

C  
t  
t



**1H19**

**RESULTS  
ROADSHOWS**

# Disclaimer



## DISCLAIMER

This document has been prepared by CTT – Correios de Portugal, S.A. (the “Company” or “CTT”) exclusively for use during the roadshows and conferences of the 1<sup>st</sup> half 2019 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](http://www.ctt.pt)) as well as on the Portuguese Securities Exchange Commission’s website ([www.cmvm.pt](http://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.

1/

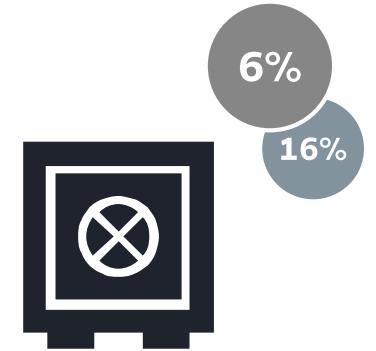
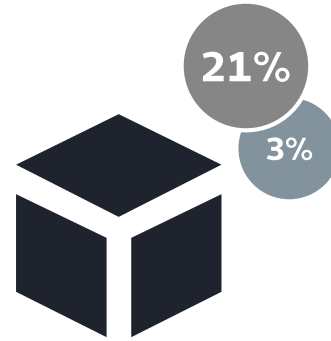
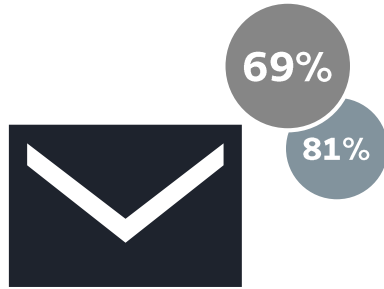
**company**

**overview**

# CTT is a modern and dynamic postal services operator with a diversified portfolio of businesses...



## GROWTH LEVRS



### MAIL

- MAIL**
  - Transactional
  - Editorial
  - Advertising
  - USO Parcels
  - Philately
- BUSINESS SOLUTIONS**
  - Printing & finishing
  - Storage and document management (Mailtec)
- RETAIL SERVICES**
  - One-stop shop for services
  - Citizen's Bureau Areas

Indisputable market leader with industry-leading margins

### EXPRESS & PARCELS

- PORTUGAL**
- SPAIN**
- MOZAMBIQUE**

50% JV with Correio de Moçambique

Economies of scale and market-leading position in Portugal; relevant operation in Spain based on a franchisee model

### BANCO CTT

- Current accounts
- Savings accounts
- Mortgages
- Debit & credit card
- Overdrafts
- Payments



Leveraging on a strong brand name, a historical track record and a Retail Network comparable in size to those of the major Portuguese banks

### FINANCIAL SERVICES

- SAVINGS & INSURANCE**
- MONEY ORDERS**

...standing out with the capillarity of its networks, proximity to the population and strong brand



**LAST-MILE LOGISTICS PLAYER...**

**...WITH A GROWING FINANCIAL SERVICES BUSINESSES**



**ADDRESSED MAIL**  
681m items



**PARCELS**  
37m items



**SAVINGS & INSURANCE**  
€2.7bn placements



**CURRENT ACCOUNTS**  
348k



**CUSTOMER DEPOSITS**  
€884m



**CREDIT TO CLIENTS**  
€248m

**Based on two unique networks...**

**RETAIL NETWORK**

**2,762**  
HUMAN RESOURCES

**2,383**  
ACCESS POINTS

of which: **538 OWNED**

**4,349**  
PAYSHOP AGENTS

**DISTRIBUTION NETWORK**

**6,445**  
HUMAN RESOURCES  
of which: **4,467 MAILMEN & WOMEN**

**230**  
POST DELIVERY OFFICE  
and: **2 SORTING CENTRES**

**+3,600**  
OPERATIONAL FLEET

**...and a trusted brand**



**1<sup>st</sup> PLACE**  
PSI20 company with  
best reputational  
evaluation  
Fourth consecutive year



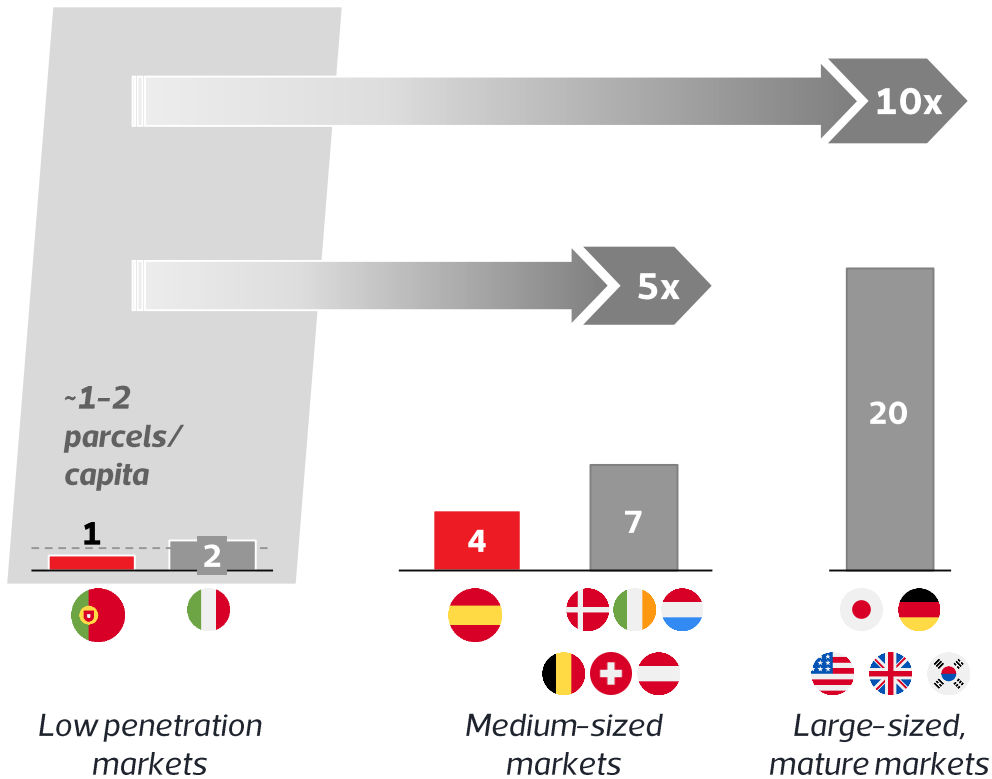
Note: Figures as at 31 December 2018.

# CTT has been investing to capture the Express & Parcels flows in Portugal and Spain, markets with great potential for e-commerce growth



## Portugal and Spain still lagging behind other countries in online retail

E-commerce penetration: domestic e-commerce parcels per capita<sup>1</sup>



## Development of new initiatives for the e-commerce ecosystem expansion

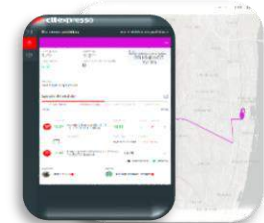
### PARCEL LOCKERS



24h available lockers



### SUPER EXPRESS



Same-day delivery within 2h



Launch of a **JV with Sonae for online B2C marketplace**, based on the high expected growth of e-commerce in Portugal and leverage on complementary capabilities and skills

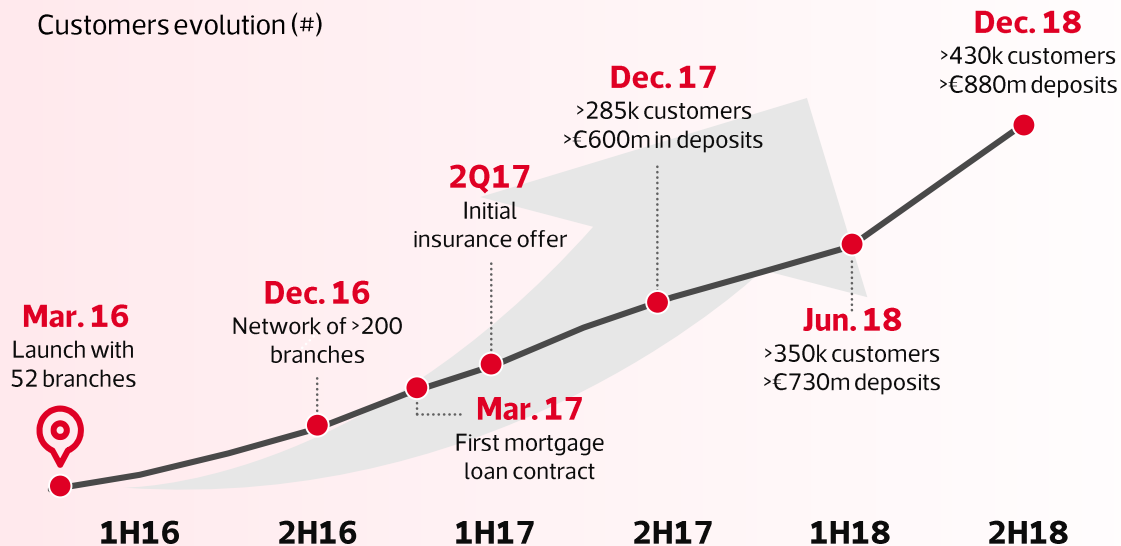
<sup>1</sup>Source:McKinsey eCommerce Logistics – growth motor for Posts (March 2017). E-commerce relevant is considered as domestic B2C parcels, with speed typical for e-commerce shipments in the given country.

# Banco CTT has presented robust growth rates since its launch and is entering a market with strong growth potential through an acquisition with significant synergies



**Banco CTT is experiencing a remarkable organic growth** since its launch in 2016...

Customers evolution (#)



**bancocctt** is an **innovative and fast-growing retail banking player** focused on **simplicity, transparency and proximity**

CTT identified an **opportunity in the Portuguese market for a no frills retail offer** and launched the bank **using its own Retail Network available capacity** and its **vast experience in financial services**

...and has expanded inorganically into the **consumer credit market** to enhance growth



**321 crédito** acquisition, a **fast-growing consumer credit player** focused on lending for the purchase of used cars

**Market with strong growth dynamics**

Used auto loans origination market with a **25% growth in 2017** (vs. 2016), and **estimated CAGR >7%** (2017-2022E)

**Competitive positioning**

**Top-5 player** with a **market share of ~10%** in 2017

**Upside potential within Banco CTT**

**Funding costs synergies up to €2m p.a.**



# CTT strategy: transform the postal business and continue to develop the Express & Parcels and Banco CTT growth levers, committed to business diversification



## Mail



**Preserve the value of the Mail business, improve profitability and reinforce quality of service**

## Express & Parcels



**Consolidate CTT's positioning as an integrated Iberian CEP operator and leverage on the e-commerce growth trend**

## Banco CTT



**Develop an innovative and fast-growing banking player focused on simplicity, transparency and proximity**

## Financial Services



**Strengthen the Retail Network capacity, focusing on customer experience and convenience ensuring proximity to the population**

**TRANSFORMATION**

**GROWTH**



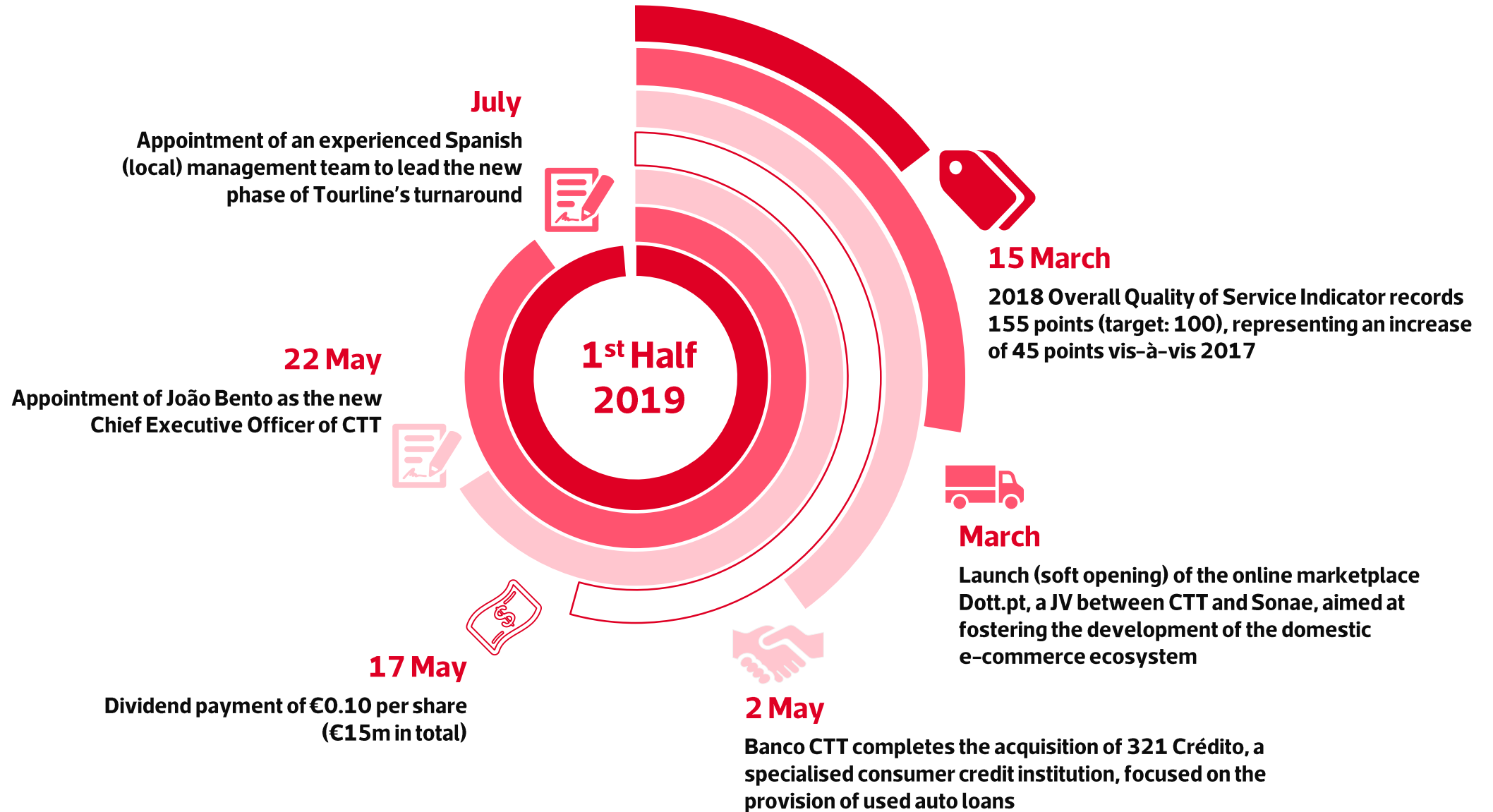
2



**1H19**

**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 unit<sup>1</sup> 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**

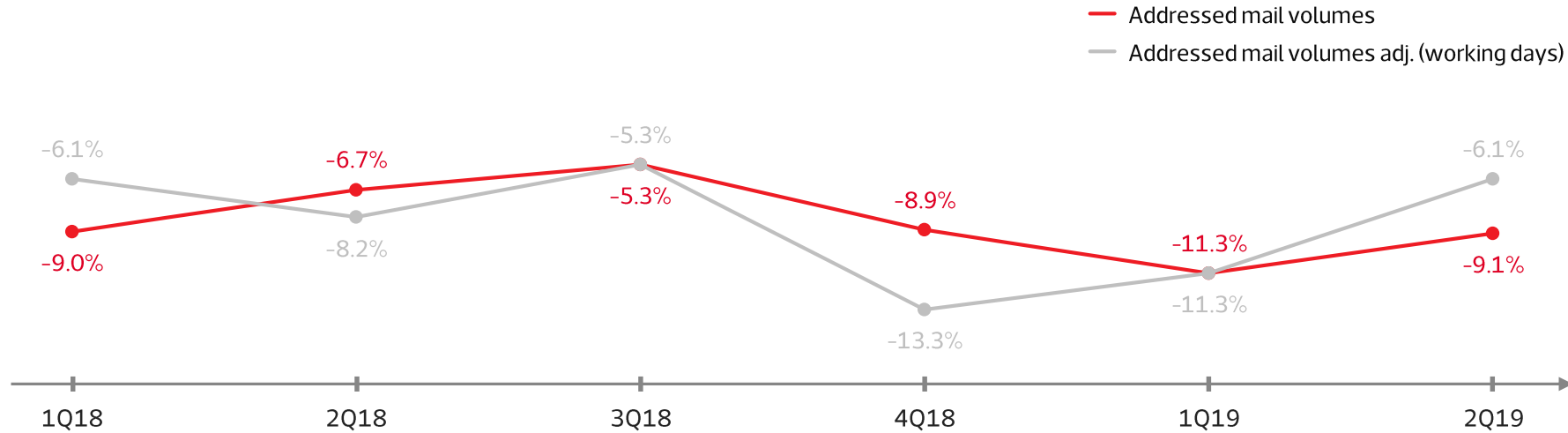
<sup>1</sup>Banco CTT business unit includes Banco CTT, 321 Crédito, Payshop & payments.

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



## Addressed mail volumes

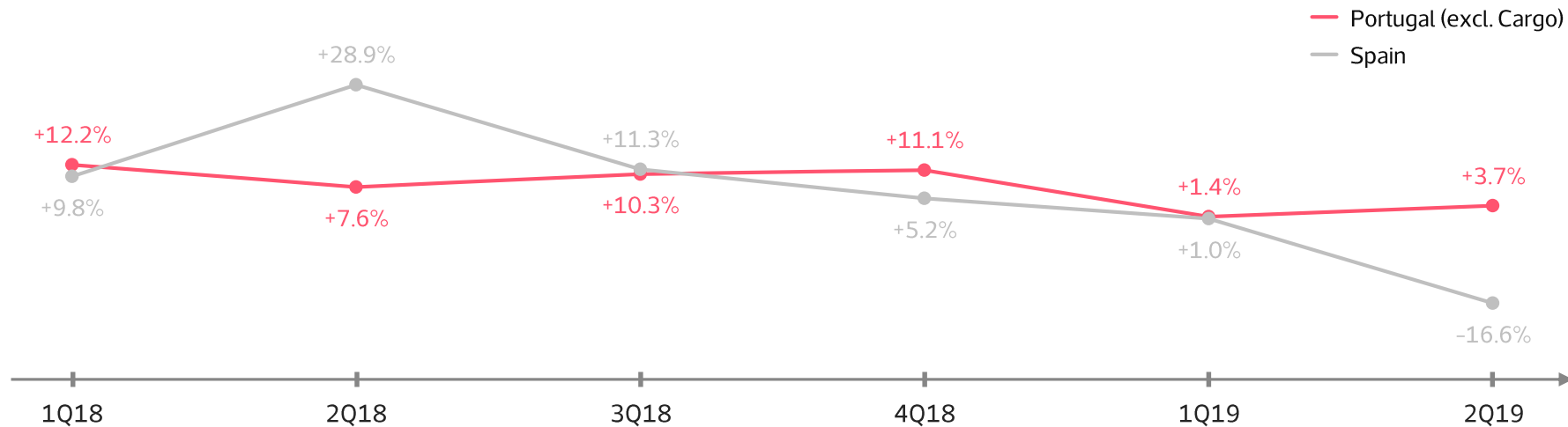
(change vs prior year)



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)

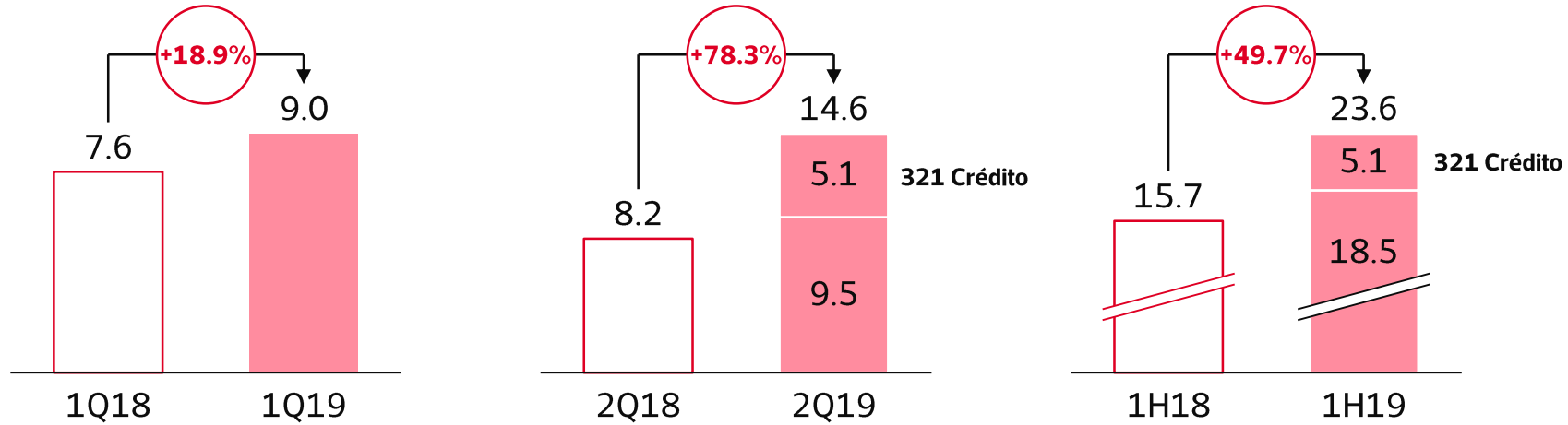


Portugal parcels volumes begin to recover in 2Q19 after an uncharacteristically weak 1Q19. Spain is impacted by the full loss of a large customer (excluding this effect volumes would have grown +9.1% in 1H19)

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

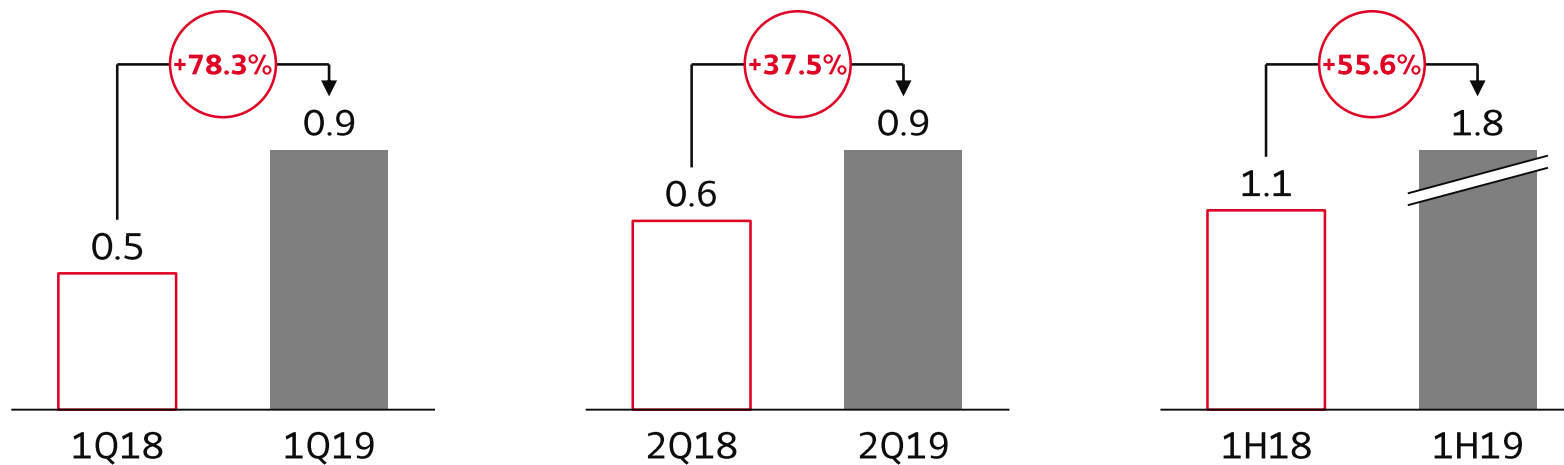


## Banco CTT revenues (€m; % change vs prior year)



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)



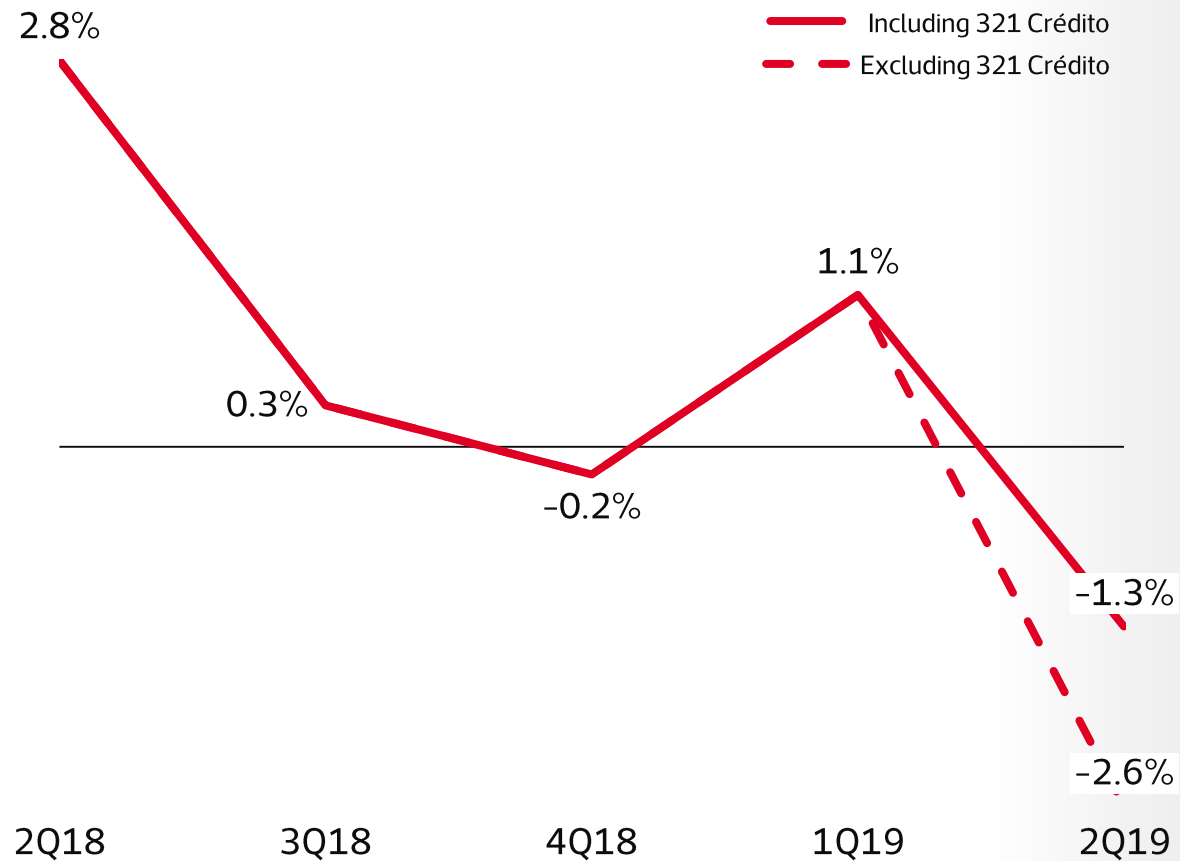
Strong public debt product placements growth continues, already from a higher base in 2Q19

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



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

(% 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)

<sup>1</sup>Excluding 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 <sup>2</sup>	Combined
Total customers	>500k	>50k	>550k
Total credit <sup>1</sup>	>€400m	>€400m	>€800m
FY19 credit production <sup>1</sup>	c.€200m	c.€200m	c.€400m
Loan-to-deposit ratio	c.35%	-	>70%

<sup>1</sup>On Banco CTT Balance sheet, excluding partnership with BNP Paribas.

<sup>2</sup>Including 8 months of 321 Crédito in 2019, since the acquisition in May.

3

/

**1H19**

**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%
<b>Revenues</b>	<b>178.2</b>	<b>178.1</b>	<b>-0.0%</b>	<b>355.1</b>	<b>355.0</b>	<b>-0.0%</b>
Operating costs <sup>1</sup>	154.8	152.7	-1.3%	309.1	308.6	-0.1%
<b>EBITDA</b>	<b>23.3</b>	<b>25.4</b>	<b>+8.7%</b>	<b>46.1</b>	<b>46.4</b>	<b>+0.7%</b>
IFRS 16 impact on EBITDA	7.9	6.8	-13.8%	16.7	13.7	-17.6%
<b>EBITDA including IFRS 16</b>	<b>31.2</b>	<b>32.2</b>	<b>+3.1%</b>	<b>62.7</b>	<b>60.1</b>	<b>-4.2%</b>
Specific items	10.9	6.1	-43.7%	17.2	11.7	-32.2%
<b>EBIT</b>	<b>6.6</b>	<b>11.0</b>	<b>+67.8%</b>	<b>18.1</b>	<b>19.7</b>	<b>+8.9%</b>
<b>Net profit</b>	<b>1.5</b>	<b>5.3</b>	<b>+254.6%</b>	<b>7.4</b>	<b>9.0</b>	<b>+21.0%</b>

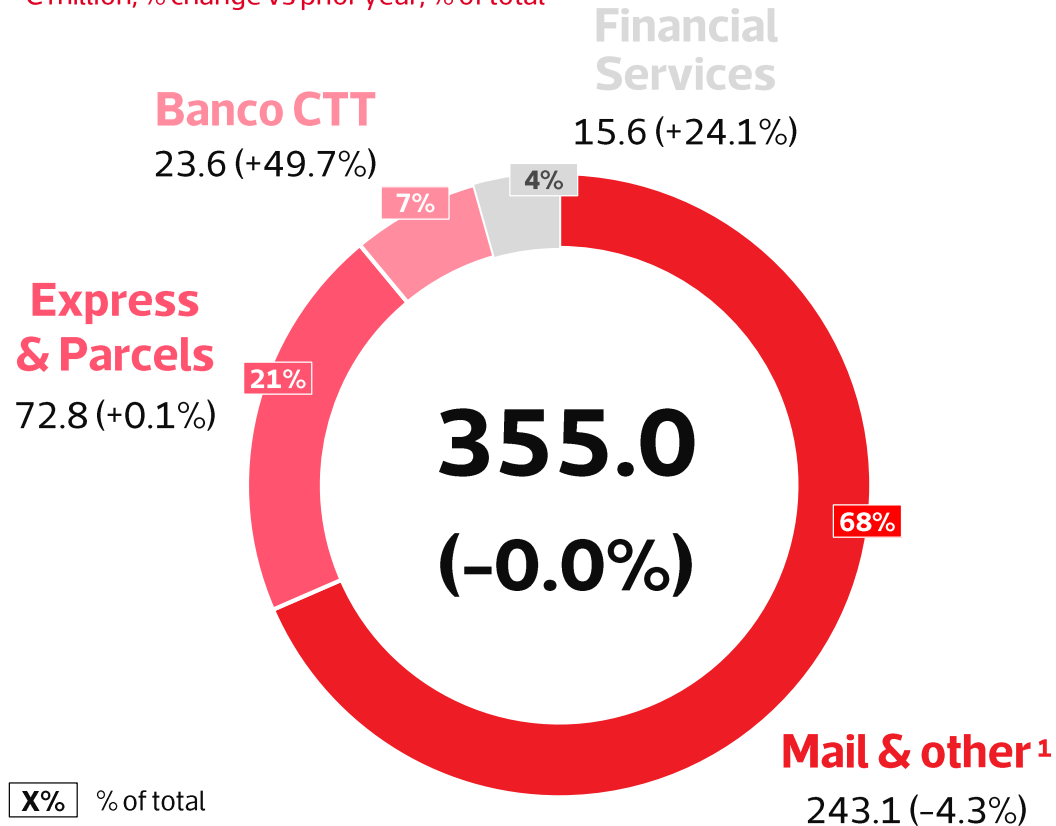
<sup>1</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

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



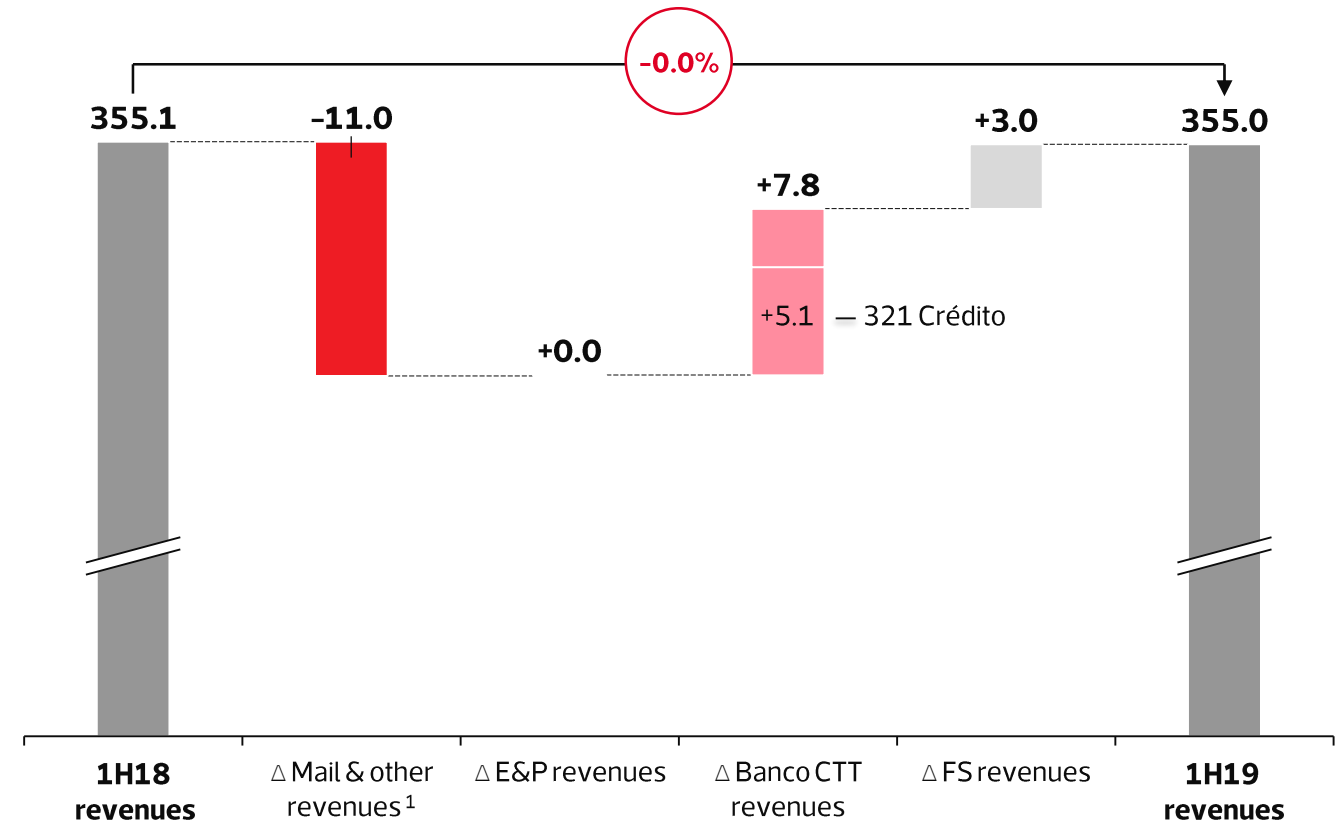
## 1H19 revenues

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



## 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

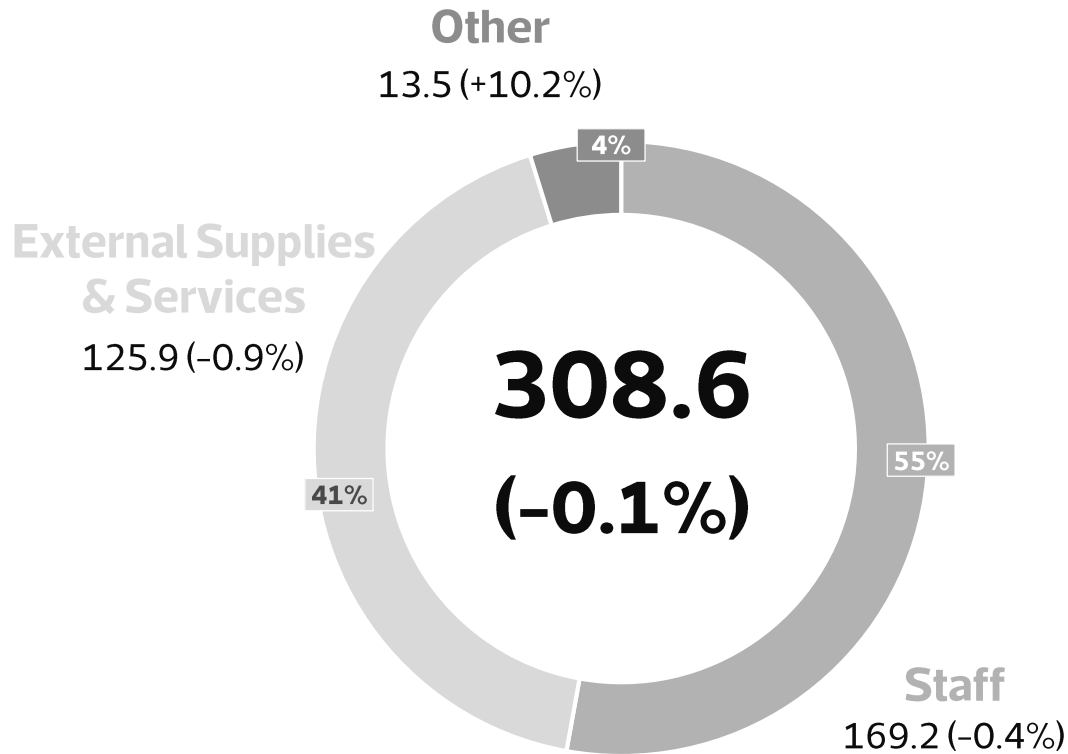
<sup>1</sup>Including Central Structure.

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



## 1H19 operating costs<sup>1</sup>

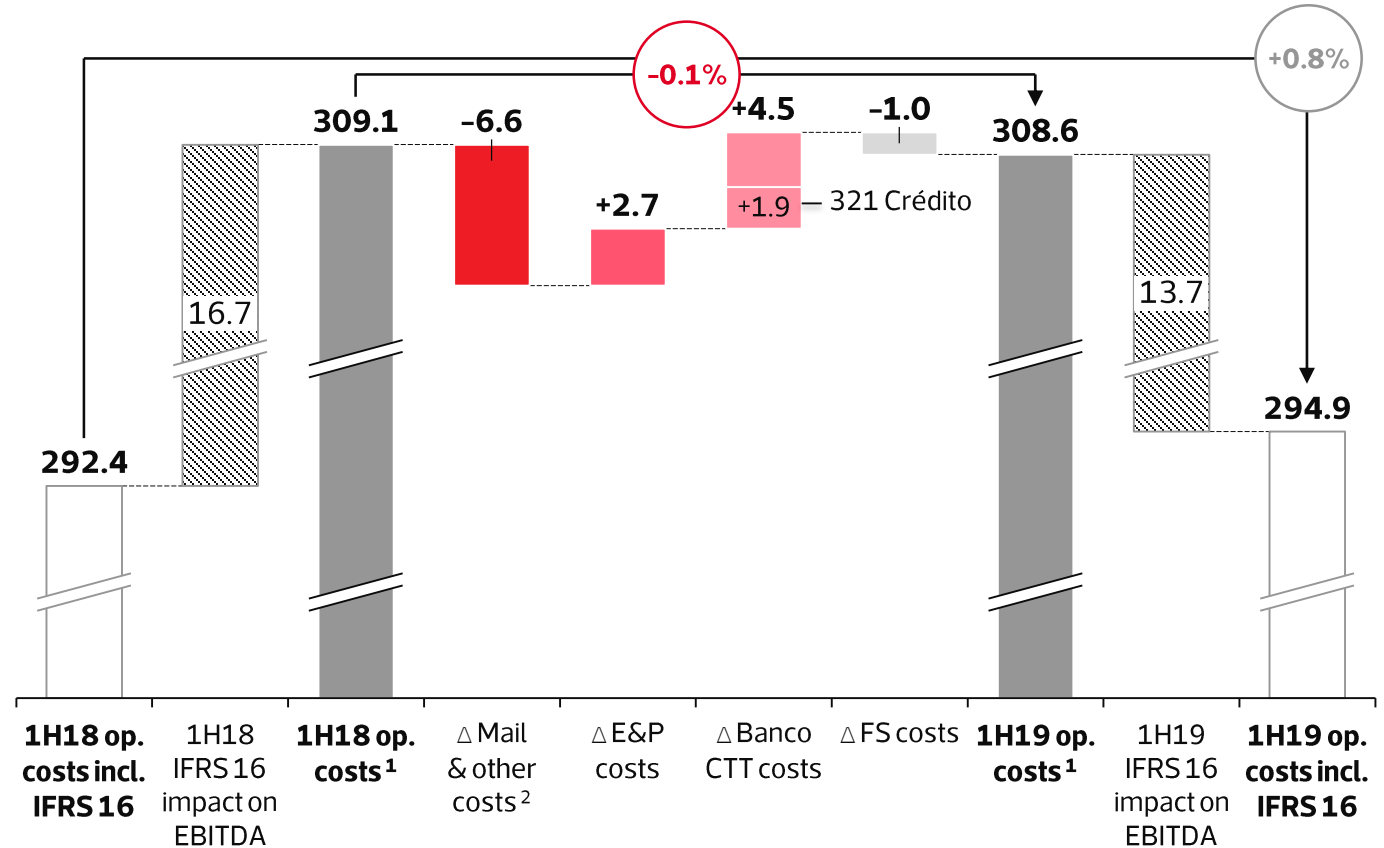
€ million; % change vs prior year; % of total



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

<sup>1</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>2</sup> Including Central Structure.

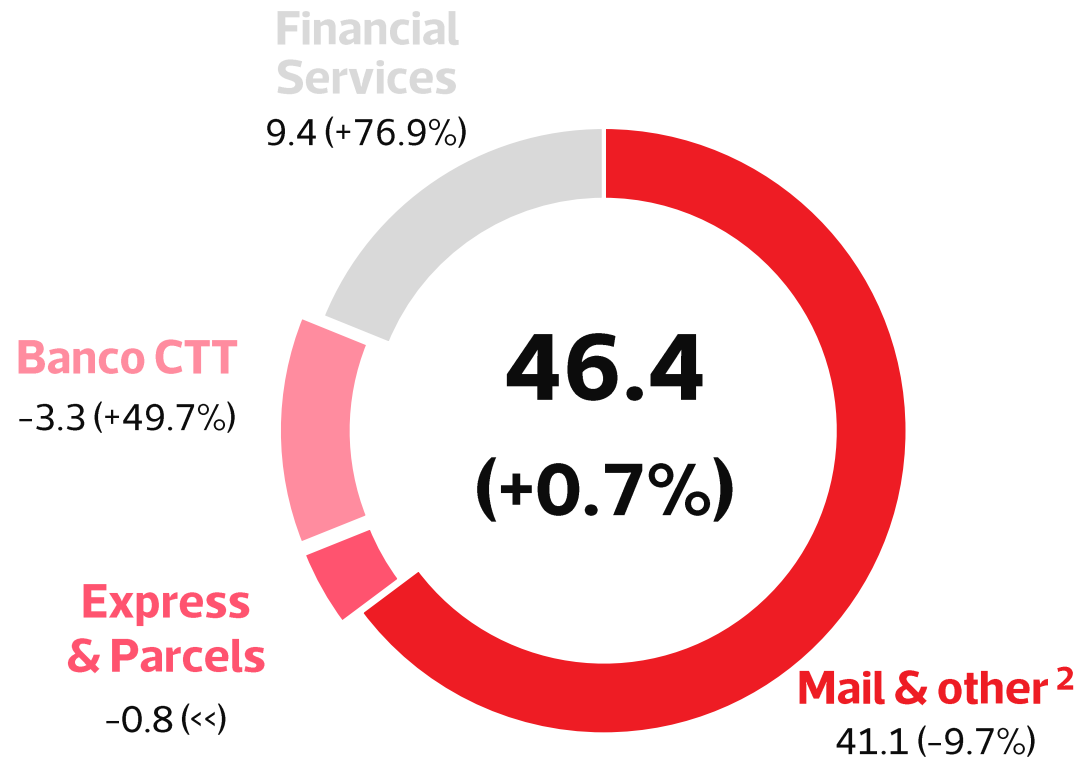


# EBITDA evolution underpinned by profitability improvements in Financial Services and Banco CTT



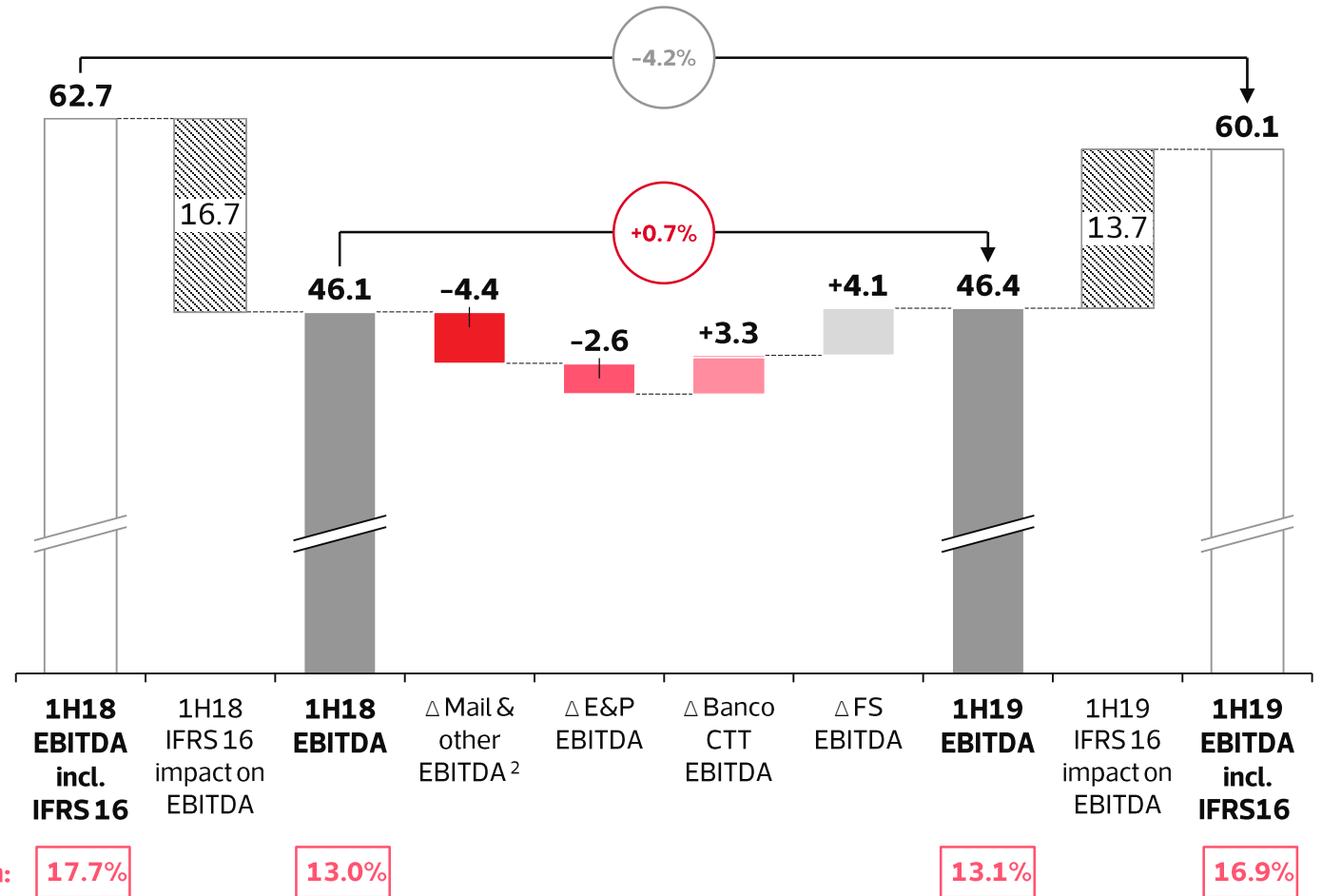
## 1H19 EBITDA <sup>1</sup>

€ million; % change vs prior year



## EBITDA breakdown

€ million; % change vs prior year



<sup>1</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

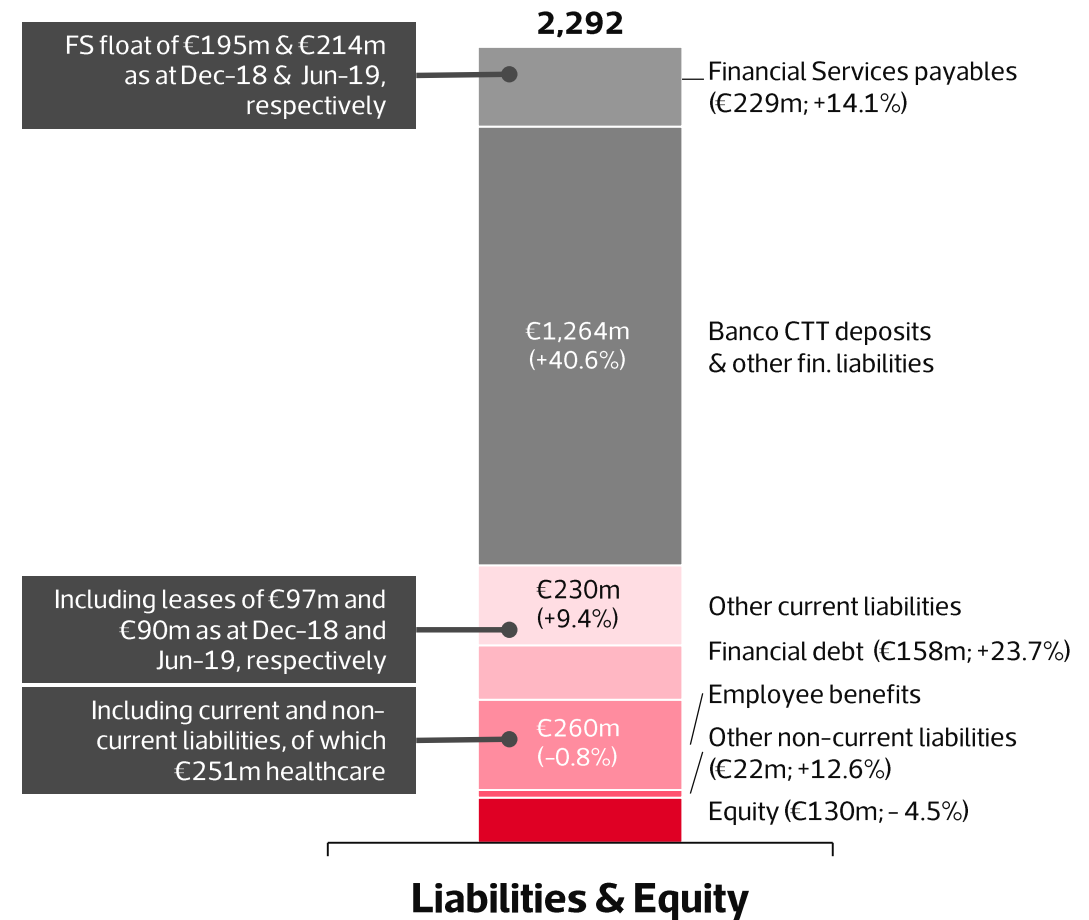
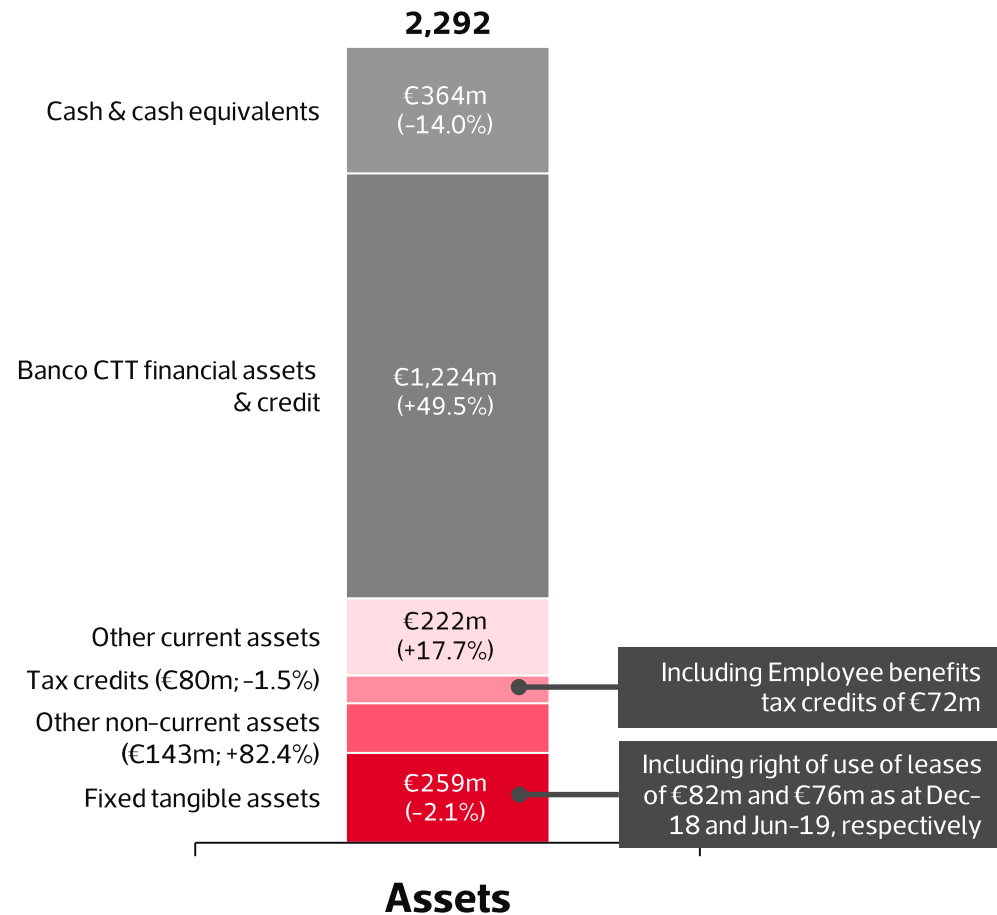
<sup>2</sup> Including Central Structure.

# 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

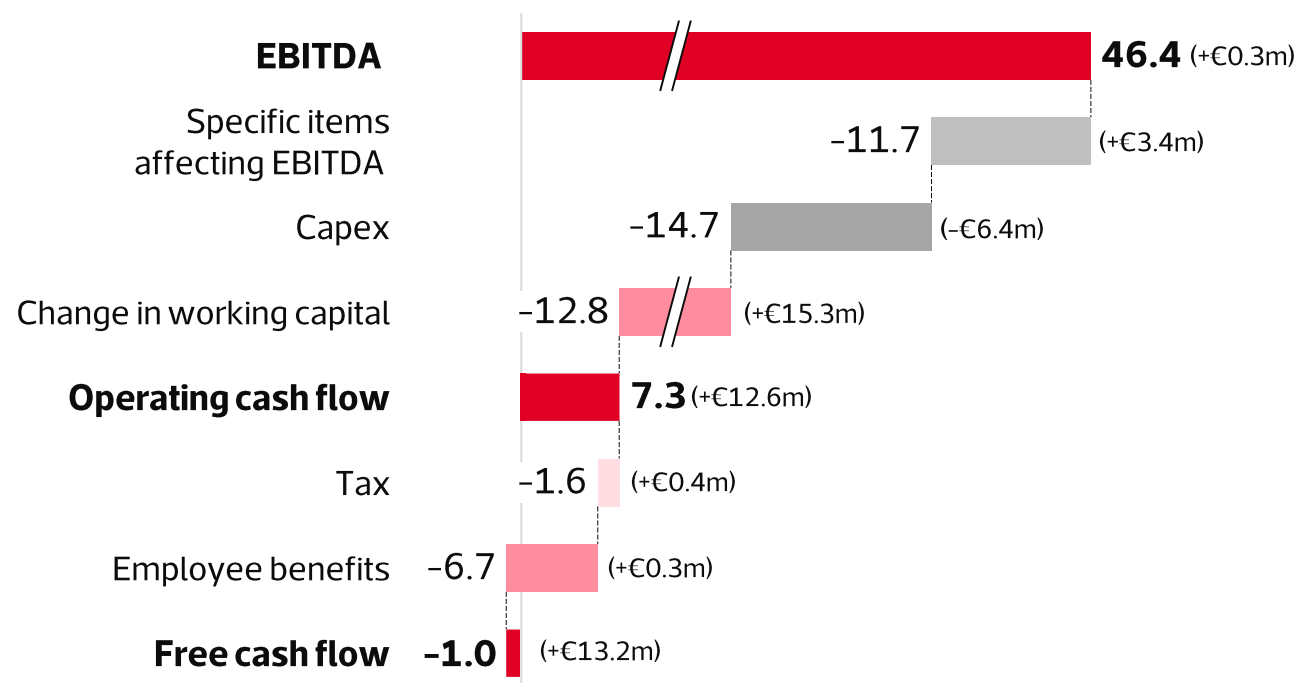


# Net financial cash position of ~€0m (excluding leases liabilities), after the payment for the acquisition of 321 Crédito



## Cash flow

€ million; change vs prior year



## Net financial cash (debt) <sup>1</sup>

€ million

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

<sup>1</sup>Excluding Employee benefits, net.

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



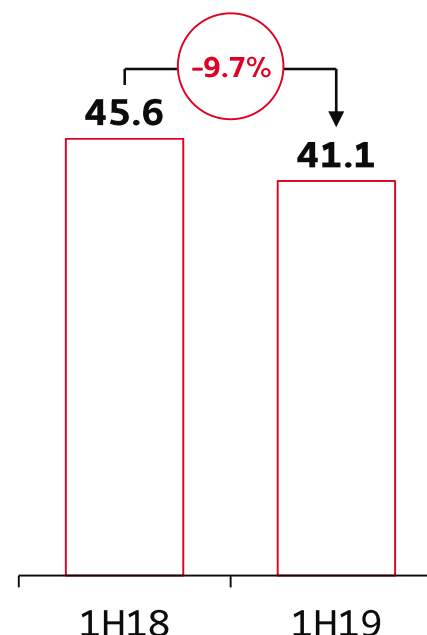
## 1H19 Mail & other revenues

€ 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%)
<b>Total</b>	<b>€243.1m (-4.3%)</b>

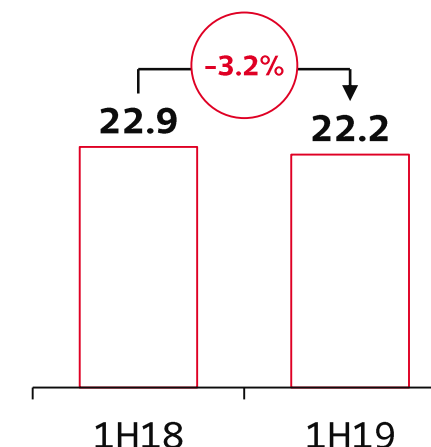
## EBITDA<sup>1</sup>

€ million



## EBIT<sup>2</sup>

€ 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

<sup>1</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>2</sup> 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



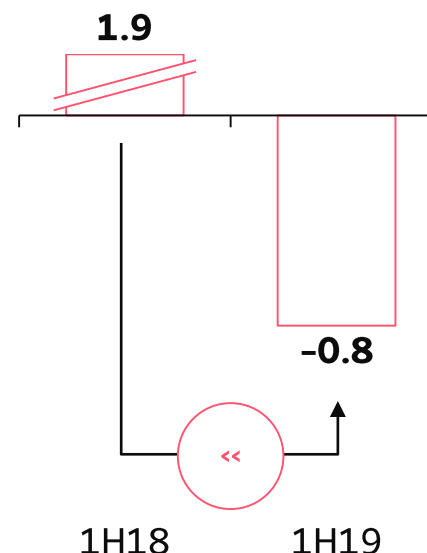
## 1H19 E&P revenues

€ 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%)
<b>Total</b>	<b>€72.8m (+0.1%)</b>

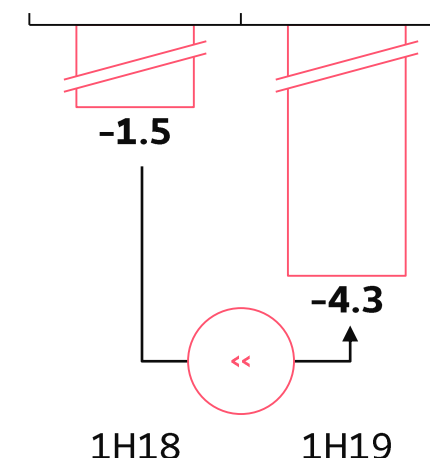
## EBITDA<sup>1</sup>

€ million



## EBIT<sup>2</sup>

€ million



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

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

+9.1% excl. loss of key account

<sup>1</sup> Excluding Specific Items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>2</sup> 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



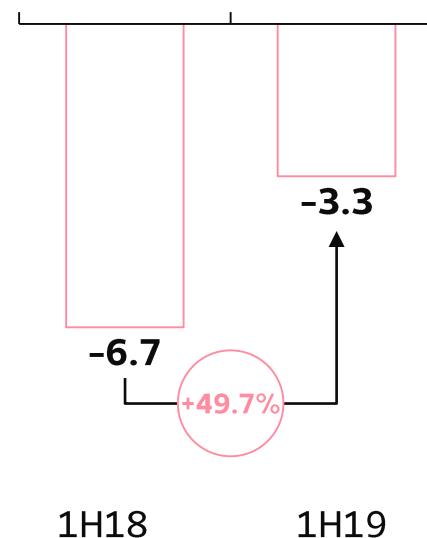
## 1H19 Banco CTT revenues<sup>1</sup>

€ 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)
<b>Total</b>	<b>€23.6m (+€7.8m)</b>

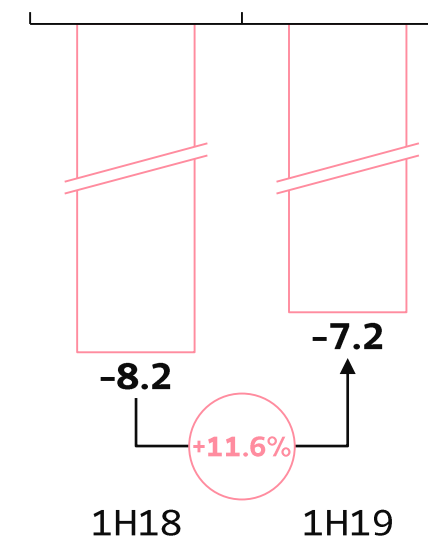
## EBITDA<sup>2</sup>

€ million



## EBIT<sup>3</sup>

€ 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 (%) <sup>4</sup>
<b>30-Jun-19</b>	<b>1,486.9</b>	<b>199.3</b>	<b>440.8</b>	<b>736.7</b>	<b>1,063.6</b>	<b>192.1 / 18.3%</b>
<b>vs 31-Dec-18</b>	<b>+48.4%</b>	<b>-23.4%</b>	<b>-2.9%</b>	<b>+197.0%</b>	<b>+20.3%</b>	<b>+114.6% / -5.1 p.p.</b>

408k current accounts

<sup>1</sup> 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).

<sup>2</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>3</sup> Including Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>4</sup> Fully implemented.



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



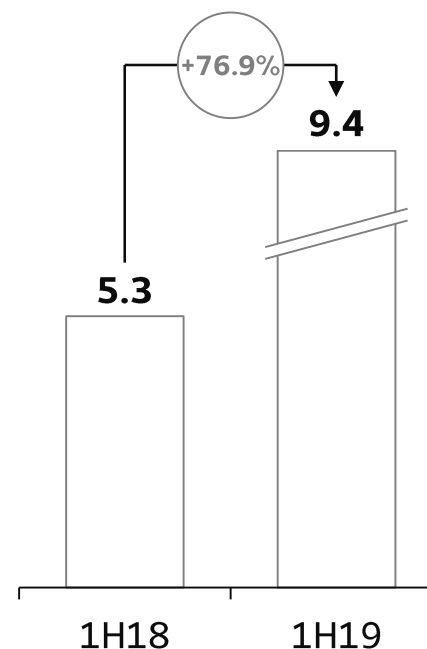
## 1H19 Financial Services revenues <sup>1</sup>

€ 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%)
<b>Total</b>	<b>€15.6m (+24.1%)</b>

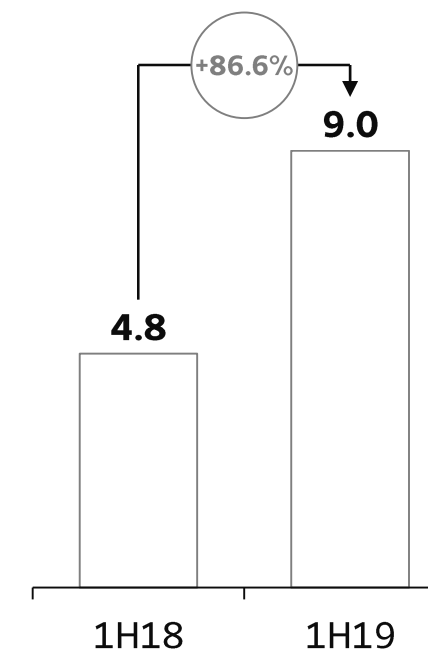
## EBITDA <sup>2</sup>

€ million



## EBIT <sup>3</sup>

€ million



## € FS volumes by type

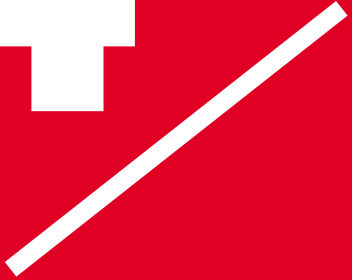
Metric	Savings & insurance flows (€bn)	Placements	Redemptions	Money orders (m ops)
<b>1H19</b>	<b>2.2</b>	<b>1.8</b>	<b>0.4</b>	<b>7.4</b>
<b>vs 1H18</b>	<b>+31.6%</b>	<b>+55.6%</b>	<b>-19.2%</b>	<b>-9.5%</b>

<sup>1</sup> 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).

<sup>2</sup> Excluding Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

<sup>3</sup> Including Specific items & IFRS 16 impacts, depreciation, amortisation, impairments and provisions.

4



**appendix**

# Income statement



€ million	Reported		Reported with Banco CTT under equity method <sup>1</sup>	
	1H18	1H19	1H18	1H19
<b>Revenues</b>	<b>355.1</b>	<b>355.0</b>	<b>348.0</b>	<b>340.3</b>
Operating costs	292.4	294.9	277.1	275.0
<b>EBITDA (incl. IFRS 16 impact)</b>	<b>62.7</b>	<b>60.1</b>	<b>71.0</b>	<b>65.3</b>
of which, IFRS 16 impact:	16.7	13.7	16.3	13.5
<b>EBITDA (excl. IFRS 16 impact)</b>	<b>46.1</b>	<b>46.4</b>	<b>54.7</b>	<b>51.8</b>
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
<b>EBIT</b>	<b>18.1</b>	<b>19.7</b>	<b>28.3</b>	<b>29.1</b>
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
<b>Earnings before taxes (EBT)</b>	<b>13.3</b>	<b>14.7</b>	<b>15.5</b>	<b>16.6</b>
Income tax for the period	5.9	5.7	8.1	7.6
Non-controlling interests	0.0	0.0	0.0	0.0
<b>Net profit attributable to equity holders</b>	<b>7.4</b>	<b>9.0</b>	<b>7.4</b>	<b>9.0</b>

<sup>1</sup>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).

# Balance sheet



€ million	CTT		With Banco CTT under equity method <sup>1</sup>	
	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
<b>Assets</b>	<b>1,854.5</b>	<b>2,292.0</b>	<b>943.5</b>	<b>1,007.2</b>
<b>Equity</b>	135.9	129.7	135.9	129.7
<b>Liabilities</b>	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
<b>Equity and Liabilities</b>	<b>1,854.5</b>	<b>2,292.0</b>	<b>943.5</b>	<b>1,007.2</b>

<sup>1</sup>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).

# Cash flow



€ million	Reported			With Banco CTT under equity method <sup>1</sup>		
	1H18	1H19	Δ 19/18	1H18	1H19	Δ 19/18
<b>EBITDA</b>	<b>46.1</b>	<b>46.4</b>	<b>0.3</b>	<b>54.7</b>	<b>51.8</b>	<b>-2.8</b>
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
<b>Operating cash flow</b>	<b>-5.3</b>	<b>7.3</b>	<b>12.6</b>	<b>6.2</b>	<b>10.1</b>	<b>4.0</b>
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
<b>Free cash flow</b>	<b>-14.3</b>	<b>-1.0</b>	<b>13.2</b>	<b>-8.4</b>	<b>3.6</b>	<b>12.0</b>
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	-	-	-
<b>Net change in own cash</b>	<b>-79.1</b>	<b>-85.4</b>	<b>-6.3</b>	<b>-98.3</b>	<b>-86.8</b>	<b>11.5</b>
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
<b>Net change in cash</b>	<b>-35.1</b>	<b>-59.0</b>	<b>-23.9</b>	<b>38.2</b>	<b>-68.2</b>	<b>-106.3</b>

<sup>1</sup> 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
<b>EBIT</b>	<b>35.3</b>	<b>31.4</b>
<b>Specific items affecting EBIT</b>	<b>17.2</b>	<b>11.7</b>
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	-
<b>EBIT including Specific items</b>	<b>18.1</b>	<b>19.7</b>

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

# Investor Relations

## Contacts:

Phone: +351 210 471 087

E-mail: [investors@ctt.pt](mailto:investors@ctt.pt)

CTT – Correios de Portugal, S.A.

