



ctt

9M 2018 Results Presentation

30 October 2018

Disclaimer



DISCLAIMER

This document has been prepared by CTT – Correios de Portugal, S.A. (the “Company” or “CTT”) exclusively for use during the presentation of the 3rd quarter 2018 results. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason or purpose without the express and prior written consent of CTT. This document (i) may contain summarised information and be subject to amendments and supplements, and (ii) the information contained herein has not been verified, reviewed nor audited by any of the Company’s advisors or auditors. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any of the information contained in this document. Consequently, the Company does not assume liability for this document if it is used for a purpose other than the above. No express or implied representation, warranty or undertaking is made as to, and no reliance shall be placed on, the accuracy, completeness or correctness of the information or the opinions or statements expressed herein. Neither the Company nor its subsidiaries, affiliates, directors, employees or advisors assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents. Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement.

This document has an informative nature and does not constitute, nor must it be interpreted as, an offer to sell, issue, exchange or buy any financial instruments (namely any securities issued by CTT or by any of its subsidiaries or affiliates), nor a solicitation of any kind by CTT, its subsidiaries or affiliates. Distribution of this document in certain jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. Moreover, the recipients of this document are invited and advised to consult the public information disclosed by CTT on its website (www.ctt.pt) as well as on the Portuguese Securities Exchange Commission’s website (www.cmvm.pt). In particular, the contents of this presentation shall be read and understood in light of the financial information disclosed by CTT, through such means, which prevail in regard to any data presented in this document. By attending the meeting where this presentation is made and reading this document, you agree to be bound by the foregoing restrictions.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. All the statements herein which are not historical facts, including, but not limited to, statements expressing our current opinion or, as applicable, those of our directors regarding the financial performance, the business strategy, the management plans and objectives concerning future operations and investments are forward-looking statements. Statements that include the words “expects”, “estimates”, “foresees”, “predicts”, “intends”, “plans”, “believes”, “anticipates”, “will”, “targets”, “may”, “would”, “could”, “continues” and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements included herein involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results, performance or achievements to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the results of our operations, growth strategy and liquidity, and the wider environment (specifically, market developments, investment opportunities and regulatory conditions).

Although CTT believes that the assumptions beyond such forward-looking statements are reasonable when made, any third parties are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of CTT, what could cause the models, objectives, plans, estimates and/or projections to be materially reviewed and/or actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements (in particular, the objectives, estimates and projections as well as the corresponding assumptions) do neither represent a commitment regarding the models and plans to be implemented, nor are they guarantees of future performance, nor have they been reviewed by the auditors of CTT. You are cautioned not to place undue reliance on the forward-looking statements herein.

All forward-looking statements included herein speak only as at the date of this presentation. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



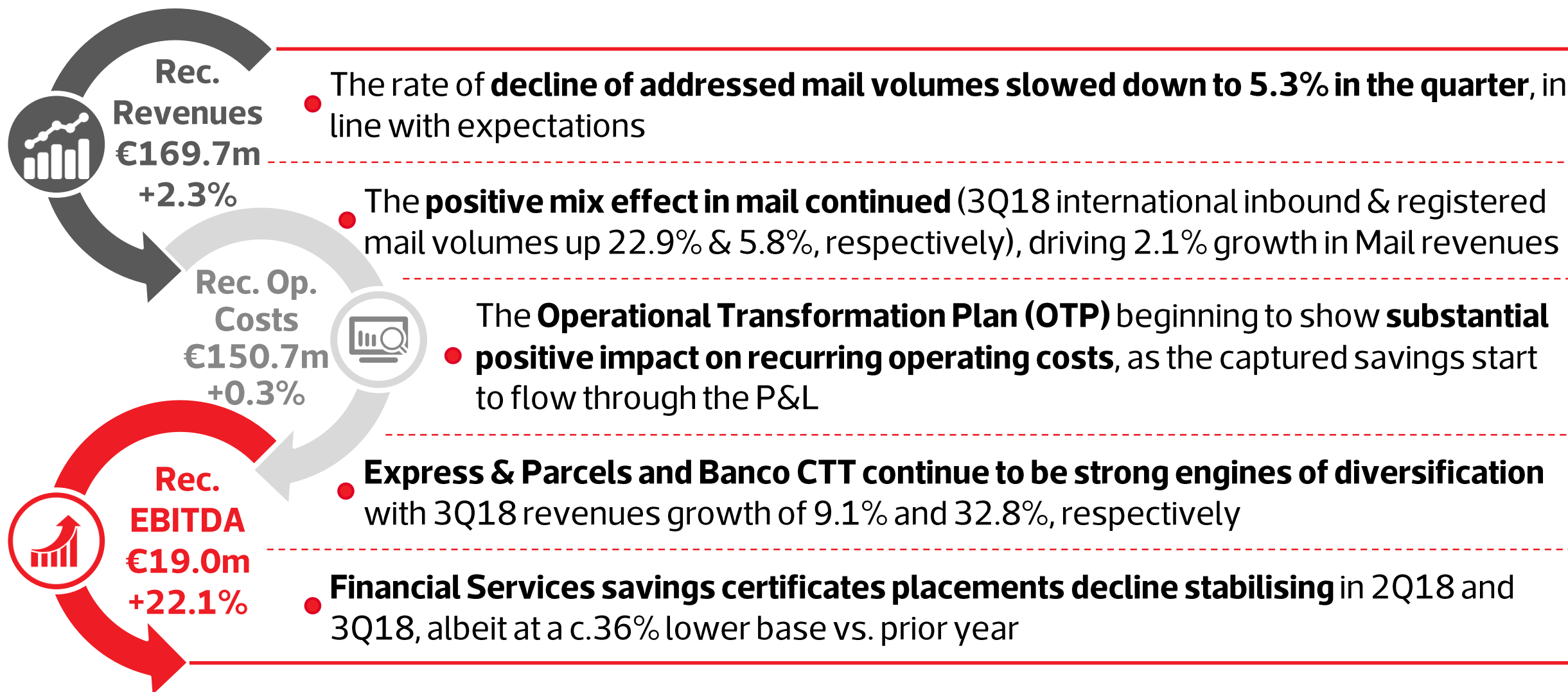
ctt

1. Key Highlights

2. Key Financials

3. Business Units

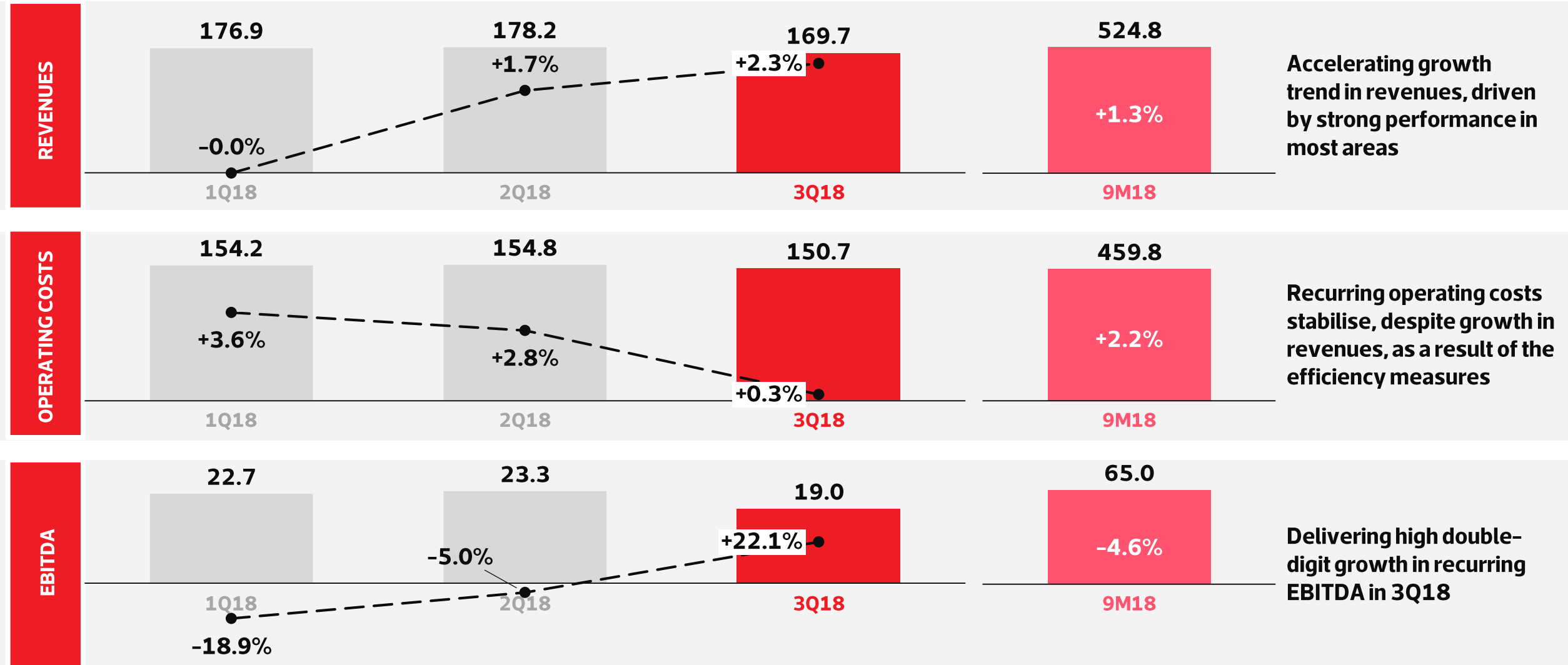
STRONG 3Q18 PERFORMANCE, RESULTING FROM SOLID PROGRESS IN MAIL AND CONTINUED EXPANSION IN THE GROWTH LEVERS



KEY FINANCIAL INDICATORS REGISTER FURTHER ACCELERATION OF THE IMPROVEMENT TRENDS OBSERVED IN 1H18



Key recurring¹ financials; € million; % change vs. prior year



¹ Excluding non-recurring items affecting EBITDA of €8.9m in 9M17 and €19.3m in 9M18.






9M18 NET PROFIT IMPACTED BY RESTRUCTURING COSTS RELATED TO THE OPERATIONAL TRANSFORMATION PLAN, DESPITE A SOLID IMPROVEMENT IN THE QUARTER



Financial and operational performance

€ million, except when otherwise indicated

Financial indicators	Quarter			9 months		
	3Q17	3Q18	Δ%	9M17	9M18	Δ%
Recurring revenues¹	165.9	169.7	+2.3%	518.0	524.8	+1.3%
Recurring operating costs ¹	150.3	150.7	+0.3%	449.8	459.8	+2.2%
Recurring EBITDA¹	15.5	19.0	+22.1%	68.1	65.0	-4.6%
Reported EBITDA	13.5	14.8	+9.3%	59.3	45.8	-22.7%
Reported Net Profit	1.8	3.6	+106.4%	19.5	9.9	-49.3%
Recurring Net Profit ²	2.6	5.8	+120.0%	25.6	21.7	-15.0%

	 Addressed mail (million items)	 Unaddressed mail (million items)	 Parcels (million items)	 Savings & insurance flows (€ million)	 BCTT credit to clients (€ million)
3Q18 volumes	158.4	105.6	9.1	907.8	52.5
vs. 3Q17	-5.3%	-20.8%	+7.9%	-30.1%	>>

¹ Excluding non-recurring items affecting EBITDA of €8.9m in 9M17 and €19.3m in 9M18.

² Recurring Net profit excludes non-recurring revenues and costs and considers the effective tax rate of CTT for the period.

SAVINGS CAPTURED BY THE OPERATIONAL TRANSFORMATION PLAN INITIATIVES BECOMING VISIBLE THROUGH THE P&L



Total recurring operating cost savings

€13.8m initial FY18 savings objective exceeded



€9.0m

9M18 savings realised (though the P&L)

€14.2m

FY18 savings secured¹

The remaining secured savings to be realised in 4Q18



Total non-recurring revenues / capital gain

€5.2m initial FY18 capital gain objective exceeded



€0.1m

9M18 capital gain realised

€8.6m

FY18 capital gain secured

Sale with €8.5m pre-tax capital gain expected to conclude in 4Q18



Total non-recurring costs

€16.3m

9M18 non-recurring costs related to OTP

€20.0m

FY18 guidance

¹FY18 estimated recurring operating cost savings, taking into account initiatives implemented until 30 September 2018.



ctt

1. Key Highlights

2. Key Financials

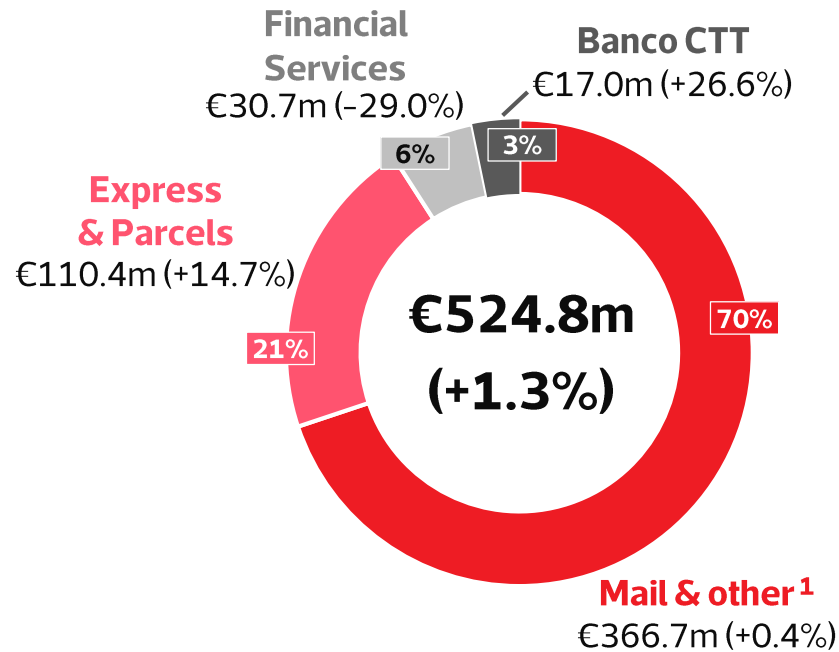
3. Business Units

POSITIVE EVOLUTION IN THE GROWTH LEVERS MORE THAN OFFSETS THE DECLINE OF FINANCIAL SERVICES REVENUES



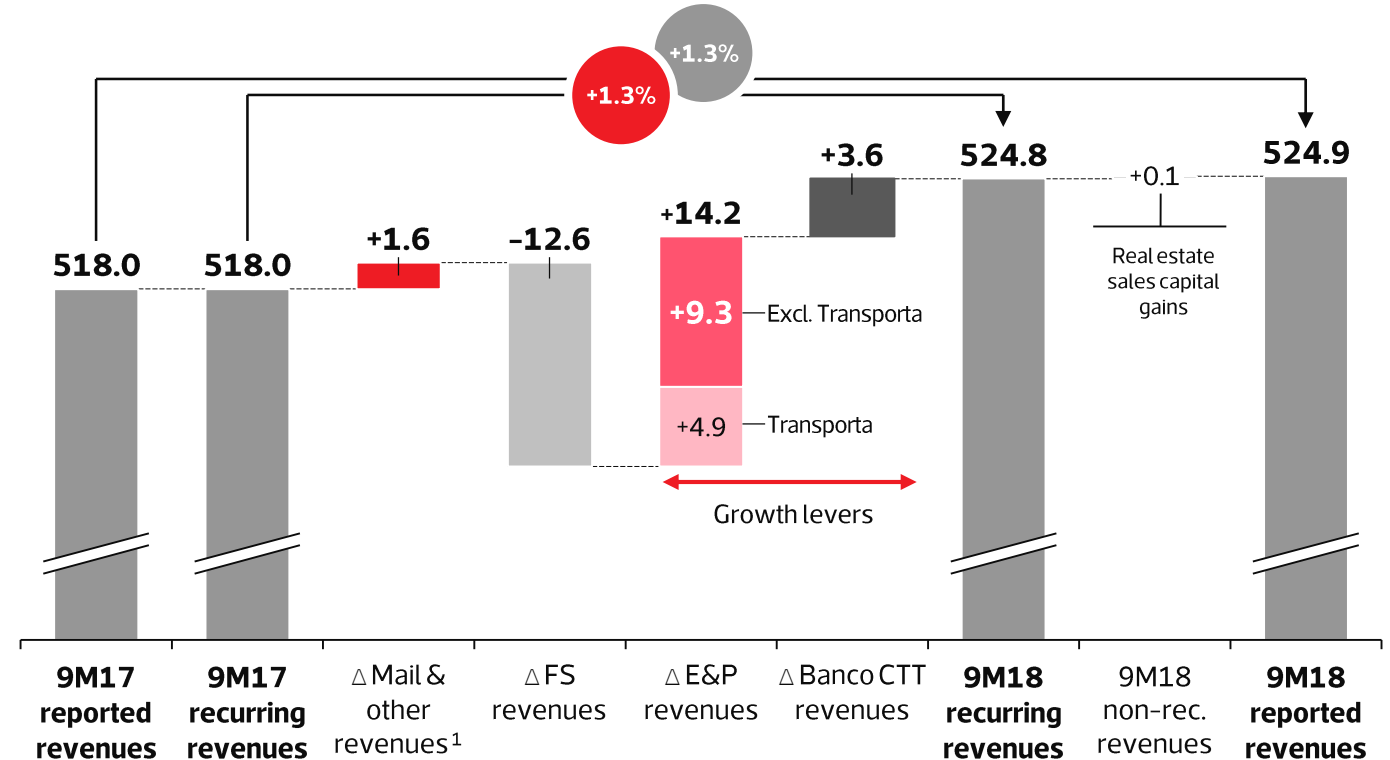
Recurring revenues

9M18; € million; % change vs. prior year; % of total



Revenues breakdown

€ million



X% % of total

- The impact of **7.1% addressed mail volumes decline** on Mail revenues **was offset by 3.9% effective average price increase** and **very strong positive mix effect** (growth in international inbound mail of €9.6m & registered mail of €3.4m). The €1.6m increase in lottery sales (partially suspended in 2017) also contributed positively
- **Solid growth of E&P revenues in Portugal & other (16.7%, 9.2% excl. Transporta) & in Spain (11.6%). Banco CTT revenues grew** mainly due to **net interest margin expansion**
- **47.7% decline in subscriptions led to €12.4m drop (-51.9%) in the revenues from public debt products**, the principal driver of the decrease in Financial Services revenues

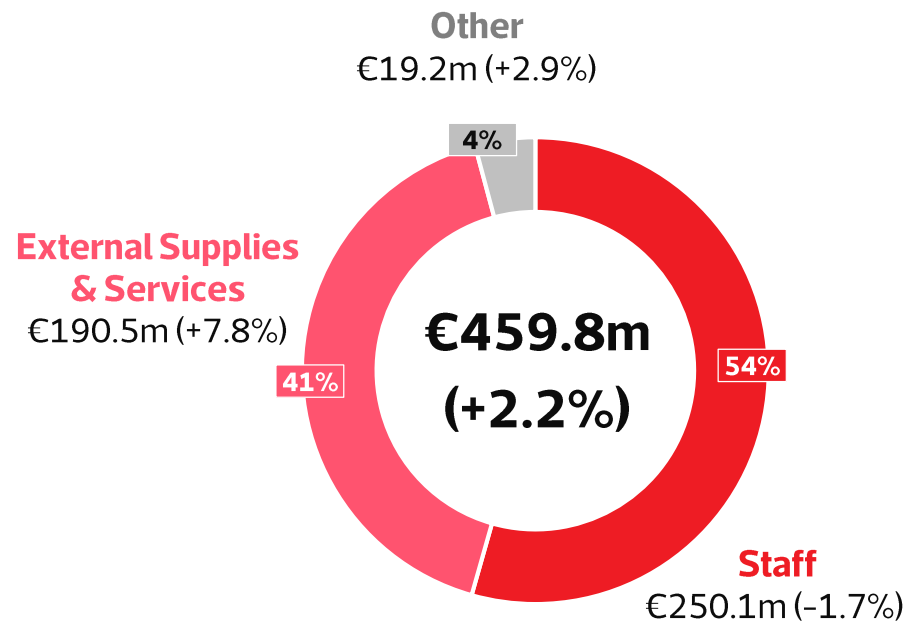
¹ Including income related to CTT Central Structure and Intragroup Eliminations amounting to -€28.4m in 9M17 and -€30.2m in 9M18.

THE RECURRING OPERATING COSTS INCREASE IN GROWTH-RELATED AREAS, WHILE THE OPERATIONAL TRANSFORMATION PLAN INITIATIVES EXERT POSITIVE INFLUENCE ON MAIL COSTS



Recurring operating costs

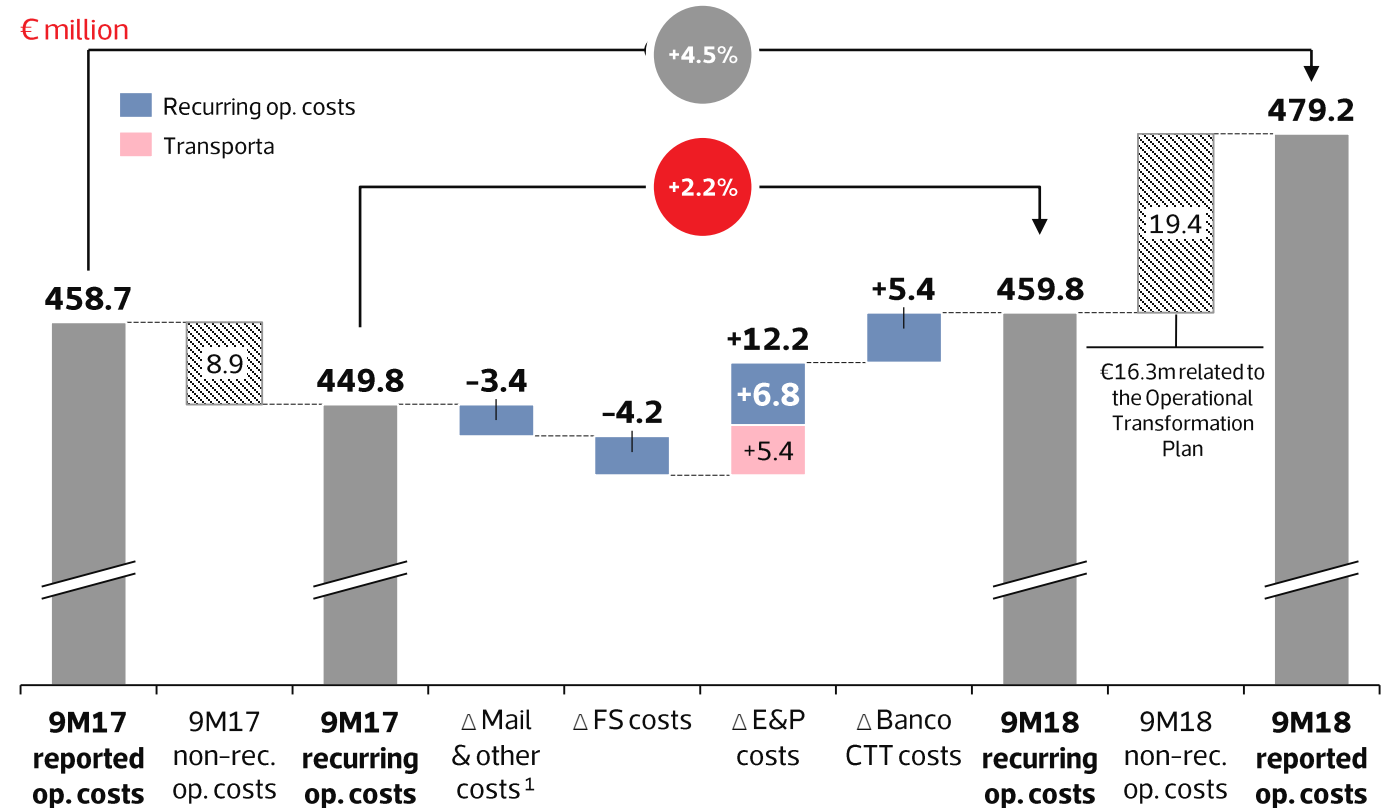
9M18; € million; % change vs. prior year; % of total



X% % of total

Operating costs breakdown

€ million



- **Recurring ES&S costs increased by €13.7m** of which €9.8m and €1.3m related to an increase in transport & distribution costs and fleet renovation, respectively, while €1.8m in savings were realised with a renegotiation of IT outsourcing contracts
- **Recurring Staff costs declined €4.3m** as the **OTP initiatives more than offset the salary increase** (€2.0m impact in 9M18) negotiated with the unions
- The large majority (**€15.8m**) of the non-recurring operating costs related to the **OTP** were **indemnities** associated with negotiated staff exits

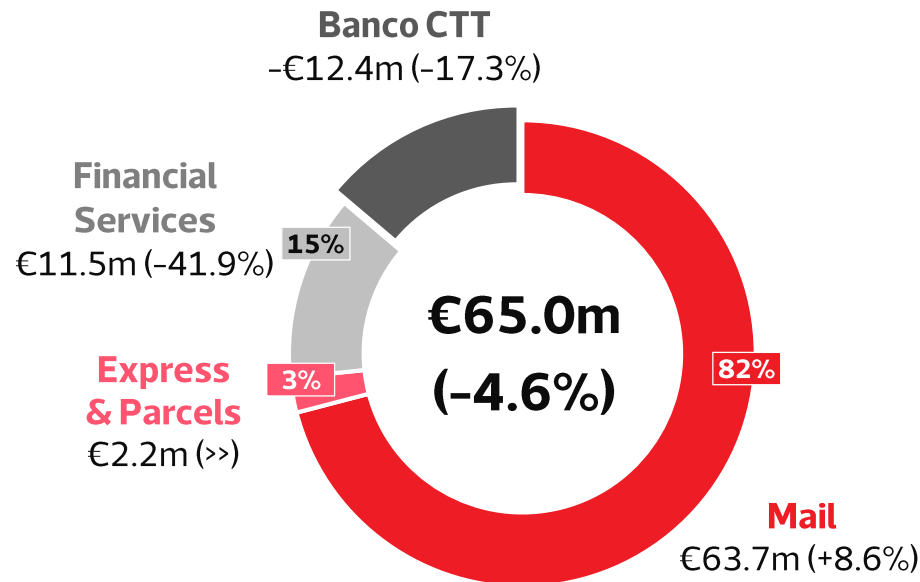
¹ Including costs related to CTT Central Structure and Intragroup Eliminations amounting to -€28.4m in 9M17 and -€30.2m in 9M18.

THE 9M18 RECURRING EBITDA PERFORMANCE REFLECTS AN IMPROVING UNDERLYING TREND



Recurring EBITDA

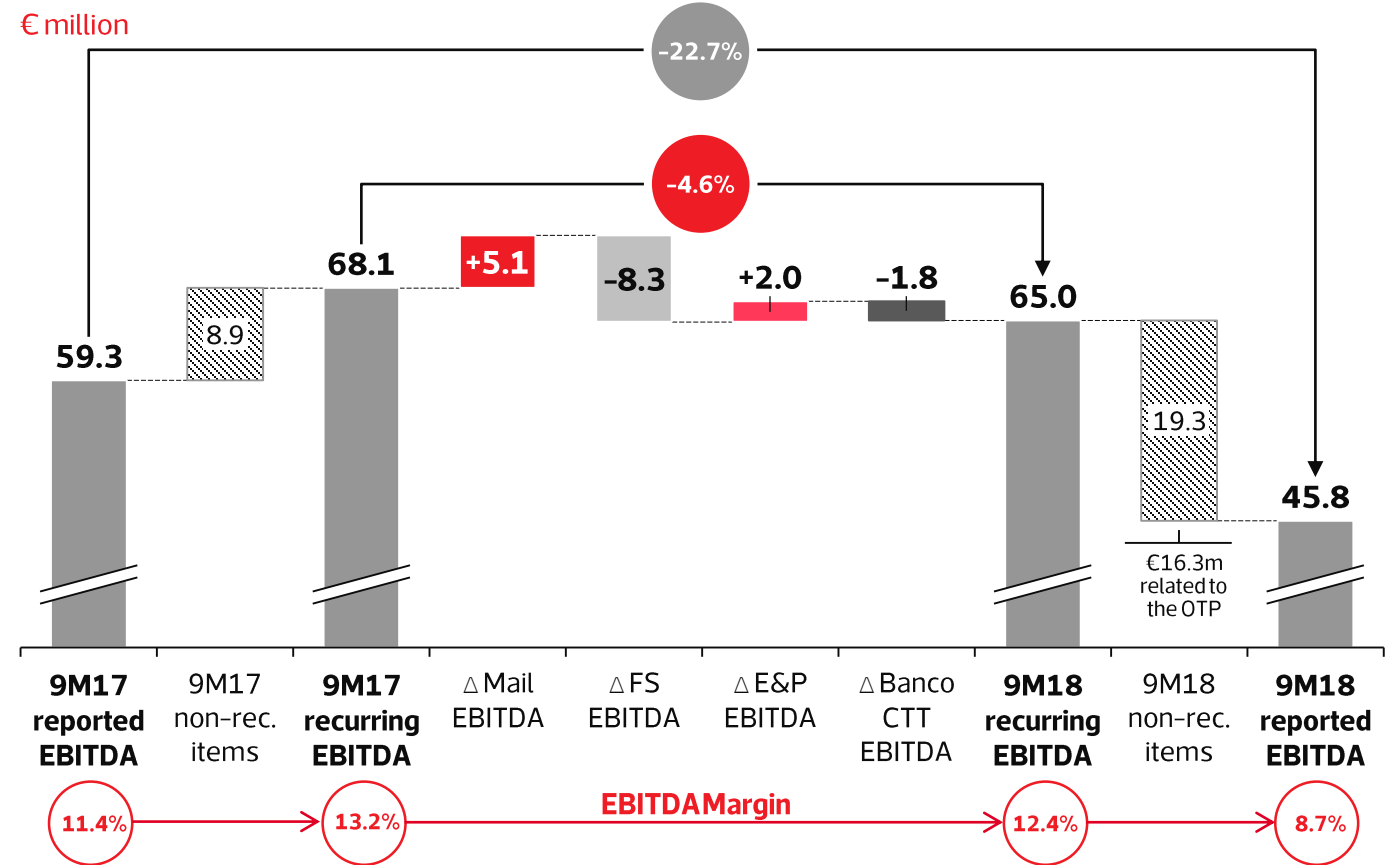
9M18; € million; % change vs. prior year; % of total



X% % of total (excl. Banco CTT)

EBITDA breakdown

€ million



- **Solid EBITDA performance in Mail** as the stabilisation of the recurring cost base & a strong pricing / positive mix effect more than offset the decline in volumes
- **FS EBITDA decreased** due to the decline of **public debt revenues** with high incremental margin. **Banco CTT 9M18 EBITDA declined mainly as a result of higher marketing costs**, although it registered an improvement (1.4%) in 3Q18

OPERATING CASH FLOW GENERATION IMPACTED BY NON-RECURRING ITEMS

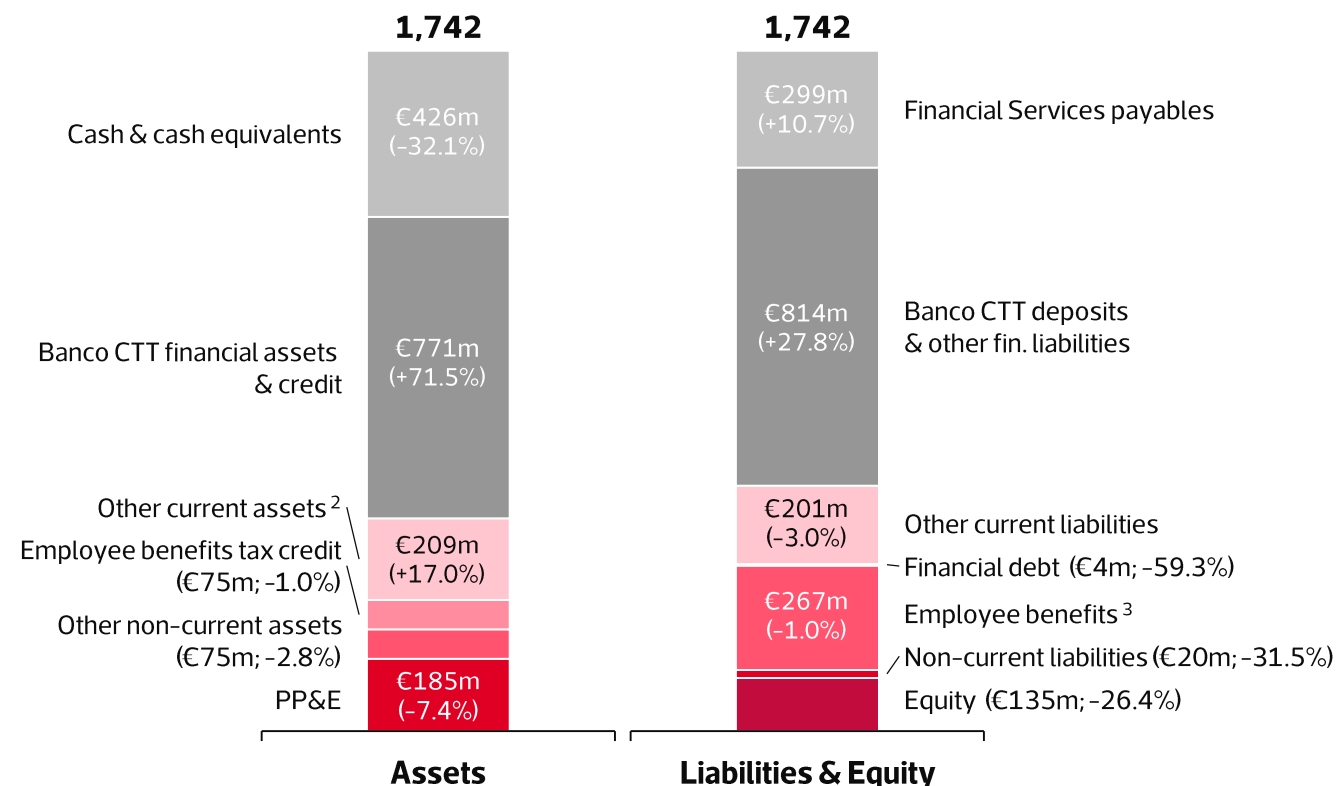
Cash flow

€ million; % change vs. prior year

	Adjusted (Excl. FS float & Banco CTT deposits and financial assets)	
	9M18	Δ%
From operating activities	6.7	-81.0%
Cash flow, excl. Banco CTT	13.8	-71.8%
Banco CTT cash flow	-7.1	+47.5%
From investing activities	-20.2	+12.2%
Capex payments ¹ (excl. BCTT)	-17.5	+21.7%
Banco CTT Capex payments	-4.6	+8.6%
Other	1.9	-56.5%
Operating free cash flow	-13.5	-208.0%
From financing activities	-63.3	+14.7%
of which Dividends	-57.0	+20.8%
Net change in cash	-76.7	-24.5%

Balance sheet – 30 September 2018

€ million; % change vs. 31 December 2017



- **9M18 cash flow from operating activities** impacted by **€25.3m of indemnity payments related to the OTP** (of which €11.5m related to 2017 provisions paid in 2018). Excluding Banco CTT, the operating free cash flow generation was €6.5m in 3Q18
- **Net financial cash** = Cash & cash equivalents of €426m – Net Financial Services payables of €288m – Banco CTT deposits & other fin. liabilities of €814m + Banco CTT fin. assets & credit & other of €773m – ST & LT debt of €4m = **€93m**, of which €61m of Banco CTT's own cash

¹ 9M18 Capex of €11.6m, of which €4.3m related to Banco CTT.

² Including Financial Services receivables of €4m and €11m as at Dec-17 and Sep-18, respectively.

³ Including current and non-current liabilities.



ctt

1. Key Highlights

2. Key Financials

3. Business Units

MAIL: REVENUES GROWTH COUPLED WITH COST REDUCTIONS FROM THE OPERATIONAL TRANSFORMATION PLAN ALLOW FOR THE EXPANSION OF THE RECURRING EBITDA MARGIN



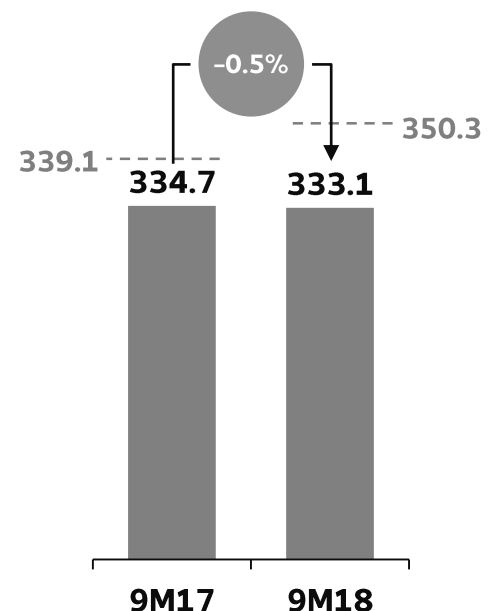
Revenues

9M18; € million; change vs. prior year

- Transactional	€308.7m (+2.5%)
- Advertising	€18.0m (-13.8%)
- Editorial	€11.0m (-6.4%)
- Business Solutions	€7.1m (+12.1%)
- USO Parcels	€4.9m (-8.9%)
- Other	€47.1m (-1.6%)
Total	€396.8m (+0.9%)

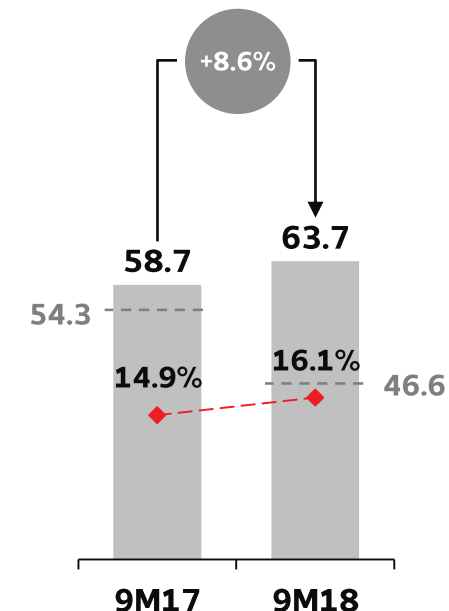
Operating costs

€ million



EBITDA

€ million



Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
9M18	N/D	515.7	445.2	43.1	27.5	316.8
vs. 9M17	+3.9%	-7.1%	-6.3%	-12.8%	-10.5%	-14.0%

FINANCIAL SERVICES: THE DECLINE IN THE HIGH INCREMENTAL MARGIN PUBLIC DEBT PRODUCTS

REVENUES IMPACTED PROFITABILITY



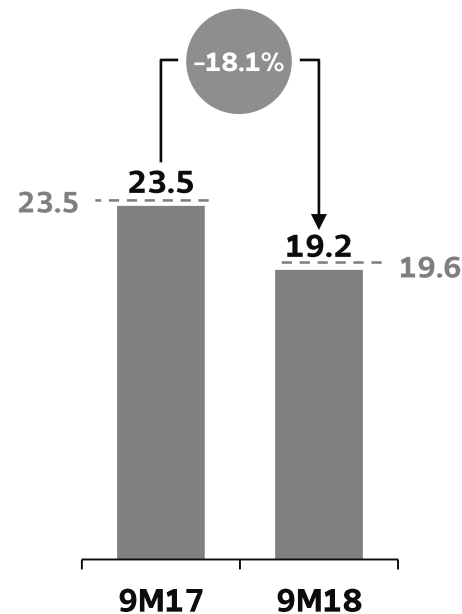
Revenues

9M18; € million; change vs. prior year

- Savings & Insurance	€12.8m (-47.6%)
- Payments	€10.0m (-6.8%)
- Transfers	€6.2m (-12.7%)
- Other	€1.7m (+66.1%)
Total	€30.7m (-29.0%)

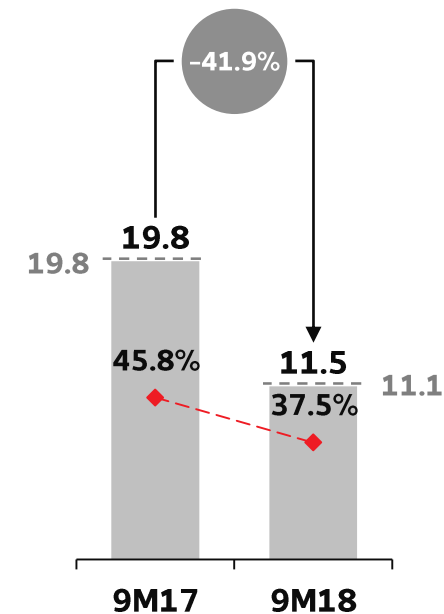
Operating costs

€ million



EBITDA

€ million



■ Recurring --- Reported

■ Recurring --- Reported -◆- Rec. EBITDA Margin

FS volumes by type

Metric	Savings & insurance placements (€bn)	Payments (m ops)	Money orders & transfers (m ops)
9M18	1.8	21.0	11.6
vs. 9M17	-44.8%	-5.3%	-12.7%

EXPRESS & PARCELS: STRONG ENGINE OF DOUBLE-DIGIT VOLUMES AND REVENUES GROWTH, DRIVEN BY E-COMMERCE



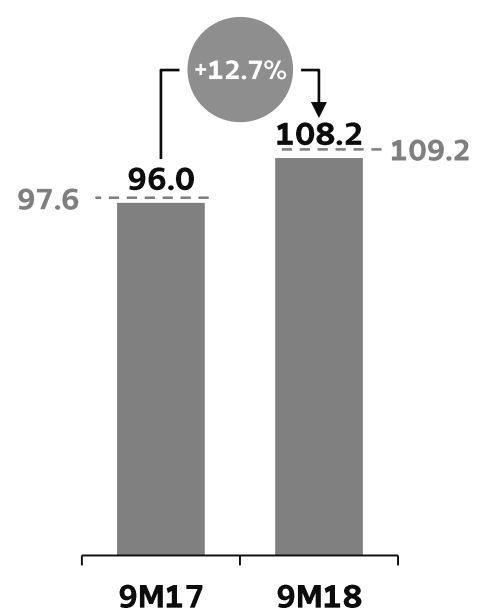
Revenues

9M18; € million; change vs. prior year

- Portugal & other ¹	€68.6m (+16.7%)
- Parcels	€48.9m (+6.9%)
- Cargo & Logistics ²	€11.9m (+77.6%)
- Banking network	€4.7m (+26.2%)
- Other ²	€3.0m (+17.3%)
- Spain	€40.4m (+11.6%)
- Mozambique	€1.4m (+16.2%)
Total	€110.4m (+14.7%)
Total excl. Transporta	€99.8m (+10.2%)

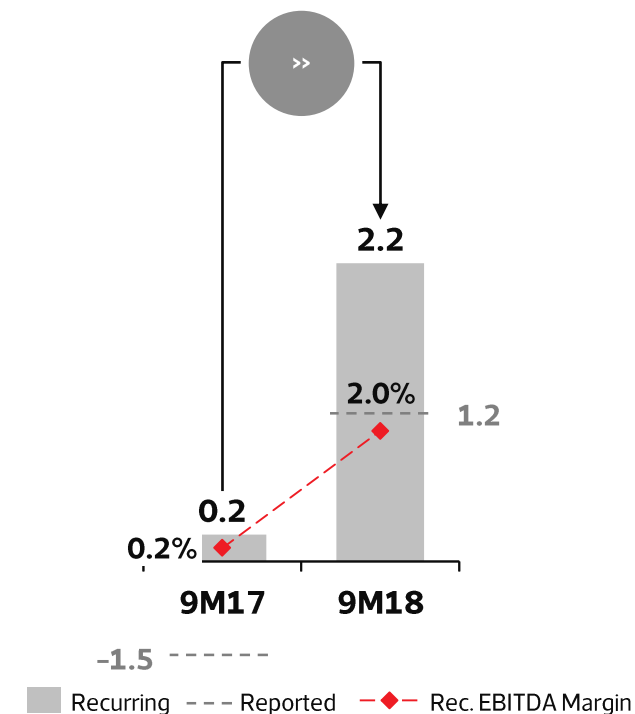
Operating costs

€ million



EBITDA

€ million



E&P volumes by region (m items)

Metric	Total	Portugal	Portugal excl. Transporta	Spain	Mozambique
9M18	27.1	14.4	12.5	12.7	0.05
vs. 9M17	+15.4%	+14.6%	+10.1%	+16.4%	-11.4%

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

²Including Transporta revenues (€10.4m in Cargo & Logistics and €0.2m in Other in 9M18).

BANCO CTT: REVENUES GROWTH DRIVEN BY AN EXPANSION OF THE NET INTEREST MARGIN, AS CREDIT TO CLIENTS AND INVESTMENTS GREW SUBSTANTIALLY



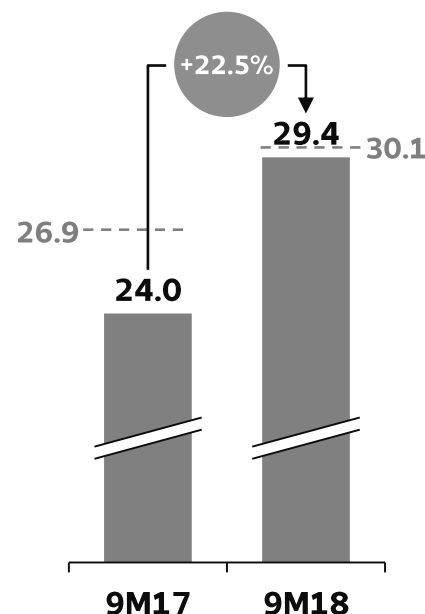
Revenues

9M18; € million; change vs. prior year

- Net interest income	€5.5m (+€3.4m)
- Interest income	€6.0m (+€3.4m)
- Interest expense	€0.5m (-€0.0m)
- Fees & commissions income	€3.5m (+€0.4m)
- Consumer credit ¹ and insurance	€0.9m (-€0.9m)
- Own products	€2.6m (+€1.3m)
- Payshop & other	€8.0m (-€0.2m)
Total	€17.0m (+€3.6m)

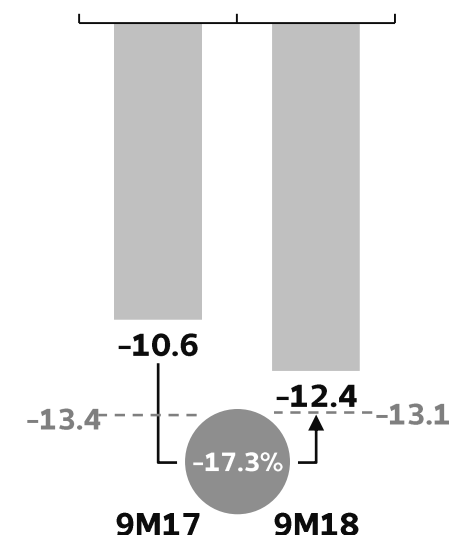
Operating costs

€ million



EBITDA

€ million



Selected Banco CTT Balance Sheet indicators

Metric (non consolidated)	Assets (€ million)				Deposits (€ million)		Equity (€ million) / CET 1 (%)
	Cash & equivalents	Investments	Credit to clients	of which Mortgage	Term (incl. savings)	Sight	(fully implemented)
30-Sep-18	220.3	449.4	201.8	184.1	213.4	576.2	94.7 / 30.4%
vs. 30-Sep-17	-34.3%	+97.4%	+375.8%	>>	+7.2%	+68.8%	+15.5% / -4.6p.p.

Mortgage credit 9M production
€122m
(55m in 3Q)

Consumer credit 9M production²
€30m
(12m in 3Q)

Current accounts
317k
(+91k in 9M)

Deposits
€790m
(+170m in 9M)

¹ Consumer credit & credit cards sold in partnership with BNP Paribas Personal Finance (Cetelem). The 9M17 revenues included a fixed commission fee of €0.8m from an insurance provider for the launch of sale of insurance products.

² Amount outside CTT's Balance Sheet, representing the amount of credit placed in 9M18, in partnership with BNP Paribas Personal Finance (Cetelem).

Appendix

ctt

CONSOLIDATED RESULTS



€ million	Reported		Recurring ¹		Reported with Banco CTT under equity method ²	
	9M17	9M18	9M17	9M18	9M17	9M18
Revenues	518.0	524.9	518.0	524.8	509.8	513.5
Operating costs	458.7	479.2	449.8	459.8	437.1	454.6
EBITDA	59.3	45.8	68.1	65.0	72.7	58.9
EBITDA margin	11.4%	8.7%	13.2%	12.4%	14.3%	11.5%
Depreciations, amortisations, impairments & provisions	22.9	24.6	21.6	23.4	20.7	22.2
EBIT	36.3	21.2	46.5	41.6	52.0	36.7
Financial income / (costs)	-3.7	-4.1	-3.7	-4.1	-3.7	-4.1
Associated companies - gains / (losses)	0.0	0.1	0.0	0.1	-12.5	-12.2
Earnings before taxes (EBT)	32.6	17.2	42.8	37.6	35.7	20.4
Income tax for the period	13.2	7.2	17.4	15.9	16.4	10.5
Non-controlling interests	-0.1	0.0	-0.1	0.0	-0.1	0.0
Net profit attributable to equity holders	19.5	9.9	25.6	21.7	19.5	9.9

¹ Recurring Net profit excludes non-recurring revenues and costs and considers the effective tax rate of CTT for the period.

² Payshop migrated to Banco CTT business unit in Jan-18 (proforma figures presented for 9M17).

BALANCE SHEET



€ million	CTT		With Banco CTT under equity method ¹	
	31-Dec-17	30-Sep-18	31-Dec-17	30-Sep-18
Non-current assets	678.5	961.6	413.4	405.5
Current assets	930.3	780.4	557.3	516.1
Assets	1,608.8	1,742.0	970.7	921.6
Equity	184.0	135.4	184.0	135.4
Liabilities	1,424.8	1,606.6	786.8	786.2
Non-current liabilities	282.7	271.2	282.7	271.2
Current liabilities	1,142.0	1,335.4	504.1	515.0
Equity and Liabilities	1,608.8	1,742.0	970.7	921.6

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

CASH FLOW STATEMENT



€ million; % change vs. prior year

	Reported			Adjusted ¹ (Excl. FS float & Banco CTT deposits and fin. assets)		
	9M17	9M18	Δ%	9M17	9M18	Δ%
From operating activities	289.8	89.7	-69.1%	35.5	6.7	-81.0%
Cashflow excl. FS & Banco CTT				49.0	13.8	-71.8%
Banco CTT cash flow				-13.5	-7.1	47.5%
From investing activities	-212.7	-202.6	4.8%	-23.0	-20.2	12.2%
Capex payments (excl. BCTT)	-22.3	-17.5	21.7%	-22.3	-17.5	21.7%
Banco CTT Capex payments	-5.1	-4.6	8.6%	-5.1	-4.6	8.6%
Banco CTT financial assets ²	-189.7	-182.4	3.8%			
Other	4.3	1.9	-56.5%	4.3	1.9	-56.5%
Operating free cash flow	77.1	-112.9	-246.4%	12.5	-13.5	-208.0%
From financing activities	-74.2	-63.3	14.7%	-74.2	-63.3	14.7%
of which Dividends	-72.0	-57.0	20.8%	-72.0	-57.0	20.8%
Other³	43.6	-24.8	-156.9%	0.1	0.0	-100.0%
Net change in cash	46.5	-201.0	-531.9%	-61.6	-76.7	-24.5%

Impacted by €25.3m of indemnities payments related to the OTP

¹ Cash flow from operating and investing activities excluding changes in Net Financial Services payables and the following items from the Cash flow statement, all of them relating to the 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 the Bank of Portugal" and "Other banking financial assets".

² Including Investment securities and other banking financial assets held by Banco CTT.

³ These figures were not considered under Cash and equivalents in the Cash flow statement. However, they are included in Cash and equivalents on the Balance Sheet. These amounts correspond to the change in sight deposits at the Bank of Portugal, outstanding cheques of Banco CTT / clearing of cheques of Banco CTT, and impairment of sight and term deposits.

NON-RECURRING ITEMS AFFECTING EBITDA & EBIT



€million

	Non-recurring items		
	9M17	9M18	
Recurring EBITDA	68.1	65.0	
Non-recurring items affecting EBITDA	8.9	19.3	
Revenues	0.0	0.1	€15.8m indemnities related to the Operational Transformation Plan
Staff costs	3.0	16.0	
ES&S & other op. costs	5.9	3.4	€2.1m of strategic studies, €0.5m of which related to the Operational Transformation Plan
Reported EBITDA	59.3	45.8	
Recurring EBIT	46.5	41.6	
Non-recurring costs affecting only EBIT	1.3	1.2	
Provisions (reinforcements / reductions)	-0.3	1.1	€1.4m provision related to Spanish Competition Authority charge
Impairments and D&A (losses / reductions)	1.5	0.1	
Non-recurring items affecting EBITDA & EBIT	10.2	20.5	
Reported EBIT	36.3	21.2	



CTT Investor Relations

Contacts:

Phone: +351 210 471 087

E-mail: investors@ctt.pt

Upcoming Events

- > 6 November – Madrid – Roadshow with Haitong
- > 12 December – London – ESN Conference