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1H19
RESULTS



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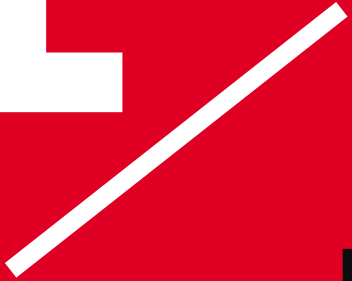
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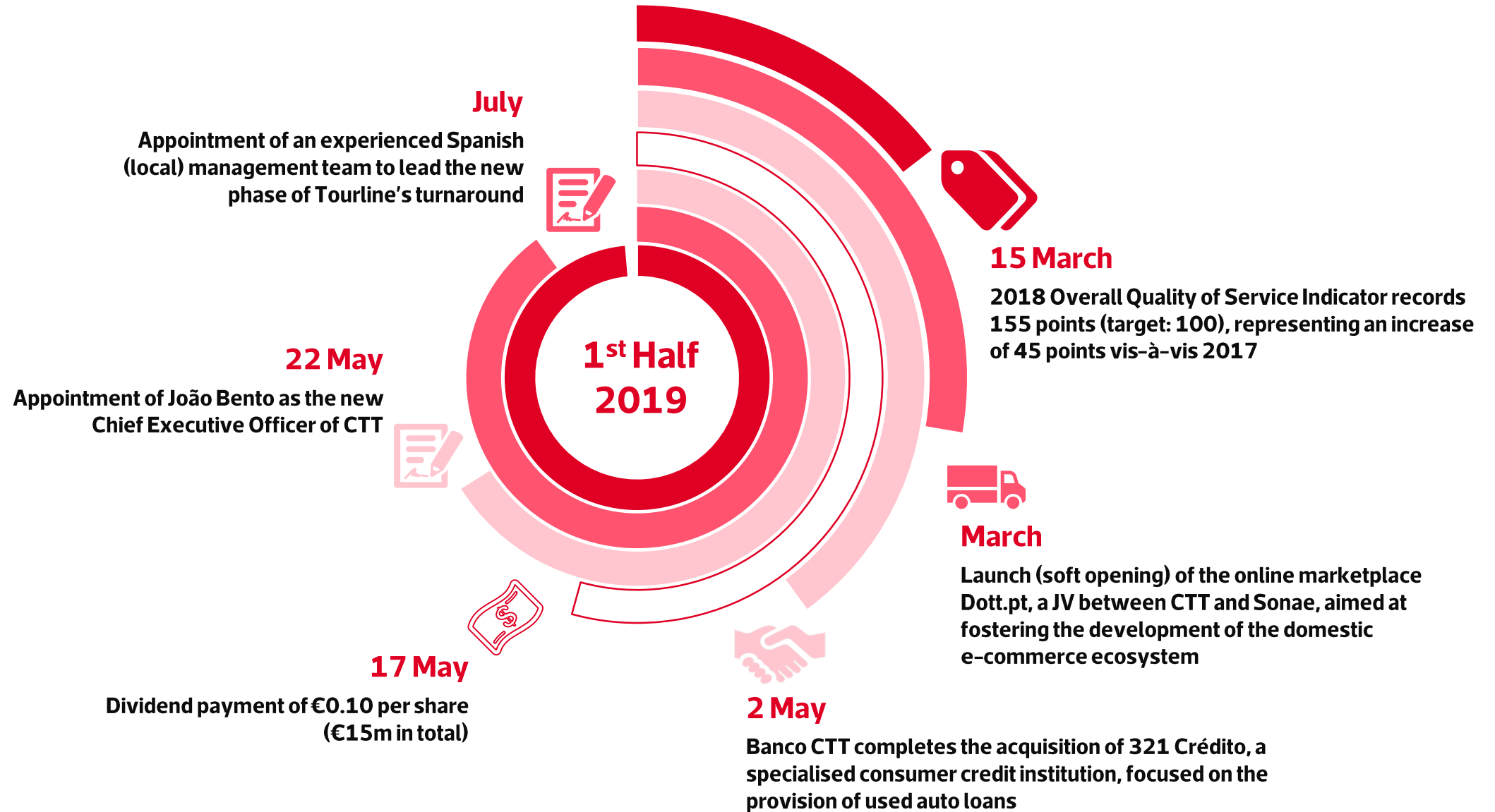
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1



highlights

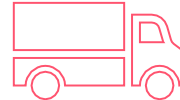
1H19 registered several important milestones, aimed at strengthening the Company and enhancing its growth potential



Transformational 2Q19 for Banco CTT with the integration of 321 Crédito, volumes advancing well in savings placements, recovering in mail and domestic parcels



Addressed mail volumes decline of -9.1% (-6.1% adjusted for 2 less working days), an improvement on the decline of -11.3% in 1Q19



Express & Parcels volumes begin to recover in Portugal (+5.9%). Spain impacted by the full loss of a large customer from 1 April



Transformational quarter for the Banco CTT business unit¹ with the integration of 321 Crédito



Savings & insurance placements continue to grow strongly (+37.5%), from a higher base



Operational Transformation Plan FY19 operating costs savings objective practically secured (€14.2m of savings vs €15.0m plan)



Net financial cash position impacted by the closing of the 321 Crédito acquisition and the dividend payment

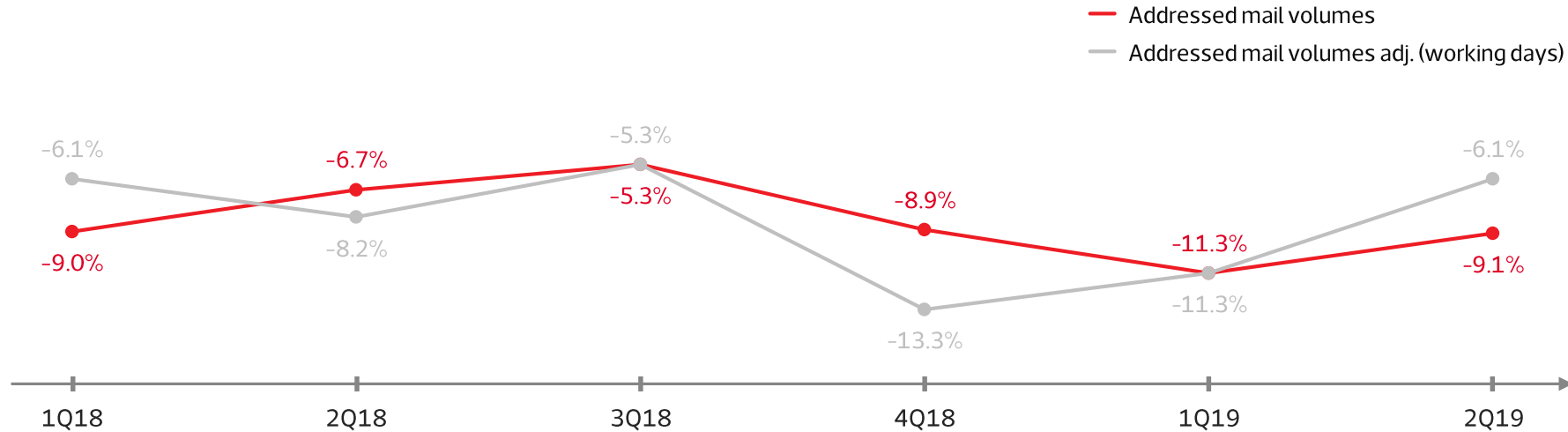
¹Banco CTT business unit includes Banco CTT, 321 Crédito, Payshop & payments.

Seasonal effects impacted the addressed mail volumes evolution in 1H19; parcels volumes begin to recover in Portugal



Addressed mail volumes

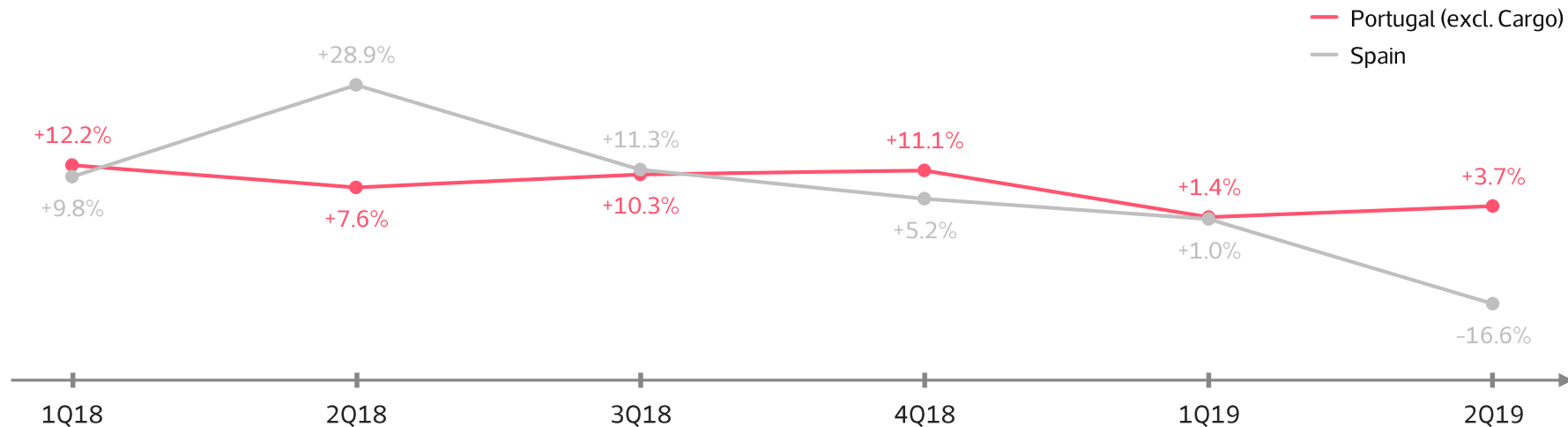
(change vs prior year)



Addressed mail volumes affected by 2 less working days in the period; better seasonal and comparison factors are expected in the second half of the year

Parcels volumes

(% change vs prior year)

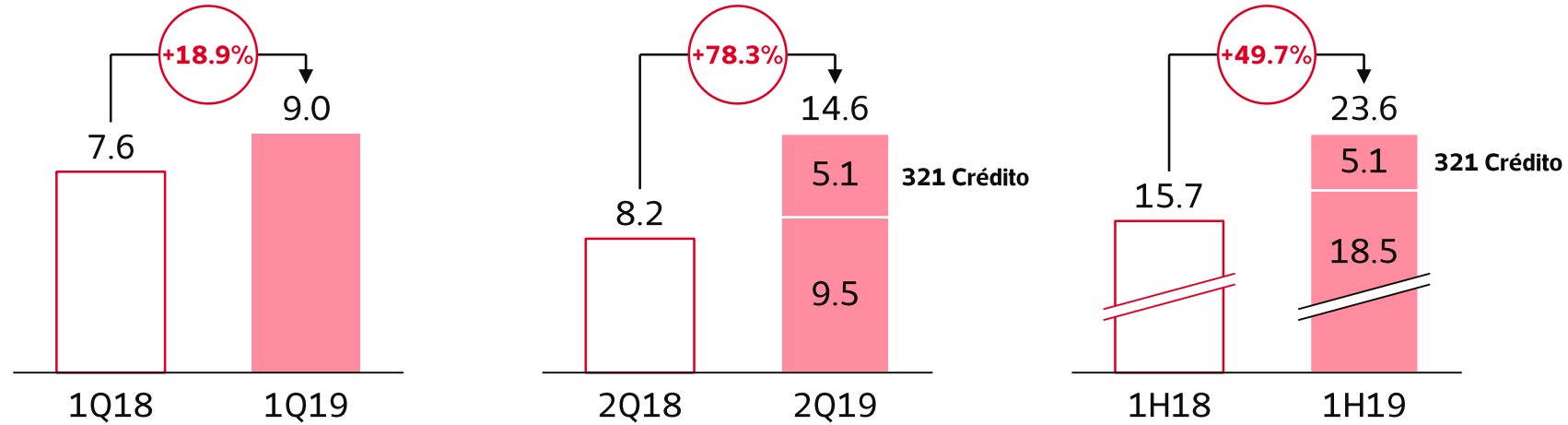


Portugal parcels volumes begin to recover in 2Q19 after an uncharacteristically weak 1Q19. Spain is impacted by the full loss of a large customer (excluding this effect volumes would have grown +9.1% in 1H19)

The 321 Crédito acquisition spurs a new growth phase for Banco CTT; public debt products placements continue at a robust pace

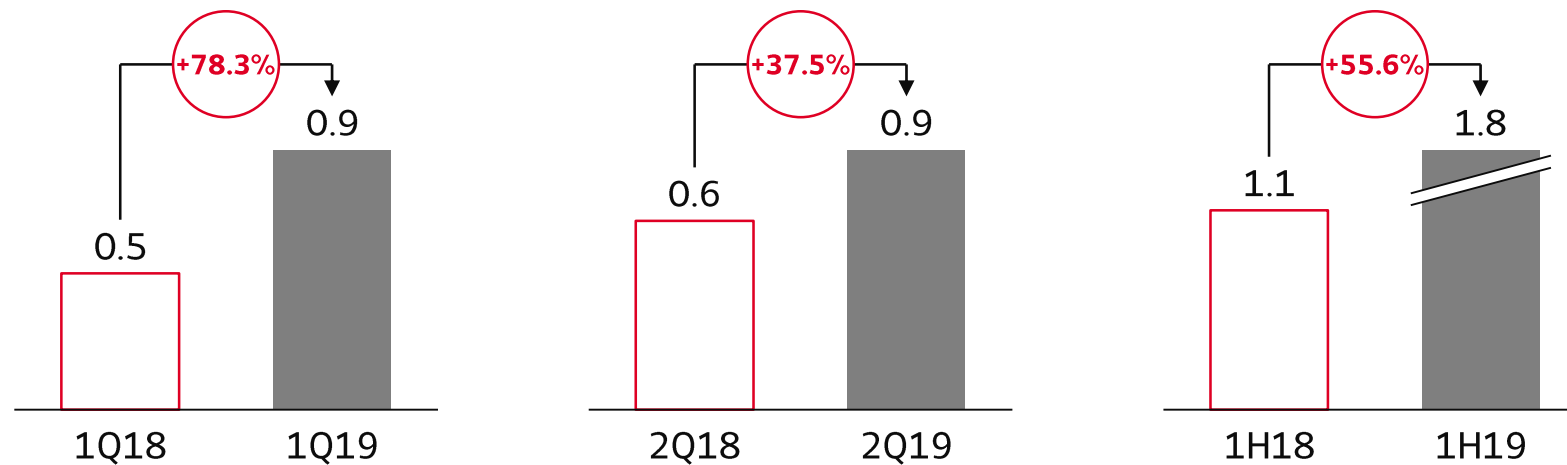


Banco CTT revenues (€m; % change vs prior year)



Banco CTT business unit revenues growth underpinned by organic developments and the inorganic contribution from 321 Crédito in 2Q19

Savings & insurance placements (€bn; % change vs prior year)



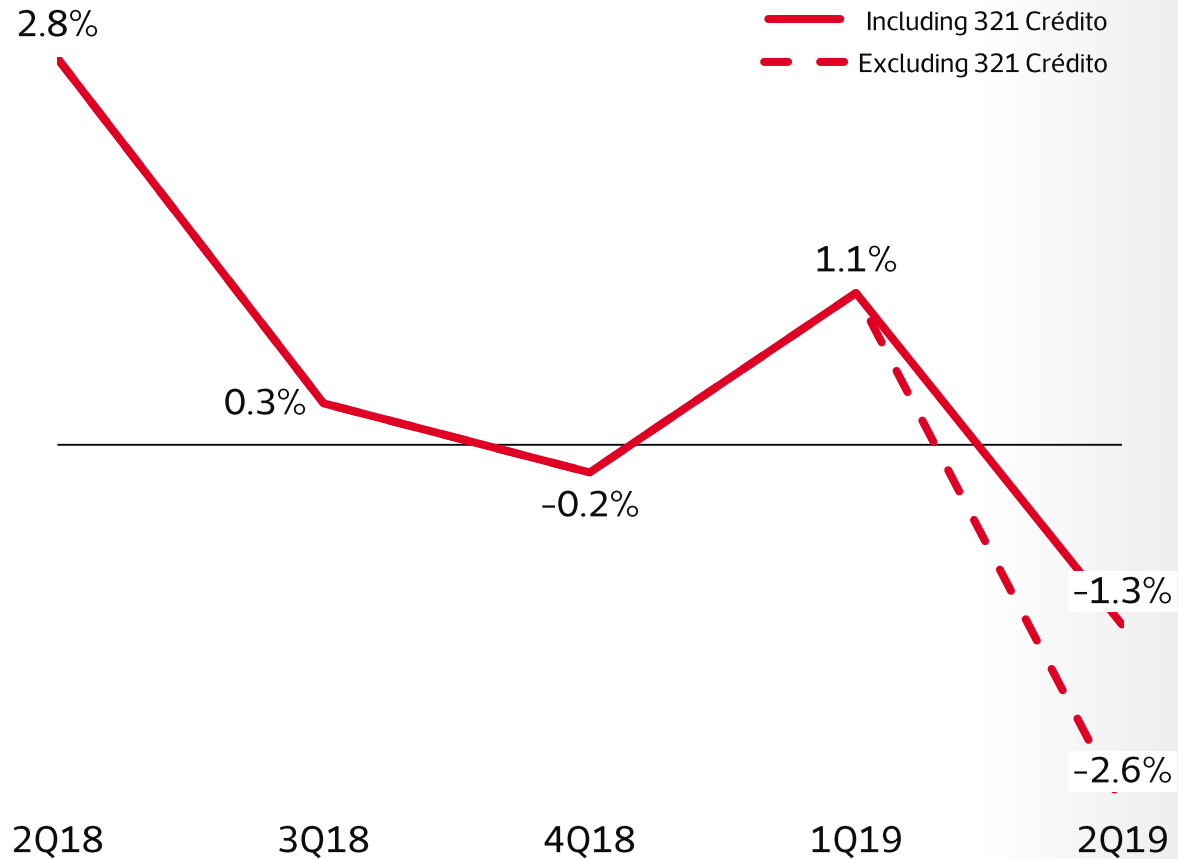
Strong public debt product placements growth continues, already from a higher base in 2Q19

The successful execution of the Operational Transformation Plan starts to manifest itself in the evolution of the operating costs



Operating costs evolution ¹

(% change vs prior year)



- Operational Transformation Plan (OTP) FY19 objective practically secured: **€14.2m of operating costs savings secured vs objective of €15.0m**. €9.0m of OTP savings already impacting the 1H19 P&L
- As part of the OTP, and in line with the Company's policy of disposal of non-strategic assets when the necessary market conditions are met, **CTT will implement an optimisation of its real estate portfolio** in 2H19
- Specific items of €11.7m in 1H19** mainly related to negotiated staff exits (€6.8m) and M&A costs & strategic studies (€4.1m)

¹Excluding Specific items & IFRS 16 impacts.

Strategic priorities update



Mail

- ✓ **Continue to implement the OTP**, to exceed the communicated targets
- ✓ Focus on achieving **incremental operating costs savings**, to be presented with 3Q19 results
- ✓ **Stricter policy** in negotiated staff exit costs

Express & Parcels

- ✓ **New Tourline mgmt. team**, with local, sector & turnaround experience
- ✓ Focus on **organic growth** coupled with operational efficiency measures
- ✓ **18-24 month turnaround & costs optimisation programme**, to be presented with 3Q19 results

Banco CTT

- ✓ Focus on **monetising the existing client base & increasing profitability**
- ✓ **Integration of 321 Crédito**, in order to realise the identified synergies
- ✓ Reaffirming **EBITDA break-even in 2H19 & Net profit break-even in 2020**

Updated FY19 EBITDA guidance: €100m to €105m, including the contribution of 321 Crédito

Updated FY19 Capex guidance: €45m, a reduction of €10m vs initial target of €55m

Voluntary reductions of Board remunerations of 25% for CEO & Chairman and 15% for the remaining Board members

The transformational 321 Crédito acquisition launches a new growth phase for Banco CTT



- Banco CTT has been very well accepted by the population, having attracted more than 450k customers and more than €1.1bn in deposits
- 321 Crédito enables the 2H19 EBITDA break-even and launches a new growth phase for Banco CTT
- Expands the bank's credit portfolio to >€800m by the end of the year
- Enables the optimisation of Banco CTT's Balance sheet, by combining its proven deposit-taking capabilities with a specialised consumer credit platform to reach Loan-to-deposit ratio of >70% by the end of the year

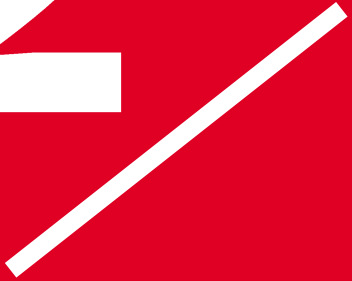
FY19 targets

	bancoctt	+	321 crédito ²	=	Combined
Total customers	>500k		>50k		>550k
Total credit ¹	>€400m		>€400m		>€800m
FY19 credit production ¹	c.€200m		c.€200m		c.€400m
Loan-to-deposit ratio	c.35%		-		>70%

¹ On Banco CTT Balance sheet, excluding partnership with BNP Paribas.

² Including 8 months of 321 Crédito in 2019, since the acquisition in May.

2



financials

The second quarter registered improvements in almost all relevant financial metrics



Financial performance

€ million, % change vs prior year

Key financial indicators	Quarter			Half		
	2Q18	2Q19	Δ%	1H18	1H19	Δ%
Revenues	178.2	178.1	-0.0%	355.1	355.0	-0.0%
Operating costs ¹	154.8	152.7	-1.3%	309.1	308.6	-0.1%
EBITDA	23.3	25.4	+8.7%	46.1	46.4	+0.7%
IFRS 16 impact on EBITDA	7.9	6.8	-13.8%	16.7	13.7	-17.6%
EBITDA including IFRS 16	31.2	32.2	+3.1%	62.7	60.1	-4.2%
Specific items	10.9	6.1	-43.7%	17.2	11.7	-32.2%
EBIT	6.6	11.0	+67.8%	18.1	19.7	+8.9%
Net profit	1.5	5.3	+254.6%	7.4	9.0	+21.0%

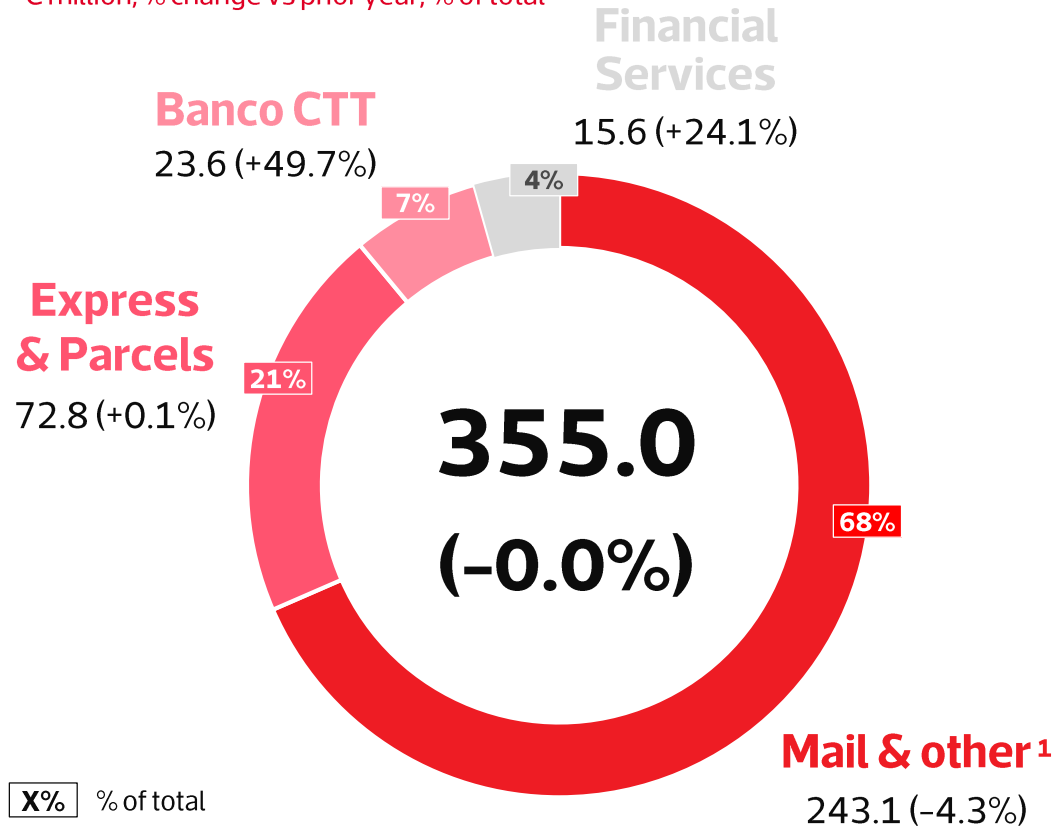
¹ Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

The decline in Mail revenues was offset by organic and inorganic growth in Banco CTT and Financial Services business units



1H19 revenues

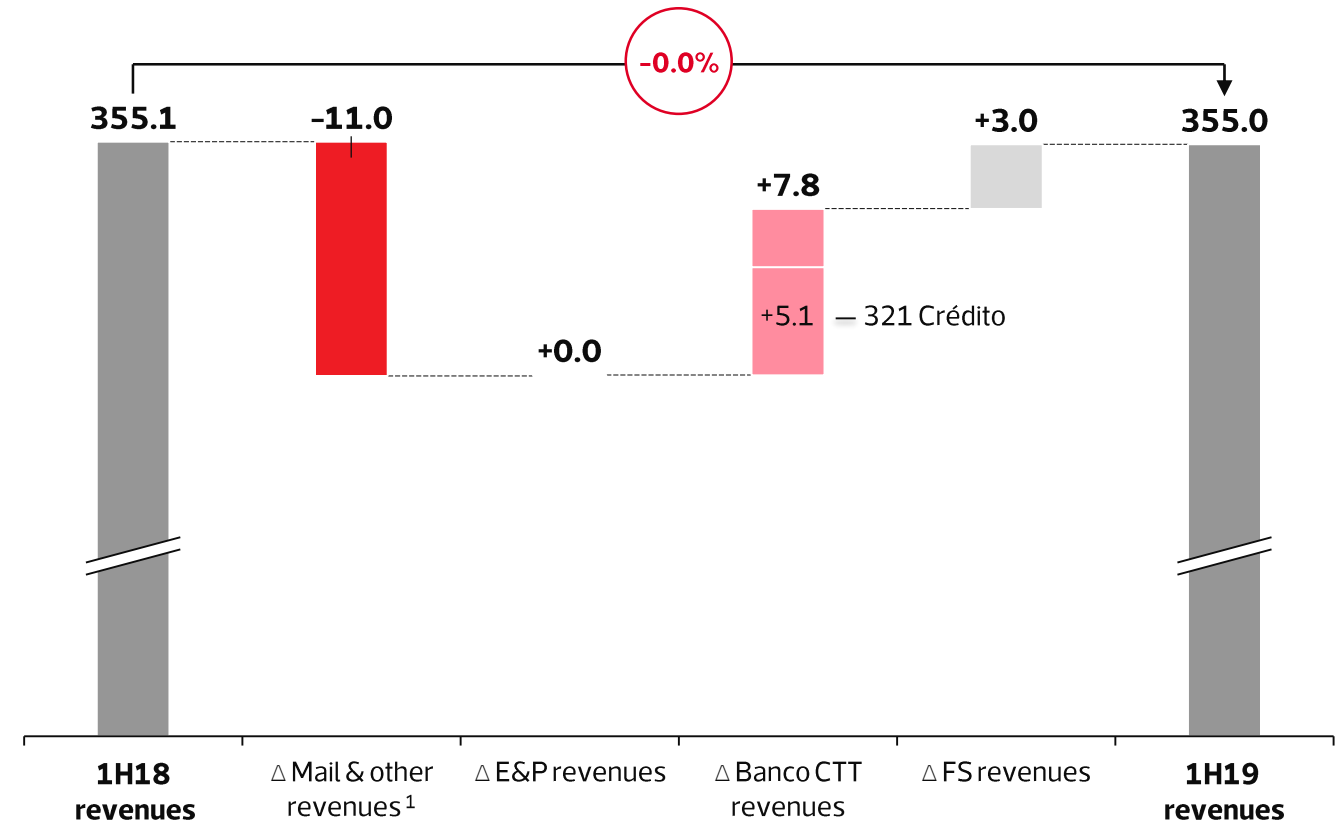
€ million; % change vs prior year; % of total



X% % of total

Revenues breakdown

€ million; % change vs prior year



- **Positive mix effect in Mail and effective +2.4% price increase in the period** unable to offset addressed mail volumes decline of -10.3%, impacted by 2 less working days
- **Express & Parcels revenues remained flat**, mainly due to the performance in Spain, impacted by the full loss of a large customer in 2Q19
- **Banco CTT business unit revenues grew strongly**, driven by net interest (+€1.8m) and fees & commissions (+€1.4m) income growth & the inorganic contribution of 321 Crédito
- **The strong recovery in Financial Services continued**, on the back of +62.5% growth in public debt certificates placements

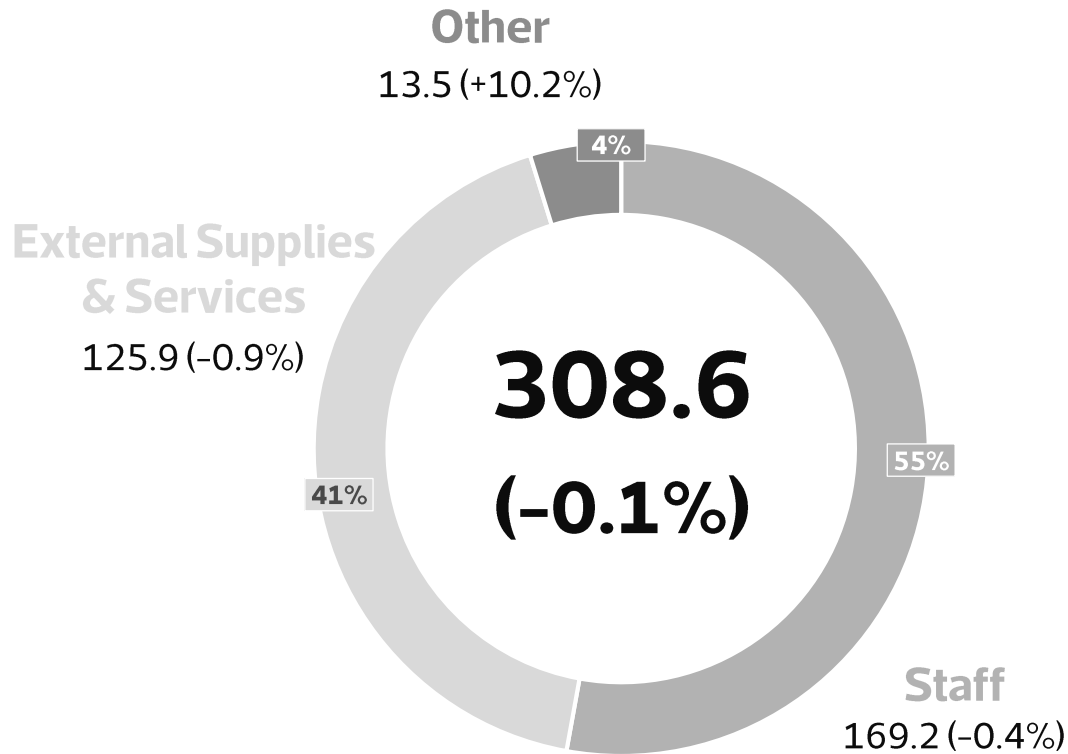
¹Including Central Structure.

Operating costs remained flat, despite the acquisition of 321 Crédito, due to the positive impacts of the Operational Transformation Plan



1H19 operating costs¹

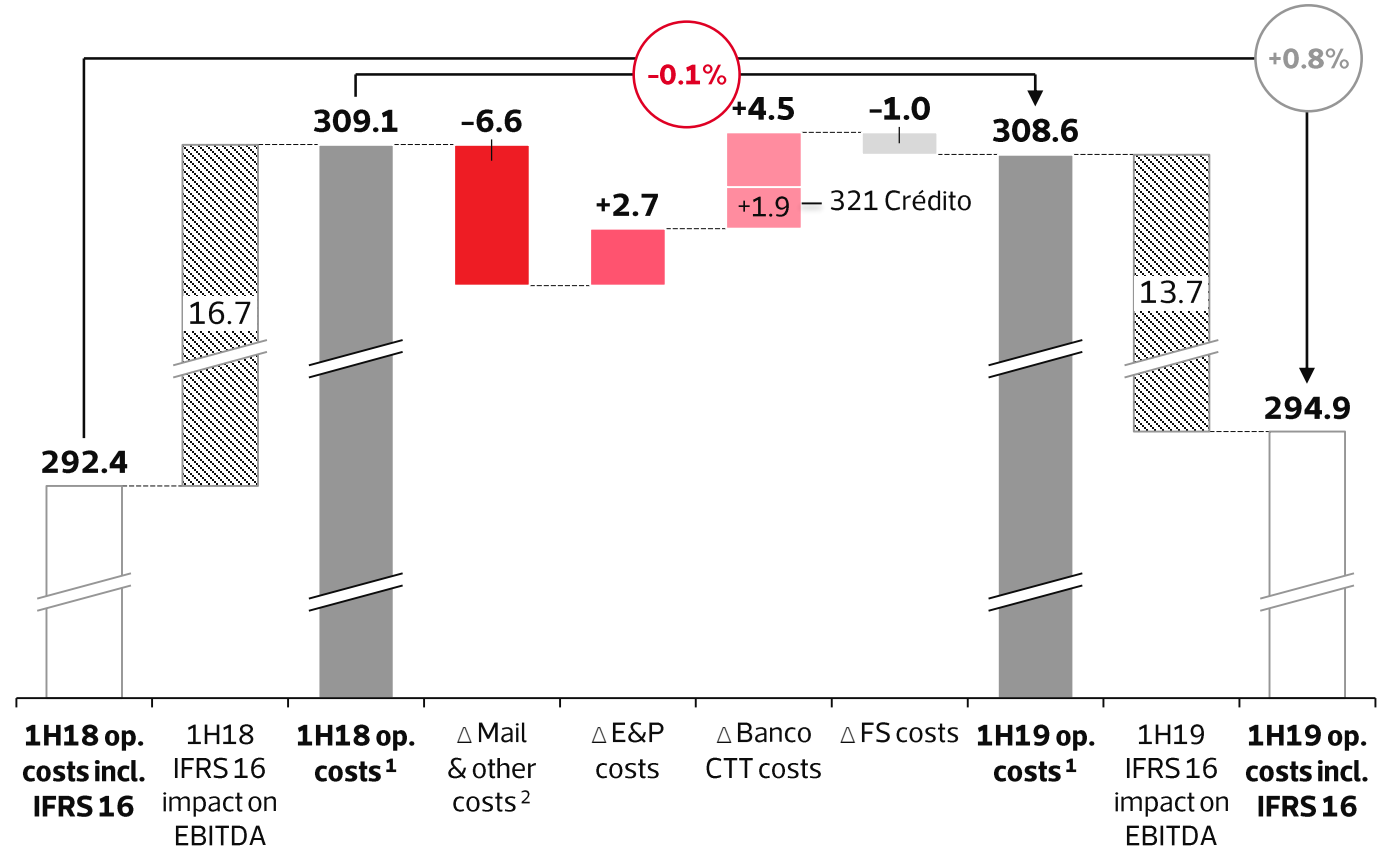
€ million; % change vs prior year; % of total



X% % of total excluding IFRS 16 impact

Operating costs breakdown

€ million; % change vs prior year



- **Staff costs** declined -€1.5m (-0.9%) to €168.3m excluding 321 Crédito
- **ES&S** declined -€1.7m (-1.4%) to €125.3m excluding 321 Crédito, mainly as a result of reductions in facilities & fleet costs (-€3.2m), partially offset by increases in transport & distribution (+€1.0m) and regulatory (+€0.6m) costs

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

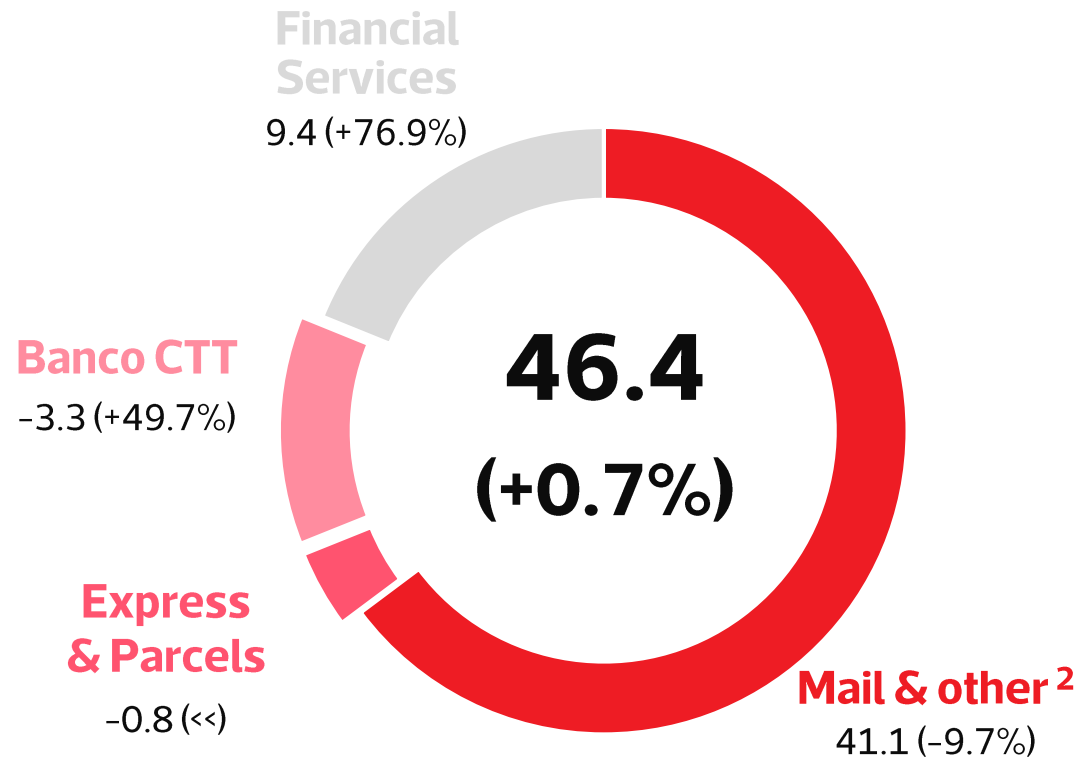
² Including Central Structure.

EBITDA evolution underpinned by profitability improvements in Financial Services and Banco CTT



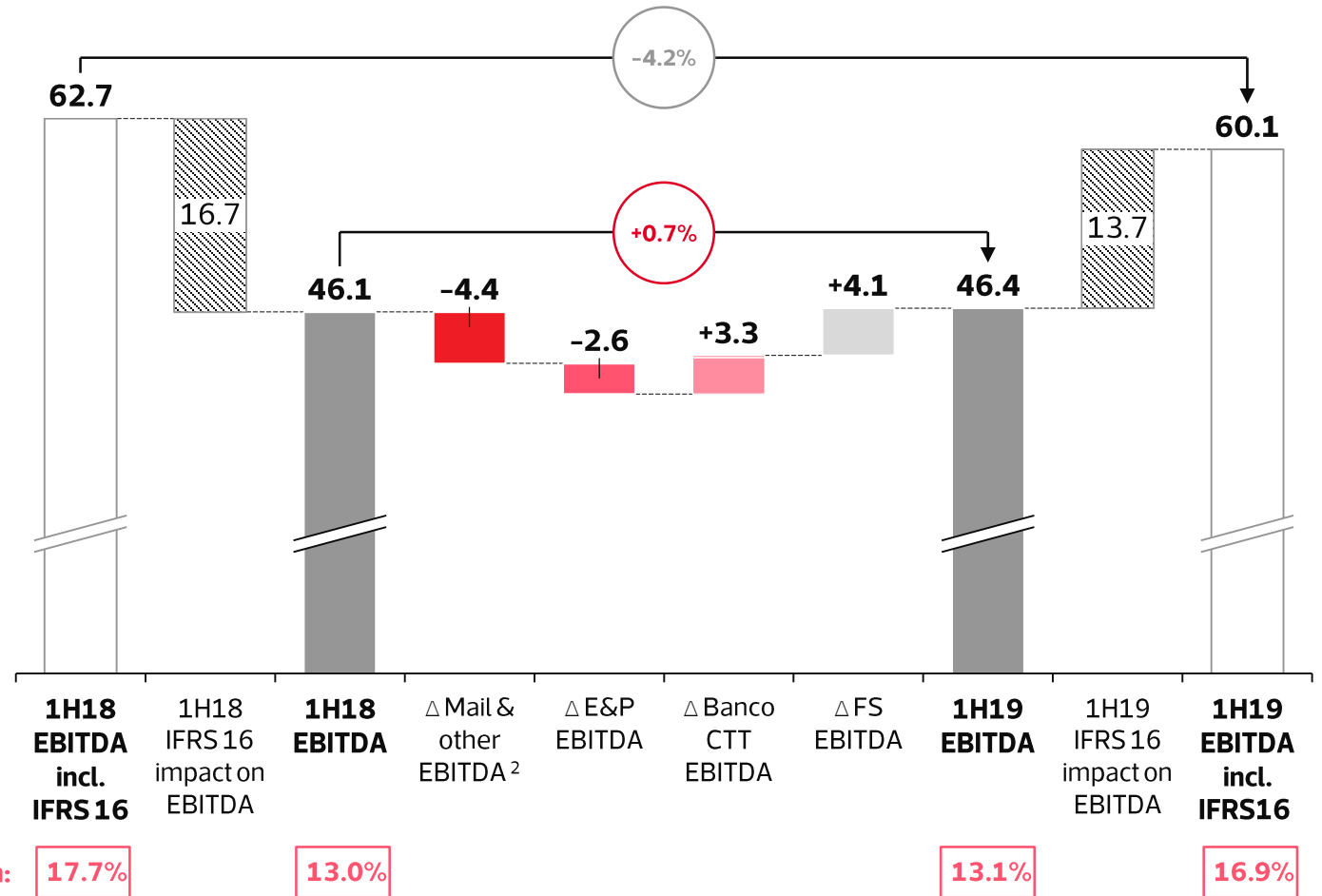
1H19 EBITDA ¹

€ million; % change vs prior year



EBITDA breakdown

€ million; % change vs prior year



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

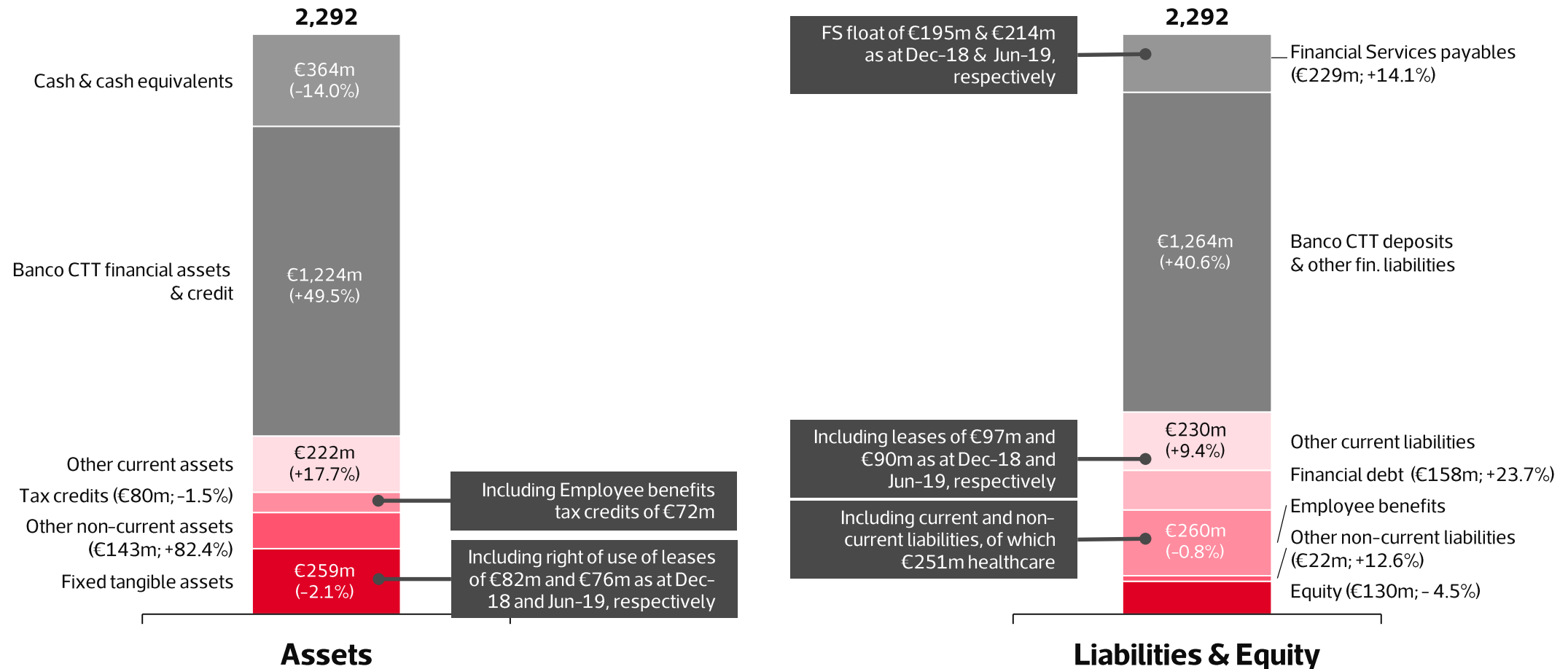
²Including Central Structure.

The Balance sheet reflects the integration of 321 Crédito as well as the impacts of the adoption of IFRS 16 – in fixed tangible assets, equity and financial debt



Balance sheet – 30 June 2019

€ million; % change vs 31 December 2018

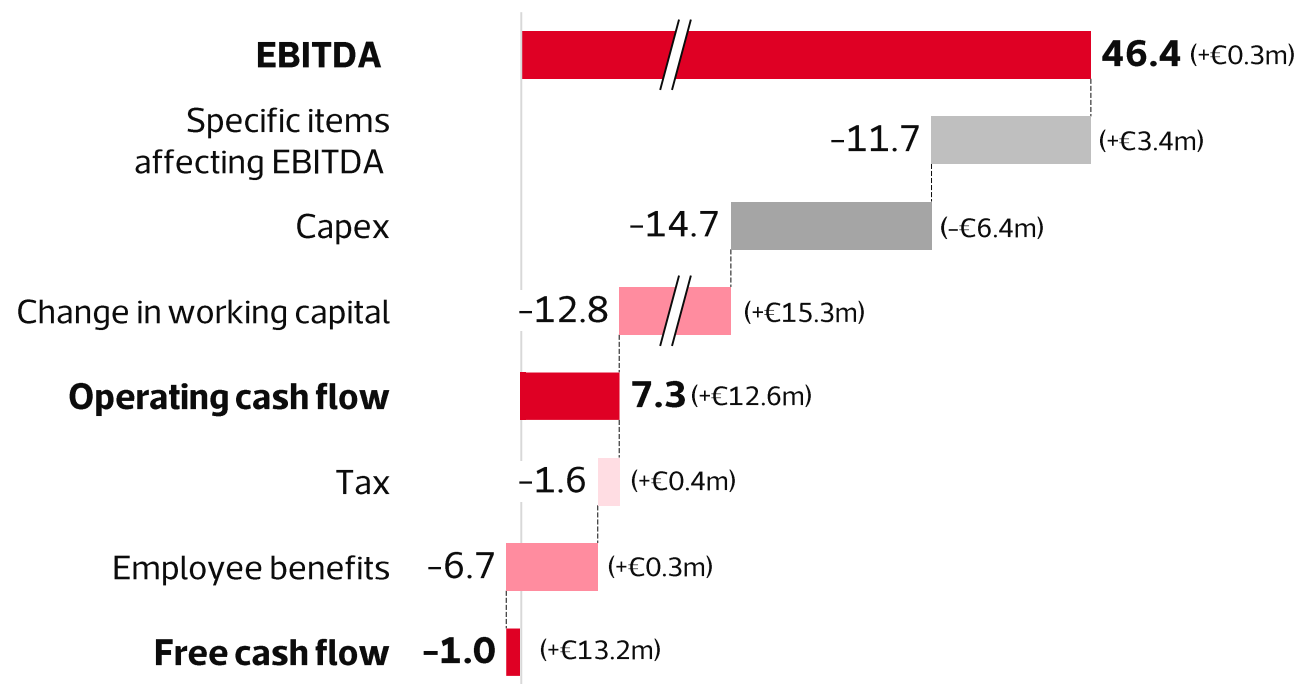


Net financial cash position of ~€0m (excluding leases liabilities), after the payment for the acquisition of 321 Crédito



Cash flow

€ million; change vs prior year



Net financial cash (debt) ¹

€ million

(+) Cash & cash equivalents	364
(-) Financial Services payables, net	214
(-) Banco CTT liabilities, net	67
(-) Other	16
(=) Own cash	67
(-) Financial debt (excl. leases)	68
(-) Leases liabilities (IFRS 16)	90
Net financial cash (debt)	(90)

¹Excluding Employee benefits, net.

3



business

units

A challenging semester for Mail; better seasonal and comparison factors are expected in the second half of the year



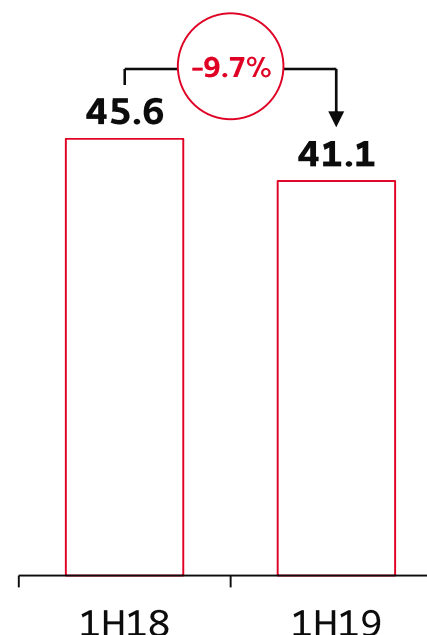
1H19 Mail & other revenues

€ million; % change vs prior year

- Transactional	€203.3m (-3.2%)
- Advertising	€10.9m (-12.7%)
- Editorial	€7.4m (-3.3%)
- Business Solutions	€5.5m (+16.1%)
- USO Parcels	€3.1m (-8.6%)
- Retail & other	€12.8m (-18.2%)
Total	€243.1m (-4.3%)

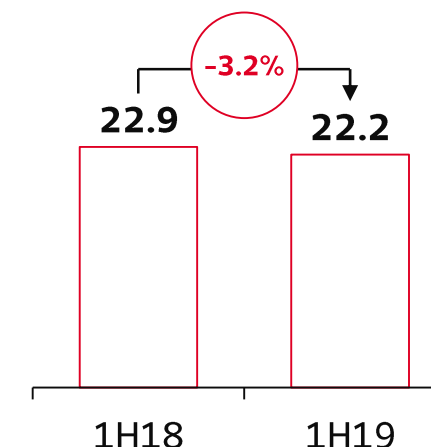
EBITDA¹

€ million



EBIT²

€ million



Mail volumes by type (m items)

Metric	Avg. mail prices	Addressed mail	Transactional	Advertising	Editorial	Unaddressed mail
1H19	N/D	320.6	279.0	24.4	17.3	237.6
vs 1H18	+2.4%	-10.3%	-9.3%	-20.4%	-9.7%	+12.5%

-8.8% adj. for working days

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

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

Express & Parcels revenues and profitability penalised by the loss of a key account in Spain, representing >10% of revenues



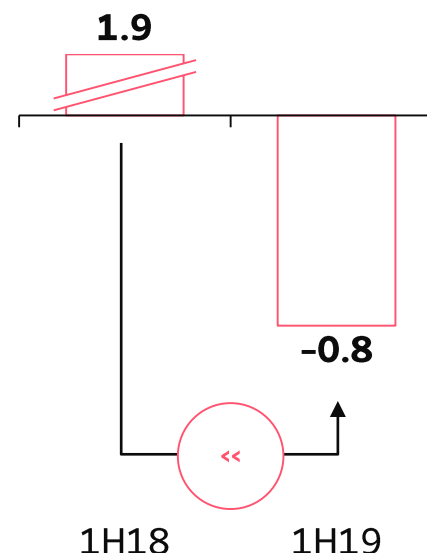
1H19 E&P revenues

€ million; % change vs prior year

- Portugal	€45.9m (+3.9%)
- Parcels	€34.5m (+5.9%)
- Cargo	€6.5m (+1.4%)
- Banking network	€3.3m (+5.7%)
- Logistics	€1.4m (-3.0%)
- Other	€0.2m (-72.3%)
- Spain	€25.9m (-6.3%)
- Mozambique	€1.0m (+4.2%)
Total	€72.8m (+0.1%)

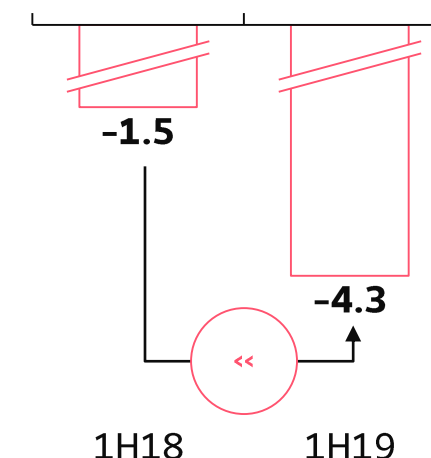
EBITDA¹

€ million



EBIT²

€ million



E&P volumes by region (m items)

Metric	Total	Portugal	Portugal (excl. Cargo)	Spain	Mozambique
1H19	17.7	9.8	8.3	7.8	0.03
vs 1H18	-1.8%	+4.1%	+2.6%	-8.2%	-12.5%

+9.1% excl. loss of key account

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

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

321 Crédito acquisition and growth in net interest income & commissions boost Banco CTT revenues and profitability



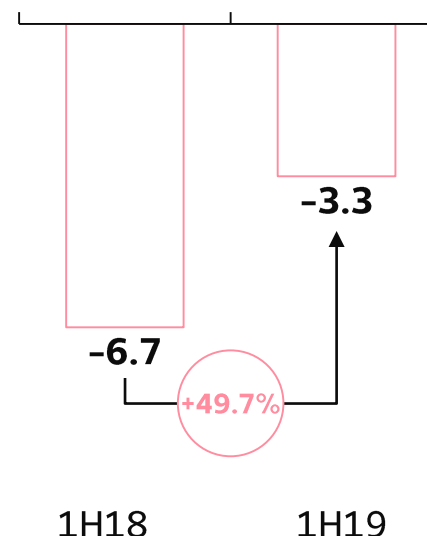
1H19 Banco CTT revenues¹

€ million; % change vs prior year

- Net interest income	€5.1m (+€1.8m)
- Interest income	€5.5m (+€1.8m)
- Interest expense	-€0.4m (+€0.0m)
- Fees & commissions income	€3.6m (+€1.4m)
- Own products	€2.3m (+€0.7m)
- Consumer credit & insurance	€1.2m (+€0.7m)
- Payments & other	€9.8m (-€0.4m)
- 321 Crédito	€5.1m (+€5.1m)
Total	€23.6m (+€7.8m)

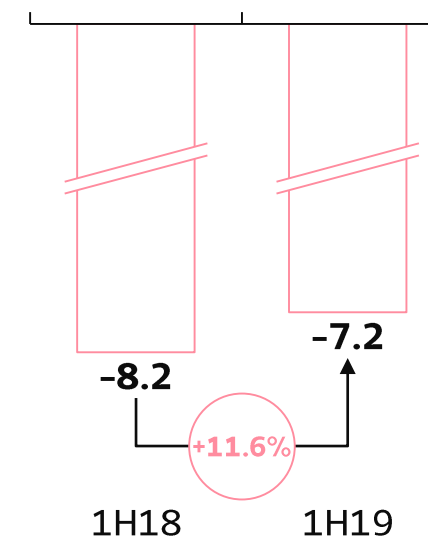
EBITDA²

€ million



EBIT³

€ million



Selected Banco CTT Balance Sheet indicators

Metric (Consolidated)	Assets (€m)	Cash & equivalents	Investments	Credit to clients (net of impairments)	Customer deposits (€m)	Equity (€m) / CET 1 (%) ⁴
30-Jun-19	1,486.9	199.3	440.8	736.7	1,063.6	192.1 / 18.3%
vs 31-Dec-18	+48.4%	-23.4%	-2.9%	+197.0%	+20.3%	+114.6% / -5.1 p.p.

408k current accounts

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 1H18).

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

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

⁴ Fully implemented.

Financial Services profitability benefited from the continued recovery in public debt certificates placements coupled with robust costs control



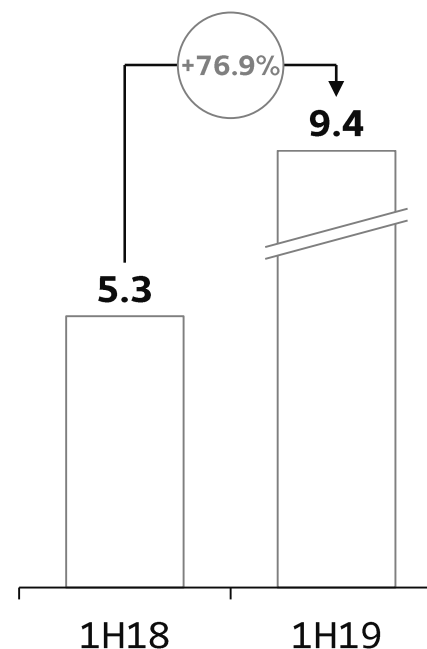
1H19 Financial Services revenues ¹

€ million; % change vs prior year

- Savings & Insurance	€11.9m (+47.2%)
- Payments	€0.6m (-11.5%)
- Money orders	€2.8m (-13.0%)
- Other	€0.3m (-52.9%)
Total	€15.6m (+24.1%)

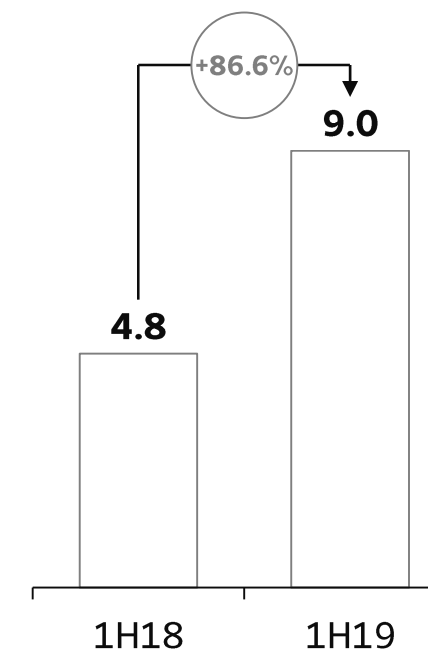
EBITDA ²

€ million



EBIT ³

€ million



€ FS volumes by type

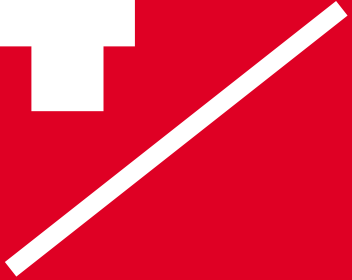
Metric	Savings & insurance flows (€bn)	Placements	Redemptions	Money orders (m ops)
1H19	2.2	1.8	0.4	7.4
vs 1H18	+31.6%	+55.6%	-19.2%	-9.5%

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 1H18).

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

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

4



appendix

Income statement



€ million	Reported		Reported with Banco CTT under equity method ¹	
	1H18	1H19	1H18	1H19
Revenues	355.1	355.0	348.0	340.3
Operating costs	292.4	294.9	277.1	275.0
EBITDA (incl. IFRS 16 impact)	62.7	60.1	71.0	65.3
of which, IFRS 16 impact:	16.7	13.7	16.3	13.5
EBITDA (excl. IFRS 16 impact)	46.1	46.4	54.7	51.8
Depreciation, amortisation, impairments & provisions	27.4	28.7	25.6	25.8
of which, IFRS 16 impact:	12.9	11.1	12.5	10.8
Specific items	17.2	11.7	17.1	10.5
EBIT	18.1	19.7	28.3	29.1
Financial income / (costs)	-4.9	-4.8	-4.9	-4.8
of which, IFRS 16 impact:	-2.1	-1.9	-2.1	-1.9
Associated companies - gains / (losses)	0.1	-0.2	-7.9	-7.6
Earnings before taxes (EBT)	13.3	14.7	15.5	16.6
Income tax for the period	5.9	5.7	8.1	7.6
Non-controlling interests	0.0	0.0	0.0	0.0
Net profit attributable to equity holders	7.4	9.0	7.4	9.0

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 1H18).

Balance sheet



€ million	CTT		With Banco CTT under equity method ¹	
	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19
Non-current assets	1,108.1	1,576.2	486.6	580.9
Current assets	746.3	715.8	456.9	426.3
Assets	1,854.5	2,292.0	943.5	1,007.2
Equity	135.9	129.7	135.9	129.7
Liabilities	1,718.6	2,162.2	807.6	877.5
Non-current liabilities	364.3	488.9	363.5	388.7
Current liabilities	1,354.3	1,673.4	444.1	488.8
Equity and Liabilities	1,854.5	2,292.0	943.5	1,007.2

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 1H18).

Cash flow



€ million	Reported			With Banco CTT under equity method ¹		
	1H18	1H19	Δ 19/18	1H18	1H19	Δ 19/18
EBITDA	46.1	46.4	0.3	54.7	51.8	-2.8
Specific items affecting EBITDA	-15.1	-11.7	3.4	-14.9	-10.5	4.4
Capex	-8.3	-14.7	-6.4	-5.2	-12.0	-6.8
Change in Working capital	-28.1	-12.8	15.3	-28.4	-19.2	9.1
Operating cash flow	-5.3	7.3	12.6	6.2	10.1	4.0
Tax	-2.0	-1.6	0.4	-7.6	0.1	7.7
Employee benefits	-7.0	-6.7	0.3	-7.0	-6.7	0.3
Free cash flow	-14.3	-1.0	13.2	-8.4	3.6	12.0
Debt (principal + interest)	-7.9	36.7	44.6	-7.9	36.7	44.6
Dividends	-57.0	-15.0	42.0	-57.0	-15.0	42.0
Financial investments	-	-112.9	-112.9	-25.0	-112.2	-87.2
Changes to the consolidation perimeter	-	6.8	6.8	-	-	-
Net change in own cash	-79.1	-85.4	-6.3	-98.3	-86.8	11.5
Δ Liabilities related to Financial Services & Banco CTT (net)	70.6	18.4	-52.2	136.5	18.7	-117.9
Other	-26.5	8.0	34.5	-0.1	-0.0	0.1
Net change in cash	-35.1	-59.0	-23.9	38.2	-68.2	-106.3

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 1H18).

Specific items



€ million

	Specific items	
	1H18	1H19
EBIT	35.3	31.4
Specific items affecting EBIT	17.2	11.7
Revenues	-0.0	-0.2
Staff costs	13.3	7.5
ES&S & other op. costs	1.7	4.4
Provisions	1.7	-
Impairments and D&A	0.4	-
EBIT including Specific items	18.1	19.7

Of which €6.8m of indemnities related to negotiated staff exits

Of which €4.1m of M&A costs & strategic studies, of which €1.2m related to the 321 Crédito acquisition, €1.6m related to the Operational Transformation Plan and €1.0m related to new regulatory measures

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