements / reductions)	-0.1	1.7	€1.4m provision related to the Spanish Competition Authority fine
Impairments and D&A (losses / reductions)	1.1	0.4	
<b>Non-recurring items affecting EBITDA &amp; EBIT</b>	<b>7.9</b>	<b>17.2</b>	
<b>Reported EBIT</b>	<b>30.6</b>	<b>14.3</b>	



# CTT Investor Relations

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## Upcoming Events:

- > **7 September – Lisbon – CaixaBank BPI Iberian Conference**
- > **13 September – London – J.P. Morgan Small / Mid-cap Conference**
- > **14 September – Paris – Kepler Cheuvreux Autumn Conference**