



9M23 results presentation



02 November 2023

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Operational Review



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Strong growth in E&P and Banco CTT coupled with solid cash-flow performance



- **Portugal:** continued volumes growth ahead of peak season
- **Spain:** very strong growth both in large and smaller clients



- Softer volumes due to digitalisation offsetting price increases
- Continued focus on cost control



- Following an abnormally high level of public debt placements, volumes are coming down
- Strict ceilings on debt placements are restricting placement until YE
- Commercial focus is on distribution of insurance and other services



- Very strong growth in deposits, in line with announced strategy
- Resilient growth in loans
- Moving towards 2025 targets at a strong and steady pace

- Revenues up 8.6% y.o.y. in the quarter, with transformation units in the driving seat
 - E&P continues to accelerate: +35.5%
 - Banco CTT +19.3%
- Recurring EBIT
 - €19.7m in Q3(-2.0% y.o.y.)
 - €68.1m in 9M23 (+75.6% y.o.y), ahead of objectives and guidance
- E&P and Banco CTT as the EBIT growth levers, underlining the benefits of diversification



- Strong operating cash flow generation of €76.2 m in 9M23 (+29.2% y.o.y.)
- FCF of €64.5m in 9M23 (+102.4% y.o.y)
- Consolidated net cash¹ position of €21.7m (€51.4m improvement vs. FY22)
- With Banco CTT equity accounted, net debt¹ stood at €176.1m, down €9.5m vs. FY22

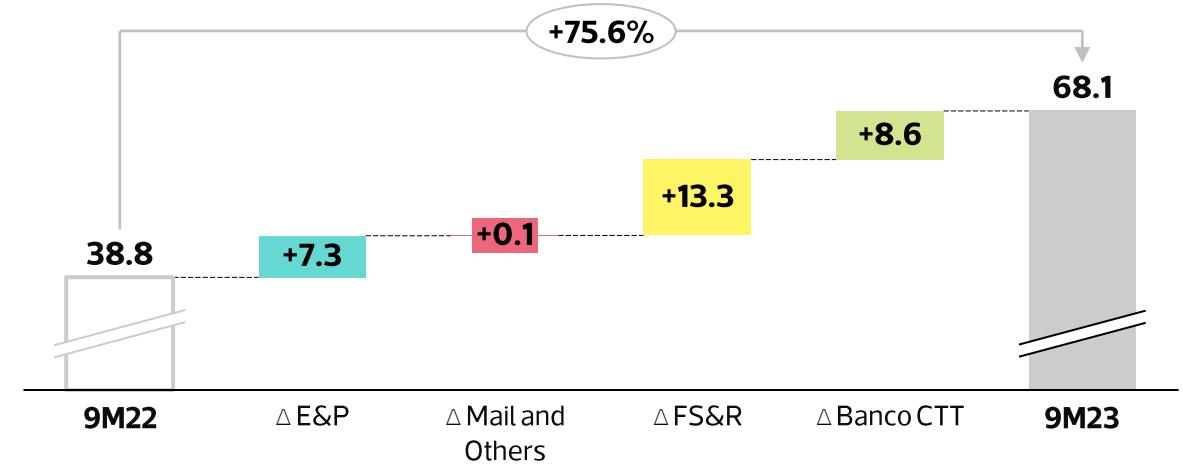
9M23 rec. EBIT growing in all segments against a more challenging macro backdrop



Group CTT - Financials
€ million

	3Q23	9M23
Revenues	€235.0m (+8.6%)	€715.4m (+7.9%)
Recurring EBIT ¹	€19.7m (-2.0%)	€68.1m (+75.6%)

Recurring EBIT¹ evolution
€ million; % change vs. prior year



	Express & Parcels		Mail & Other ²		Financial Services & Retail		Banco CTT	
	3Q23	9M23	3Q23	9M23	3Q23	9M23	3Q23	9M23
Revenues	€88.1m (+35.5%)	€229.5m (+22.2%)	€100.1m (-3.6%)	€323.0m (-6.5%)	€8.5m (-44.6%)	€54.8m (+38.6%)	€38.3m (+19.3%)	€108.1m (+20.1%)
Recurring EBIT ¹	€6.2m (+484.7%)	€12.1m (+153.5%)	€0.1m ³ (-98.8%)	€4.9m (+2.2%)	€4.9m (-41.2%)	€32.9m (+67.8%)	€8.5m (+107.6%)	€18.2m (+89.6%)

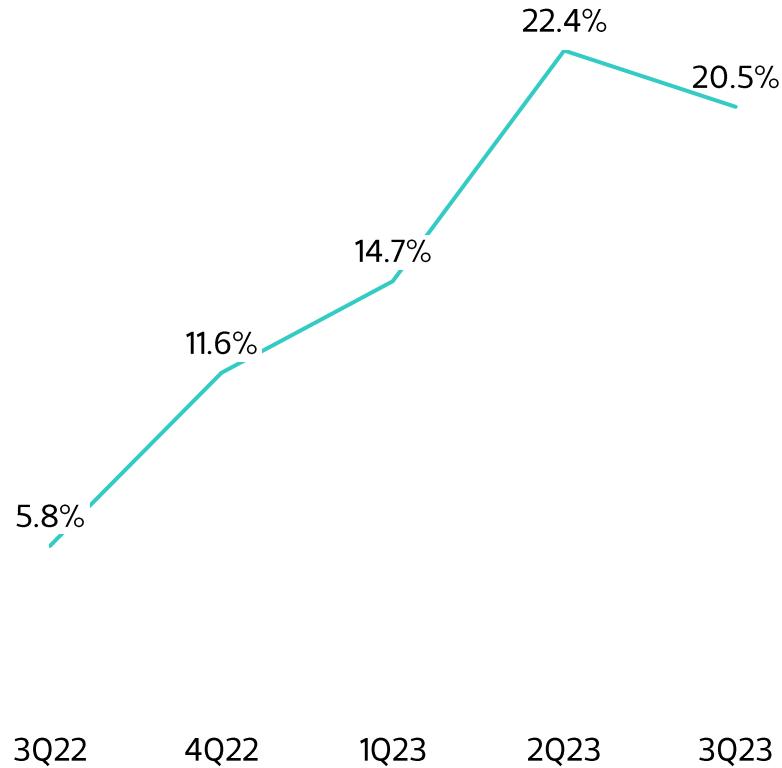
¹Recurring EBIT excludes specific items; ²Including Central Structure; ³The recurring EBIT in 3Q22 benefited from the cost savings associated with the change of CTT's headquarters. The impact in 3Q22 was €3.4m and there is an equivalent annual impact in 2023 and going forward.

E&P in Portugal delivers resilient growth as e-commerce adoption increases



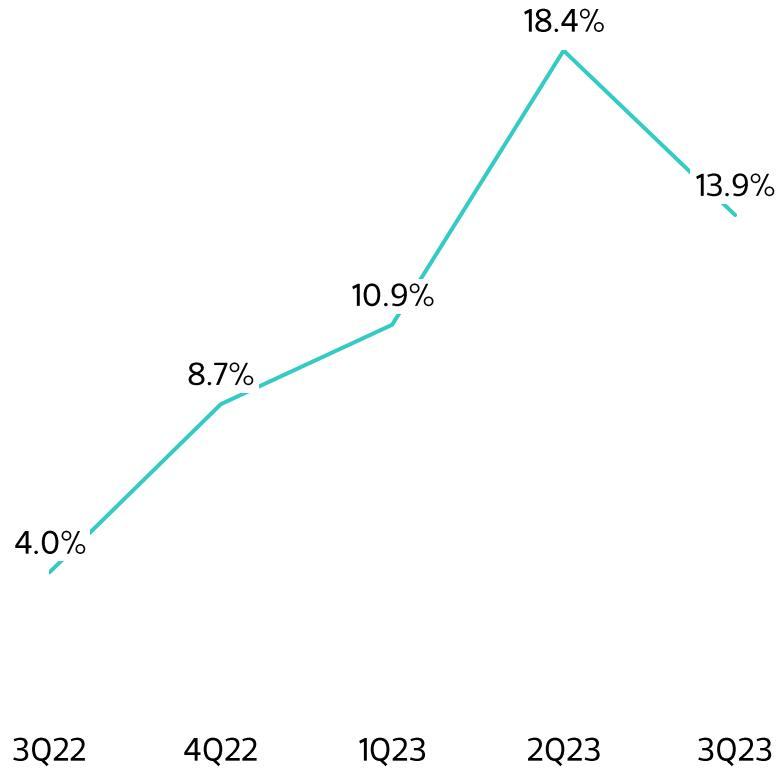
E&P Portugal | CEP Volumes

% change vs. prior year

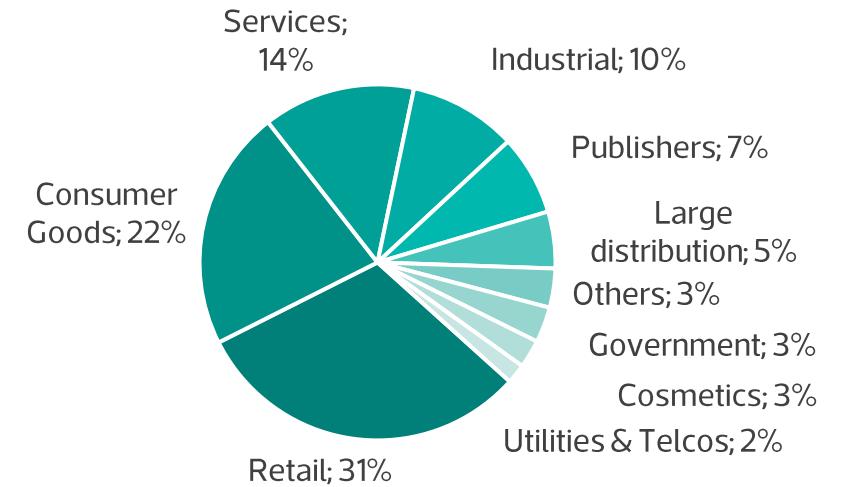


E&P Portugal | CEP revenues

% change vs. prior year



CEP Volumes by type of client¹ in 9M23



Diversified pool of clients across sectors

¹Contractual clients

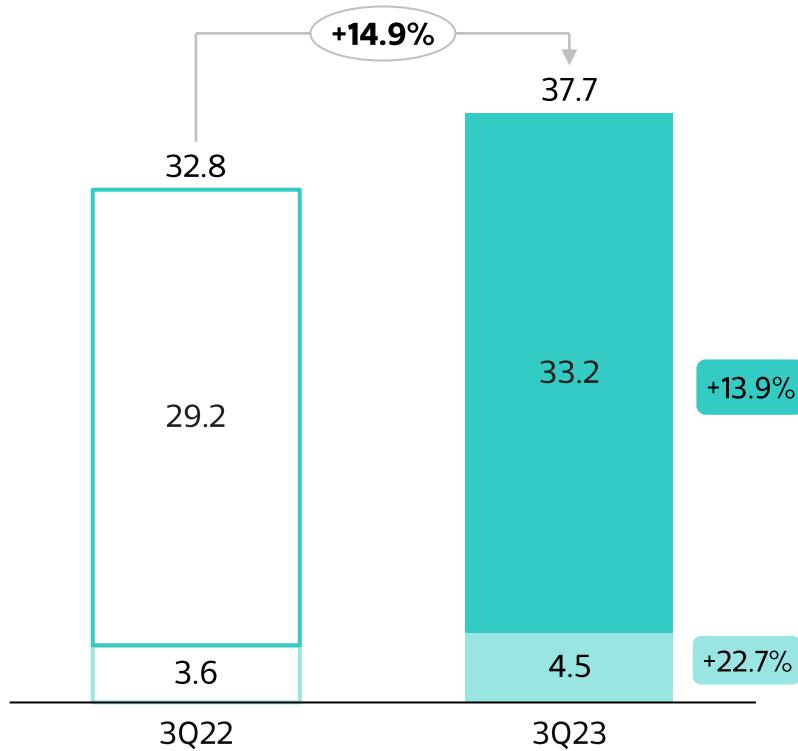
E&P in Portugal with a robust margin expansion



E&P Portugal | Revenues

€ million; % change vs. prior year

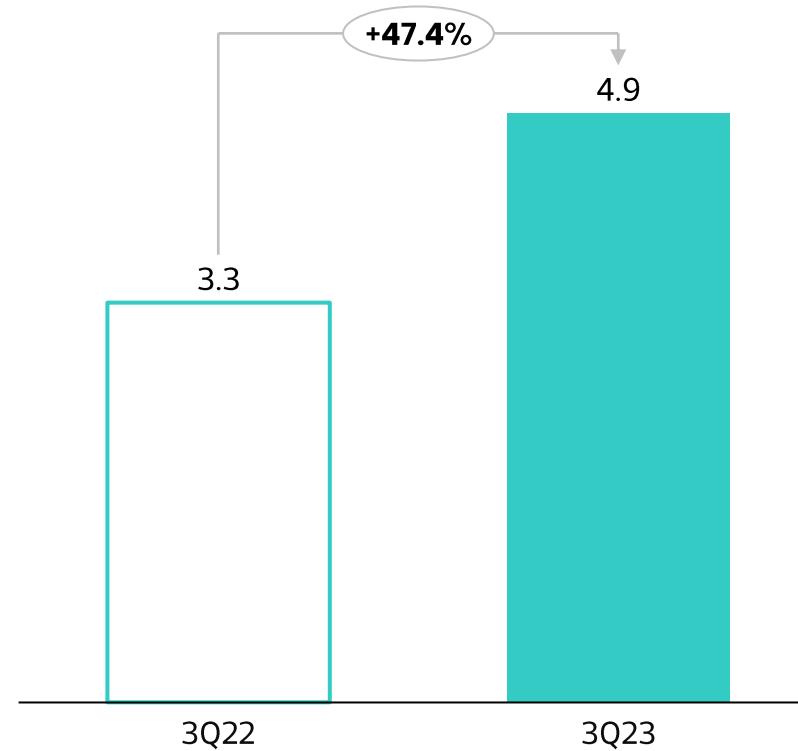
CEP Cargo & other



E&P Portugal | EBITDA¹

€ million; % change vs. prior year

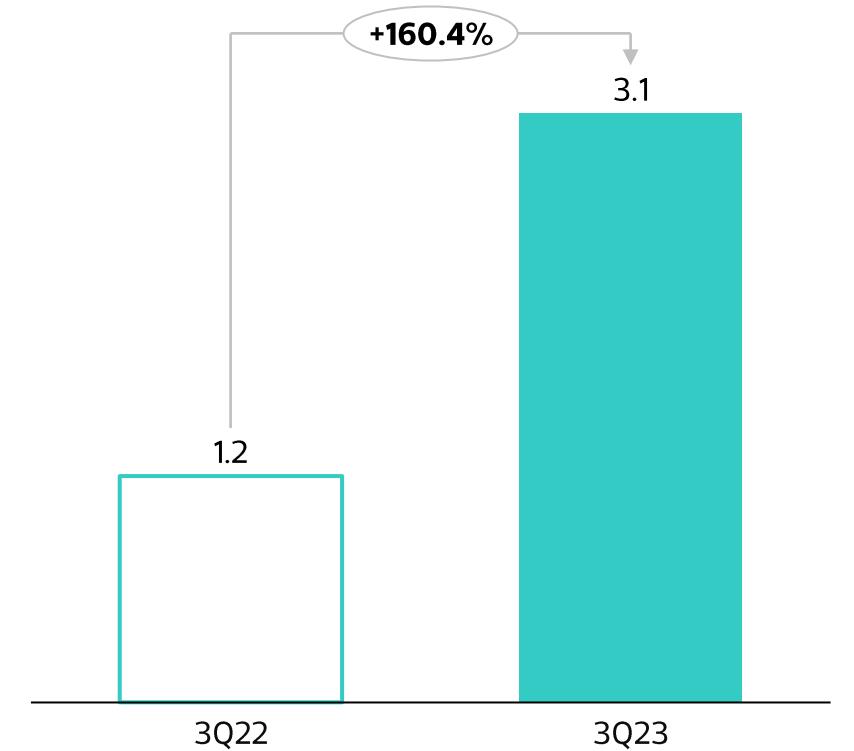
Margin¹: 10.4% 13.3%



E&P Portugal | EBIT^{1,2}

€ million; % change vs. prior year

Margin¹: 3.7% 8.3%



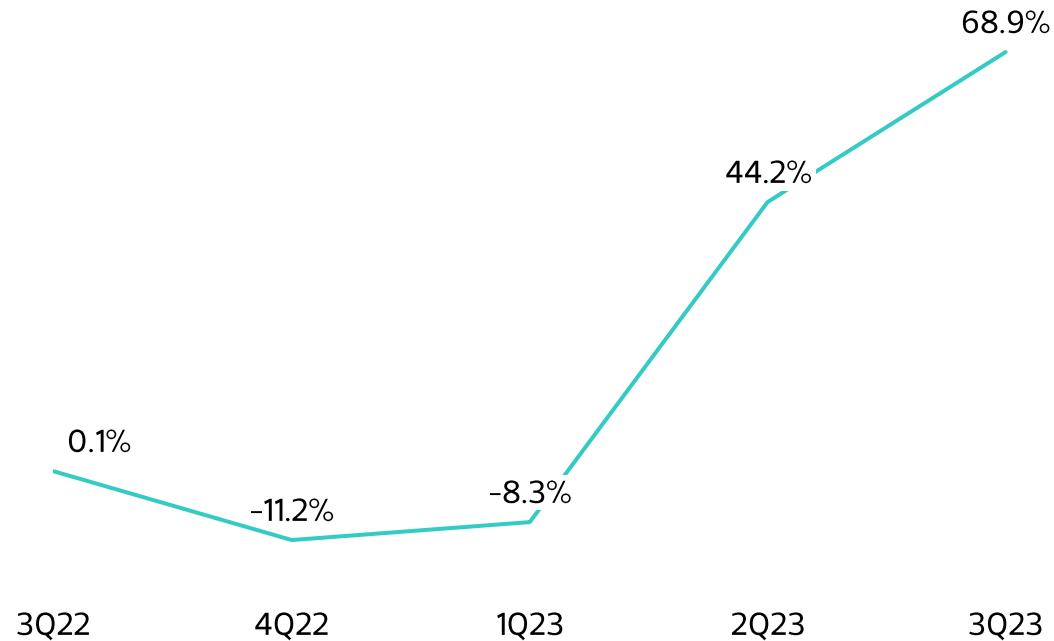
Operational leverage delivering sustainable high margins

¹Individual accounts; ²Recurring EBIT excludes specific items;

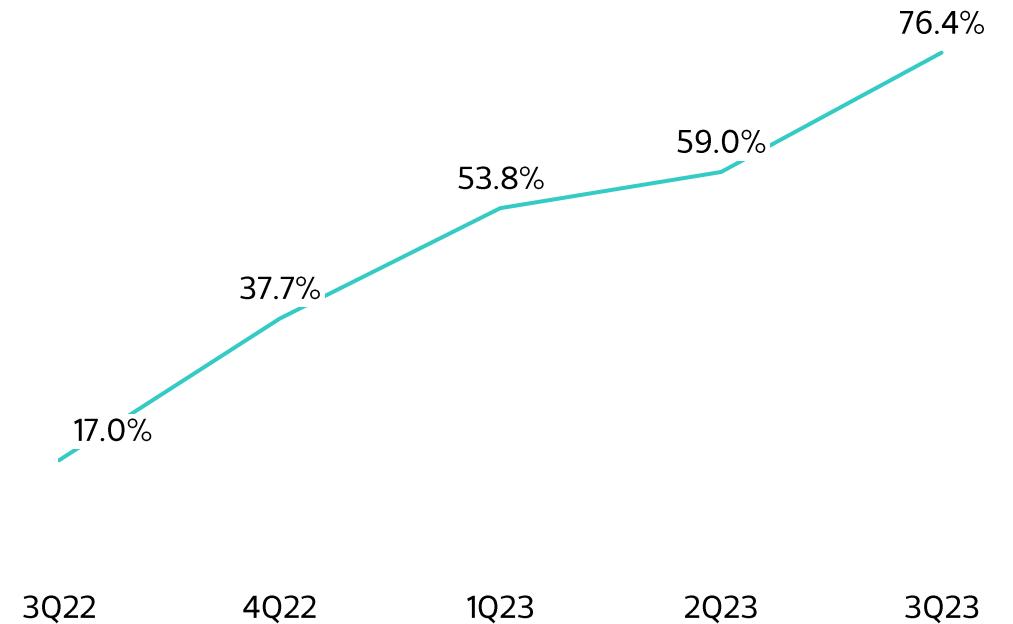
E&P in Spain maintaining high rates of growth



E&P Spain | CEP Volumes
% change vs. prior year



E&P Spain | Smaller clients' ¹volumes
% change vs. prior year



**High growth fueled by all client segments,
with the smaller clients outperforming and improving diversification**

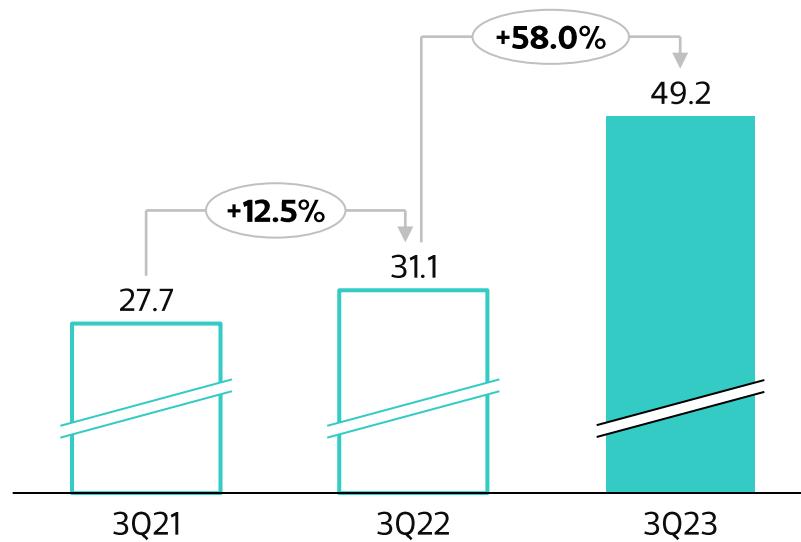
¹Clients with daily volumes below 20,000 items

Growth and operational leverage enabling margin expansion in E&P in Spain



E&P Spain | Revenues

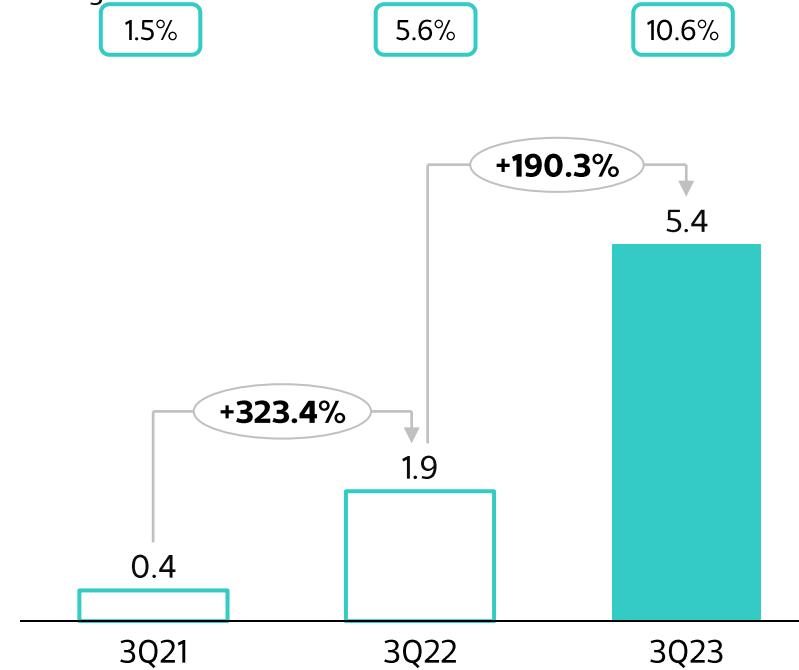
€ million; % change vs. prior year



E&P Spain | EBITDA¹

€ million; % change vs. prior year

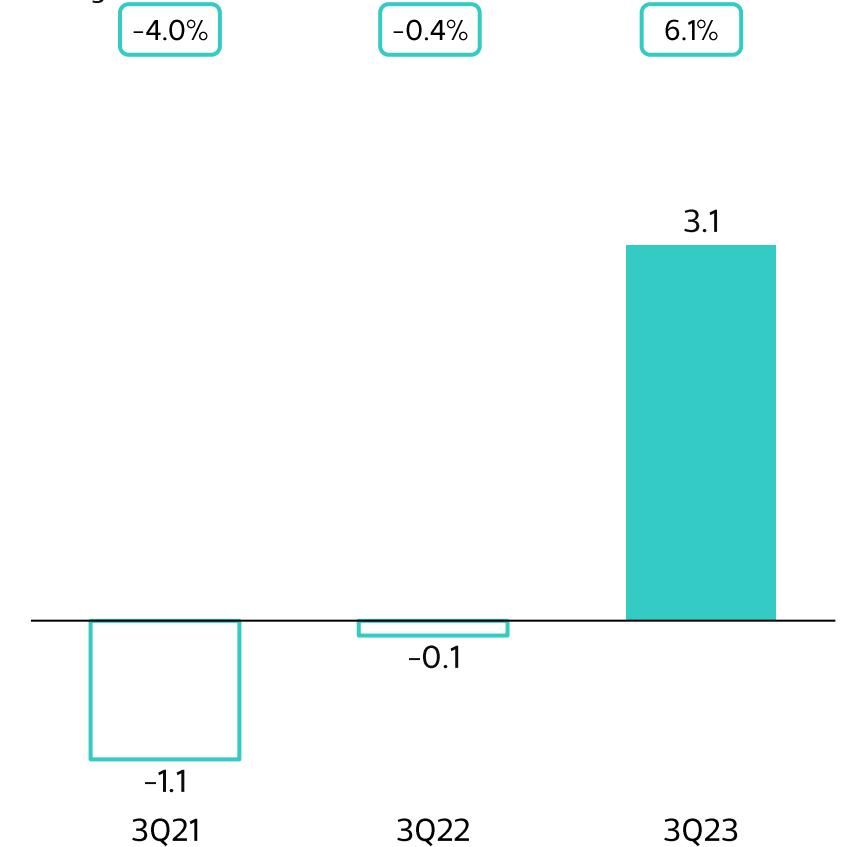
Margin¹:



E&P Spain | EBIT^{1,2}

€ million;

Margin¹:



Swift capacity upgrades to protect quality at much higher volumes

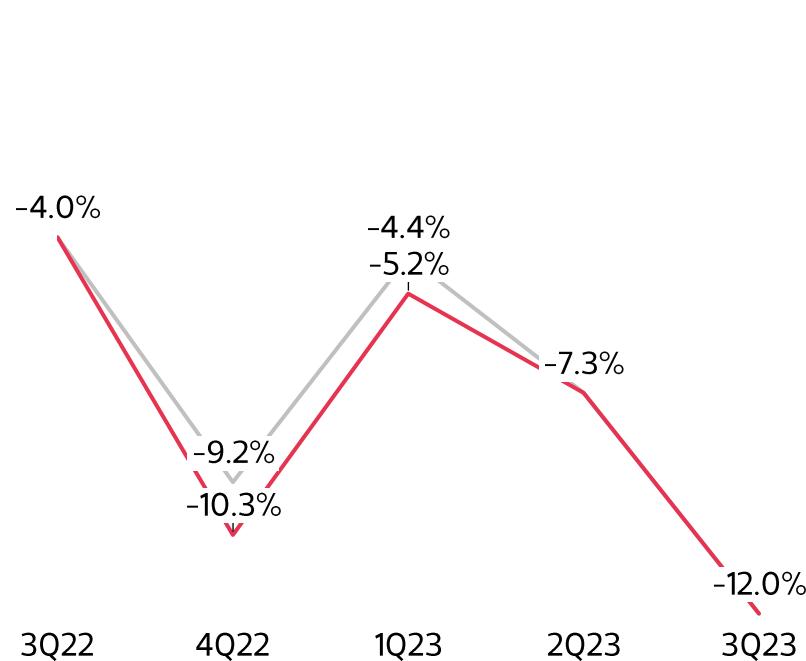
¹Individual accounts; ²Recurring EBIT excludes specific items;

Softer mail volumes penalised by steeper digitalisation trends

Addressed mail volumes

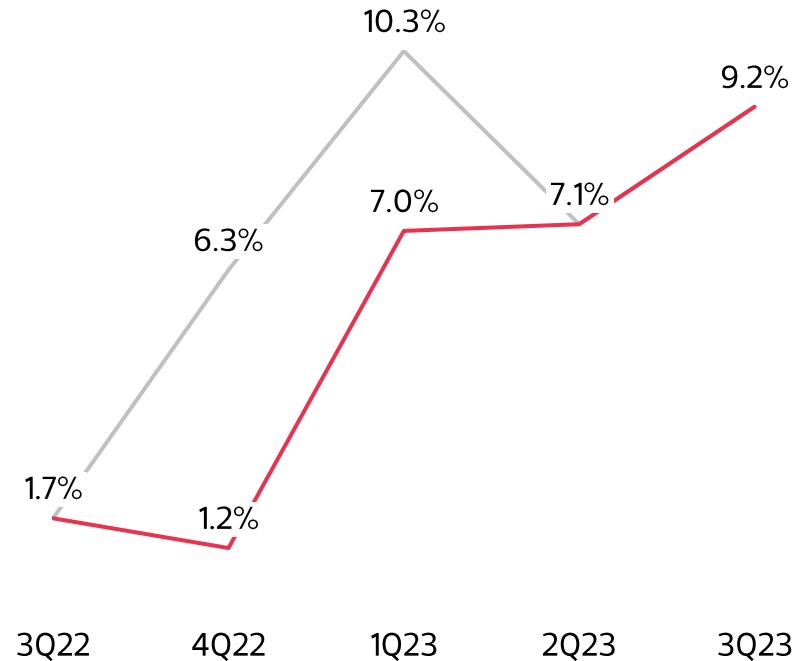
% change vs. prior year

— Adjusted for elections impact
— Reported



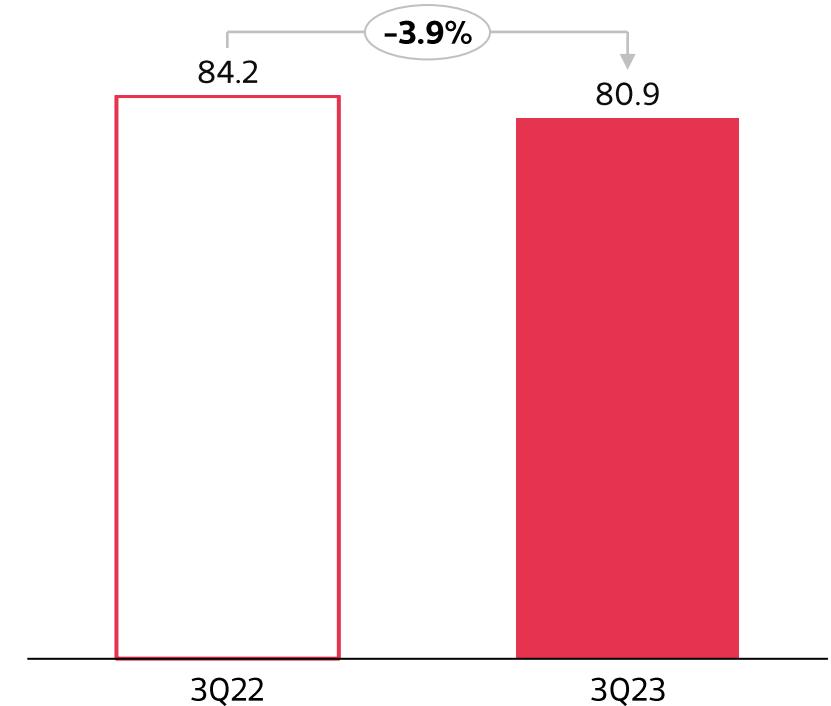
Average revenue per item

% change vs. prior year



Addressed mail revenues

€ million; % change vs. prior year

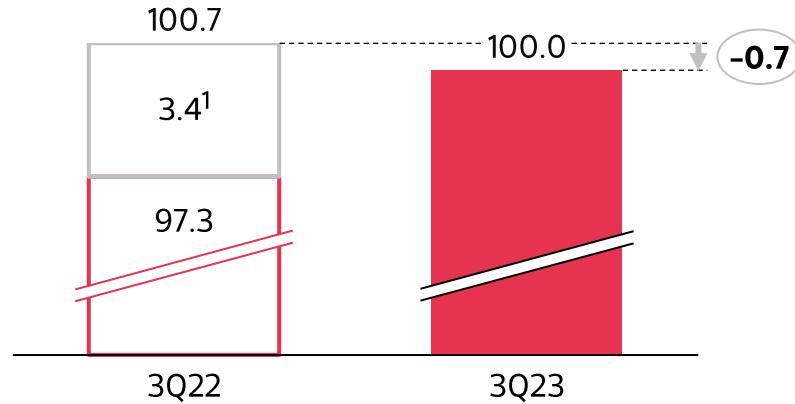


Average revenue per item increasing, on the back of higher prices, but not fully compensating volume declines

Continued focus on profitability, including pricing and cost measures, to cope with softer volume trends

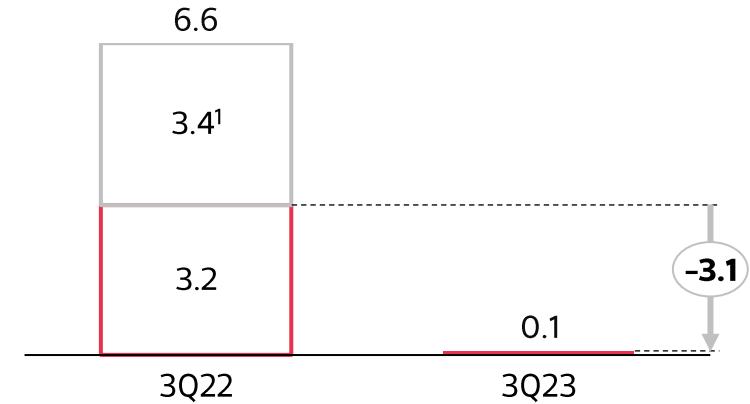
Mail & Other | Costs (Rec. EBIT level)

€ million; % change vs. prior year



Mail & Other | Rec. EBIT

€ million; % change vs prior year



Staff Reduction Initiatives in place

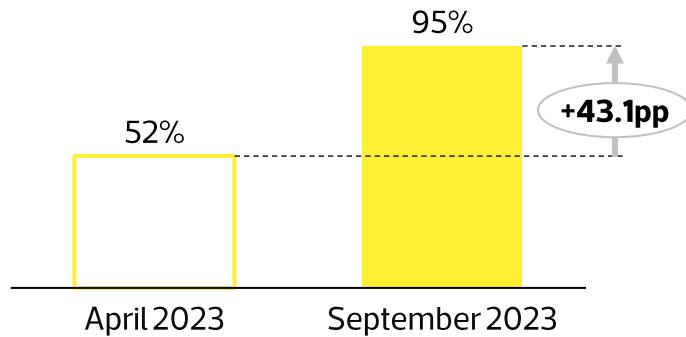
	Headcount (#)	Cost (€m)	Annualised impact in EBIT (€m)	Payback (years)
9M23	83	4.2	2.5	1.2
4Q23/FY24	~200	12-15	~5.0-5.5	<3

**Key profitability drivers are volumes and pricing
in a context where staff reduction will deliver results in 2024**

¹The recurring EBIT in 3Q22 benefited from the cost savings associated with the change of CTT's headquarters. The impact in 3Q22 was €3.4m and there is an equivalent annual impact in 2023 and going forward.

Less attractive rates and stringent cap impacted placements and thus profitability

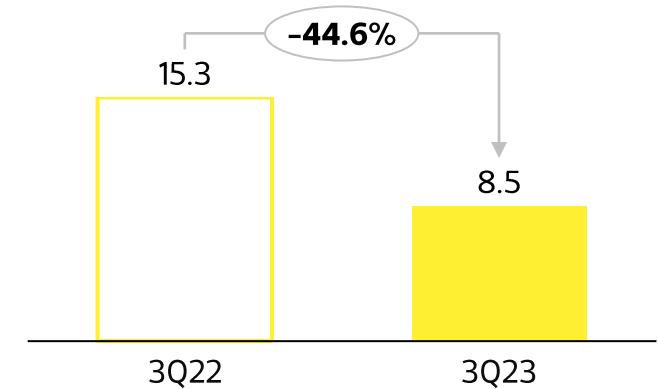
Insurance Products | CTT sales ramp up
% of total CTT stores selling insurance products



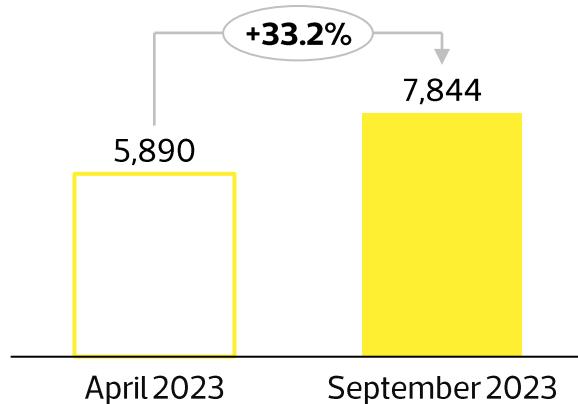
Expansion towards other type of services
Partnership with Prosegur, a security company



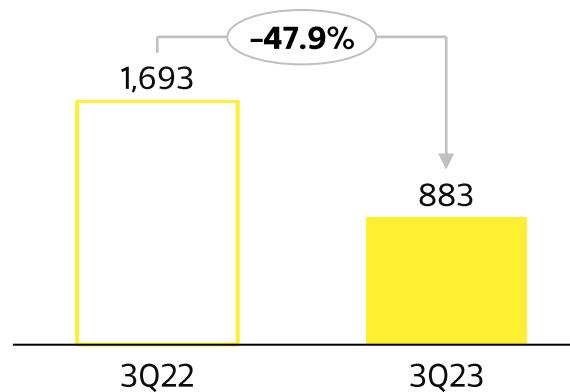
Financial Services | Revenues & rec. EBIT
€ million; % change vs. prior year



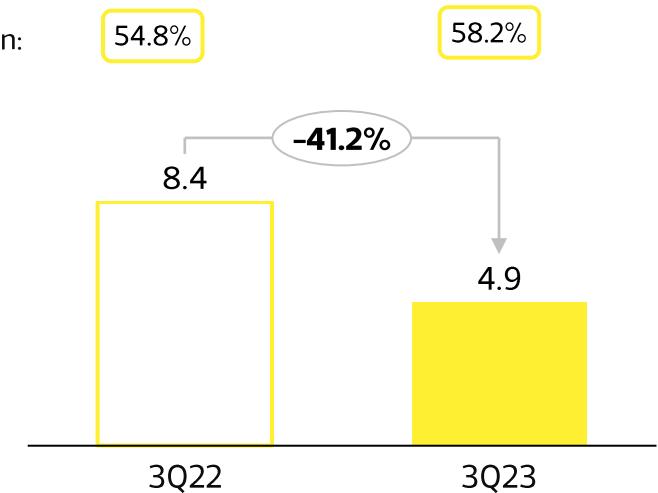
Insurance Products | Client interactions
Number of insurance simulations made by clients in stores



Financial Services | Public Debt Placements
€ million; % change vs. prior year



Margin:



Steady growth towards medium-term targets

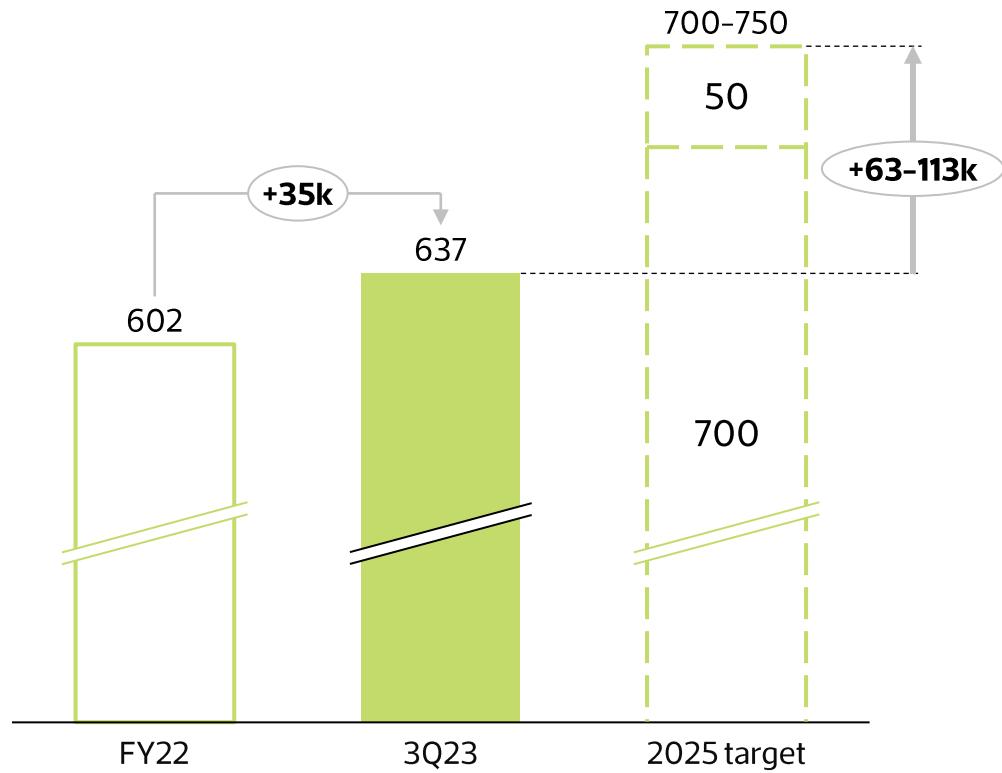
Number of Accounts

Thousands, EoP

Per quarter:

+12k

+7-13k



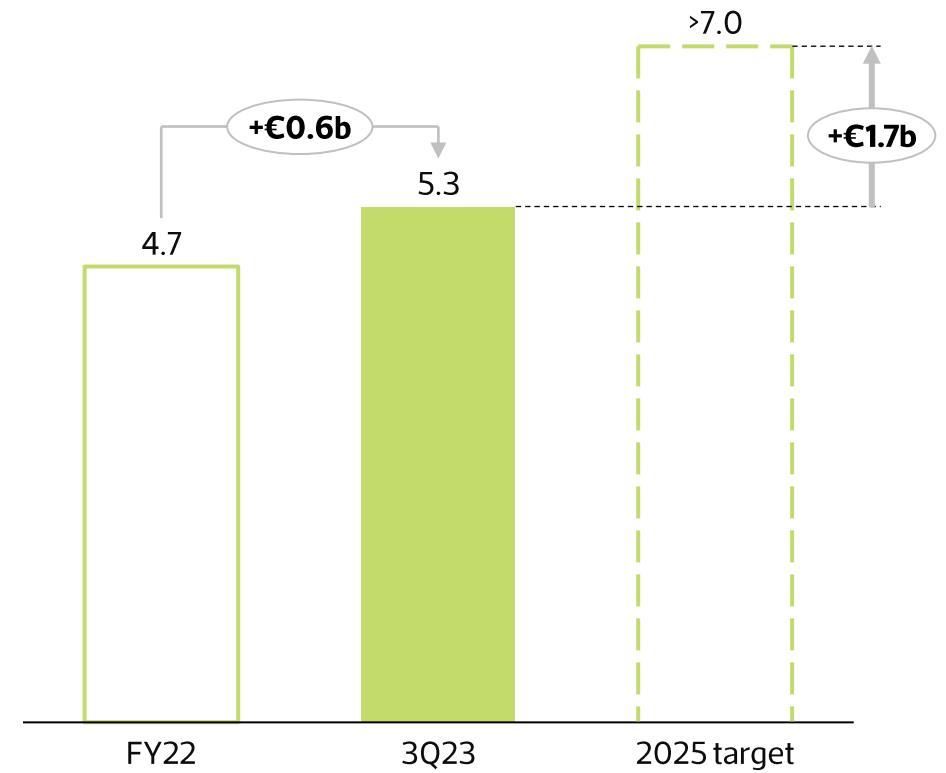
Business volumes (loans and resources)

€ billion; EoP

Per quarter:

+€0.20b

+€0.19b

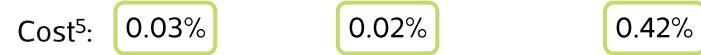


Combined healthy growth in loans and deposits



Banco CTT – Customer deposits¹

€ million, EoP



Banco CTT – Auto Loans volumes^{3,4}

€ million, EoP

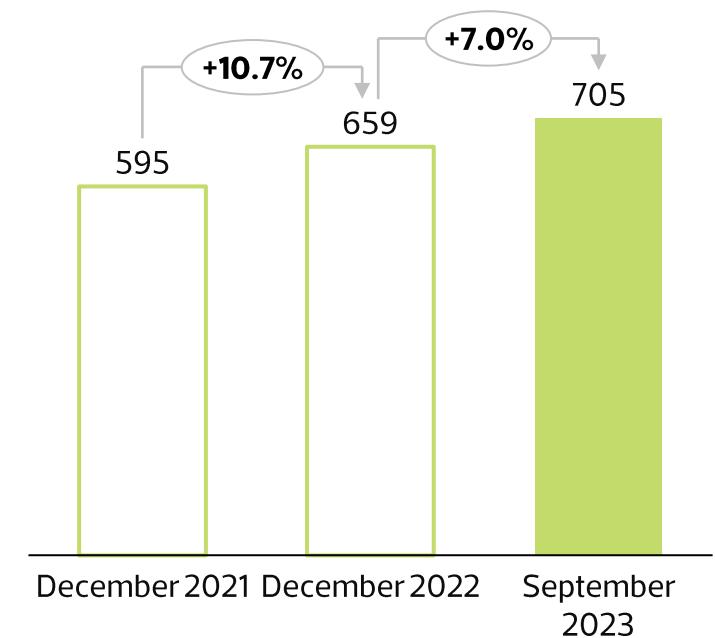
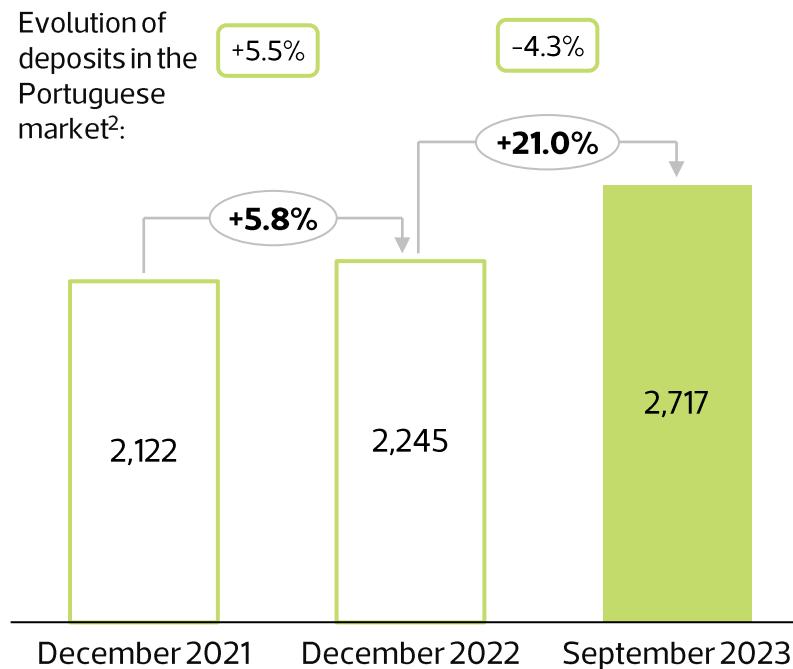


Banco CTT – Mortgage Loans volumes³

€ million, EoP



Evolution of deposits in the Portuguese market²:



Banco CTT strategic focus is on customer deposits

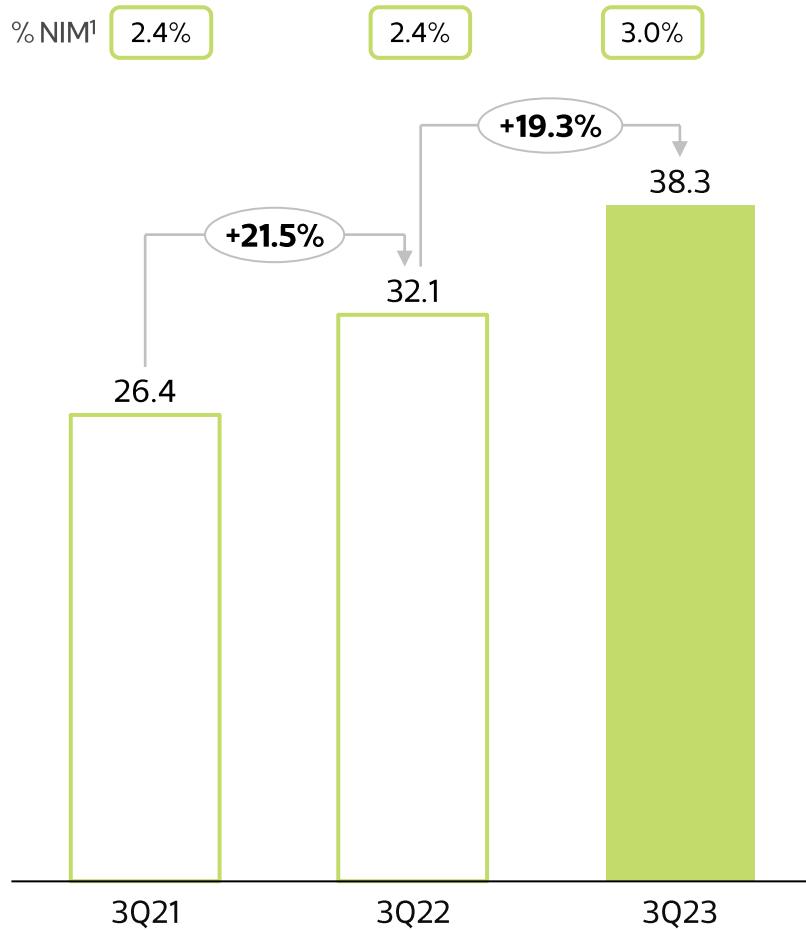
¹Retail Deposits, consolidated accounts; ²Source: Banco de Portugal; ³Net of impairments; ⁴Consolidated contribution; ⁵Cumulative

Continued revenue growth driving profitability



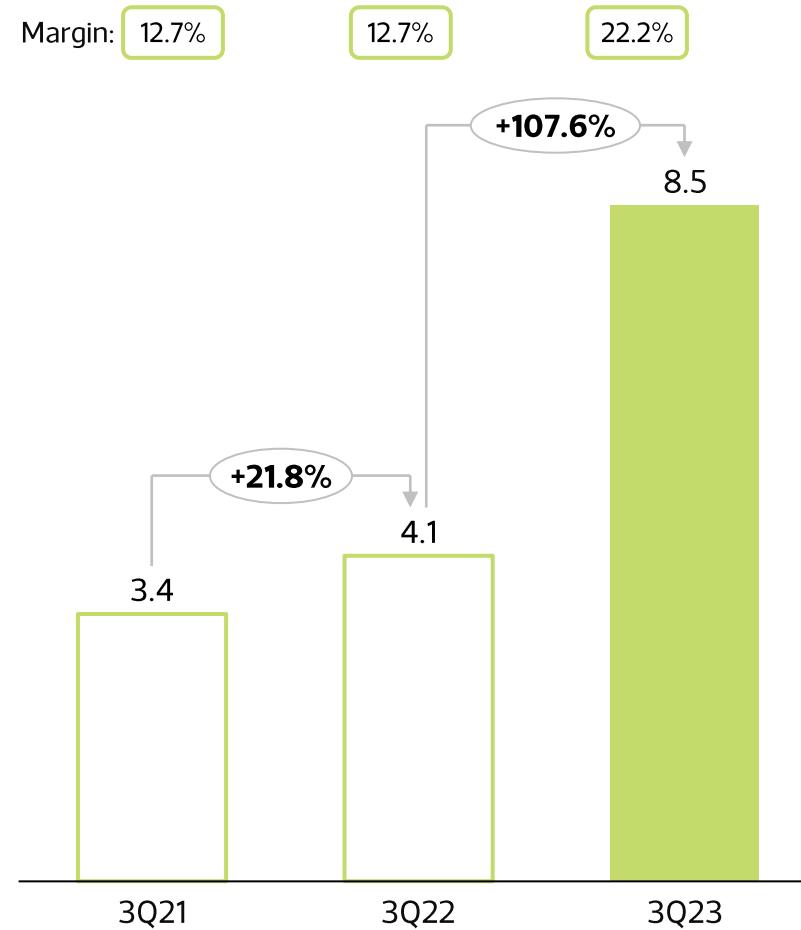
Revenues

€ million; % change vs. prior year



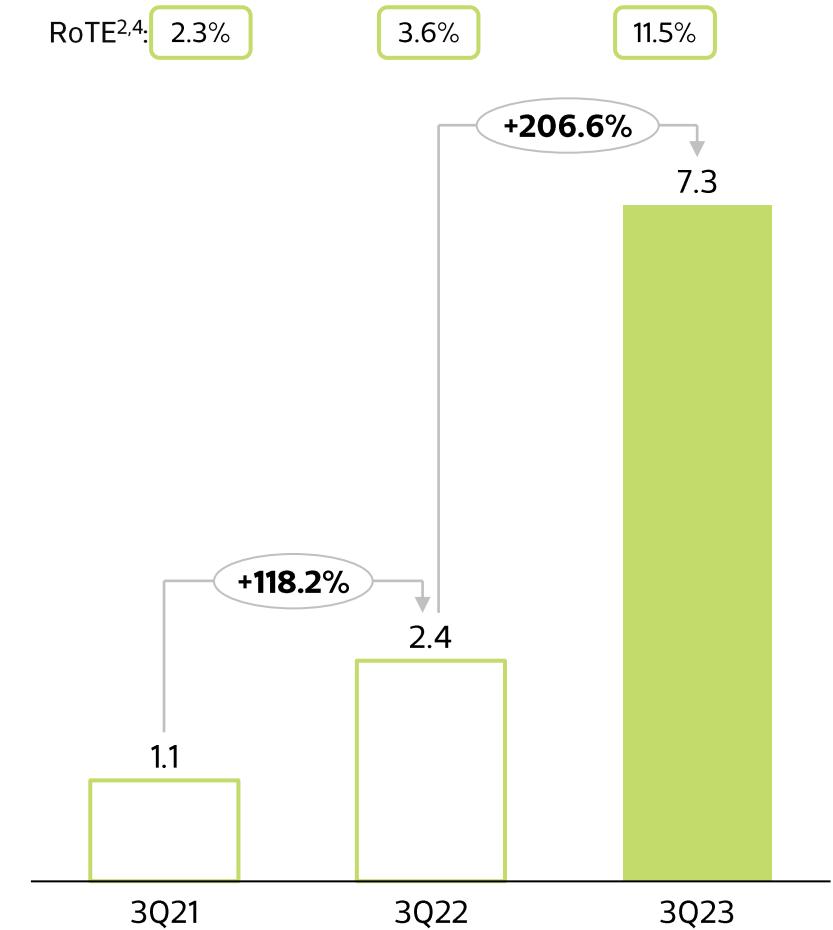
Rec. EBIT

€ million; % change vs. prior year



Profit before Taxes^{3,4}

€ million; % change vs. prior year



¹Cumulative; ²Recurring RoTE, quarterly; ³Banco CTT consolidation perimeter, excluding specific items; ⁴Proforma due to Payshop transaction

Financial review



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Continued growth of revenues and recurring EBIT coupled with healthy FCF



Key financial indicators

€ million; % change vs. prior year

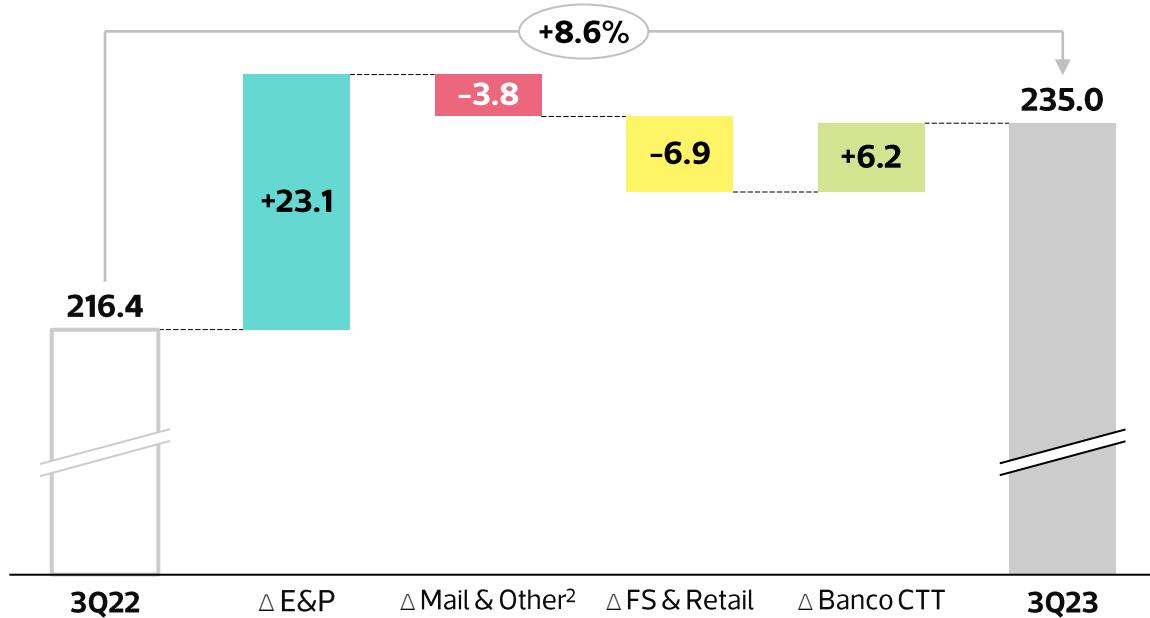
	Quarter			9 months		
	3Q22	3Q23	y.o.y	9M22	9M23	y.o.y
Revenues¹	216.4	235.0	8.6%	662.8	715.4	7.9%
Operating costs – EBITDA ²	180.0	199.5	10.9%	576.0	599.8	4.1%
EBITDA²	36.4	35.5	-2.4%	86.8	115.6	33.1%
Depreciation & amortisation	16.3	15.8	-2.9%	48.1	47.5	-1.1%
Recurring EBIT¹	20.1	19.7	-2.0%	38.8	68.1	75.6%
Specific items	-2.2	1.9	n.m.	-4.3	11.0	n.m.
EBIT	22.3	17.8	-20.1%	43.0	57.1	32.7%
Financial result	-2.5	-4.5	n.m.	-7.1	-11.6	n.m.
Tax	6.1	3.8	-37.4%	7.6	10.0	30.6%
Net profit attributable to equity holders	13.8	9.5	-31.1%	28.3	35.5	25.5%
Free cash flow	28.1	16.6	-40.8%	31.9	64.5	102.4%

¹Excluding Specific items; ²Excluding Specific items, depreciation & amortisation

Strong contribution of E&P for revenue growth

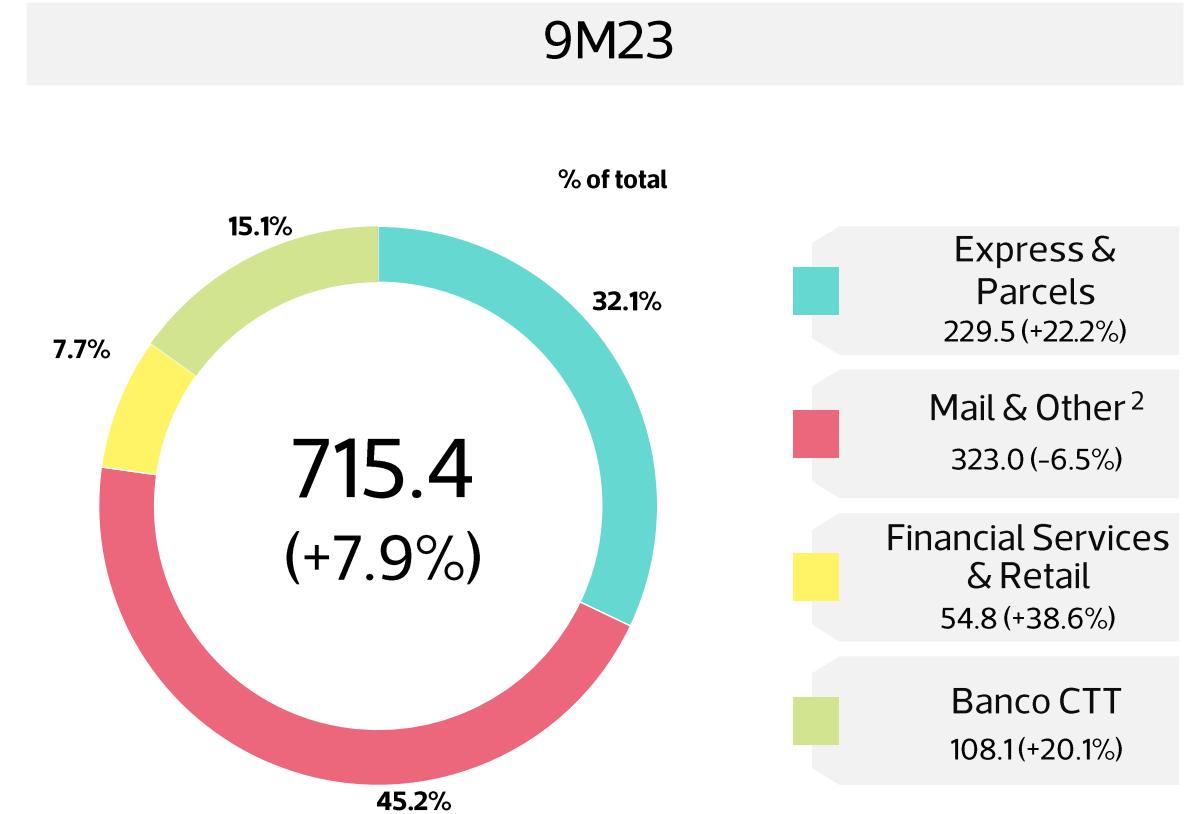
Revenues ¹

€ million; % change vs. prior year



Revenue ¹breakdown

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

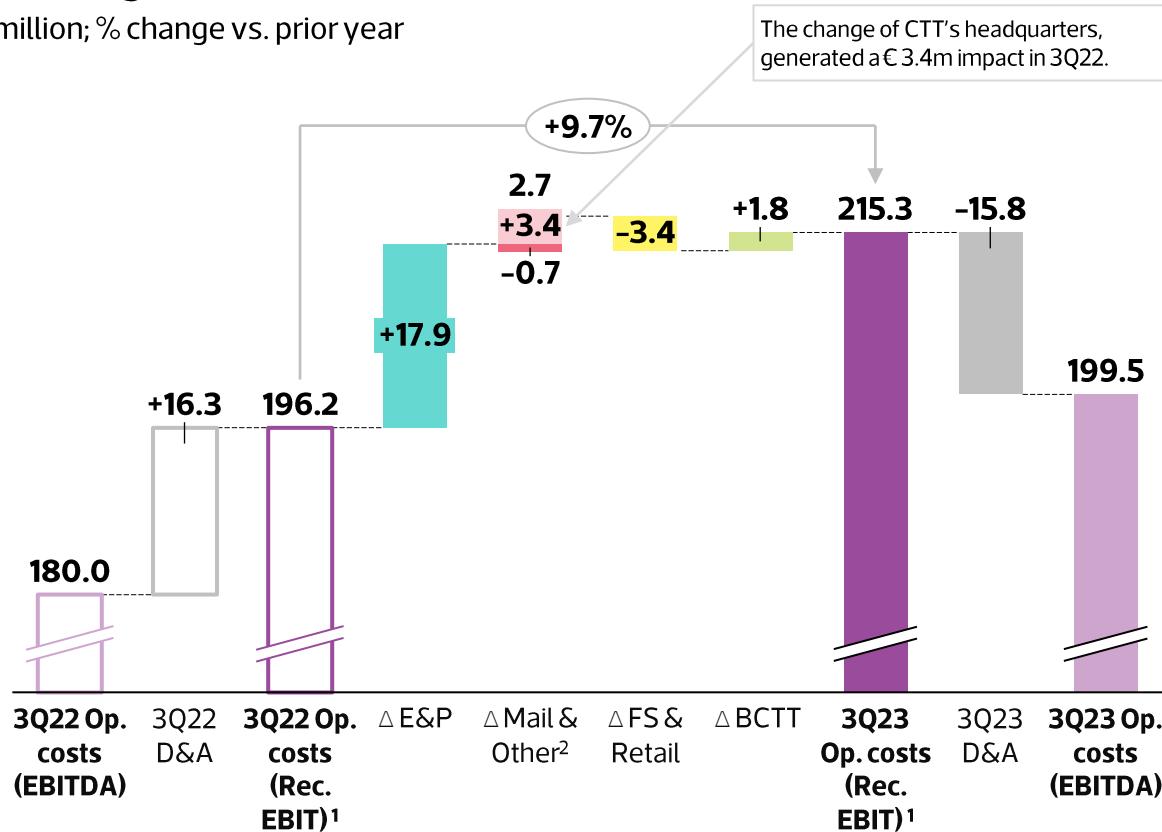


¹Excluding Specific items; ²Including Central Structure

Increased business activity pulls direct costs, while focus on profitability is driving a reduction in structure costs

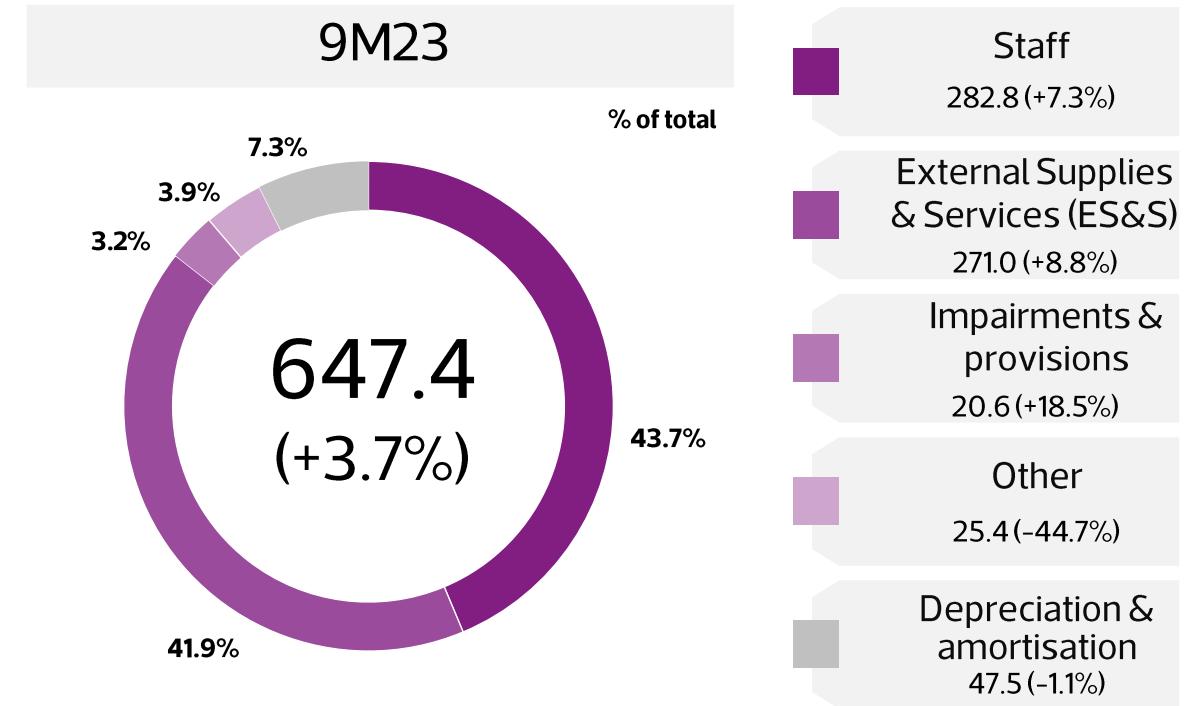
Operating costs¹

€ million; % change vs. prior year



Operating costs (Rec. EBIT)¹ breakdown

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



In 3Q23:

- **E&P costs grew by €17.9m** mainly due to increased business activity
- **Mail & Other costs increased €2.7m** (due to the €3.4 m positive impact in 3Q22 due to change in headquarters), helped by cost control initiatives that more than offset wage inflation
- **Banco CTT costs increased €1.8m** partly owing to higher staff and external services costs, which were partially offset by a decrease in impairment & provisions (-€0.3m)

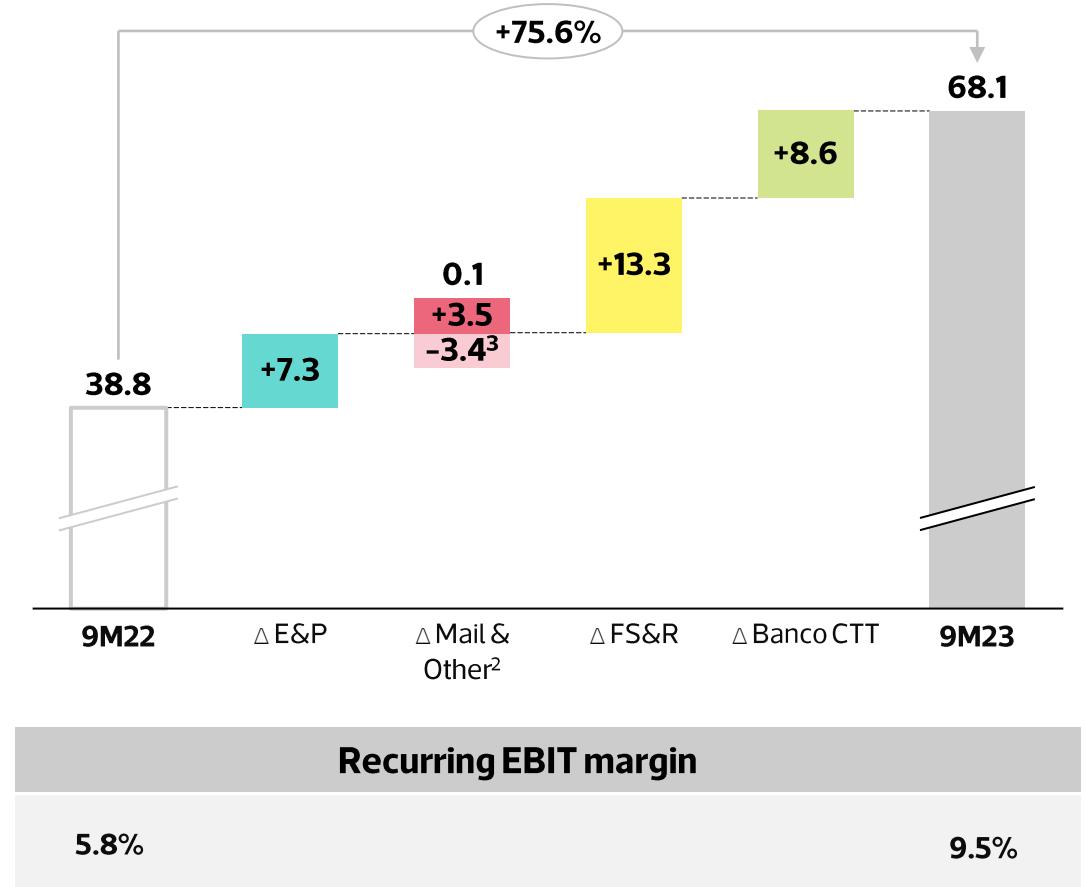
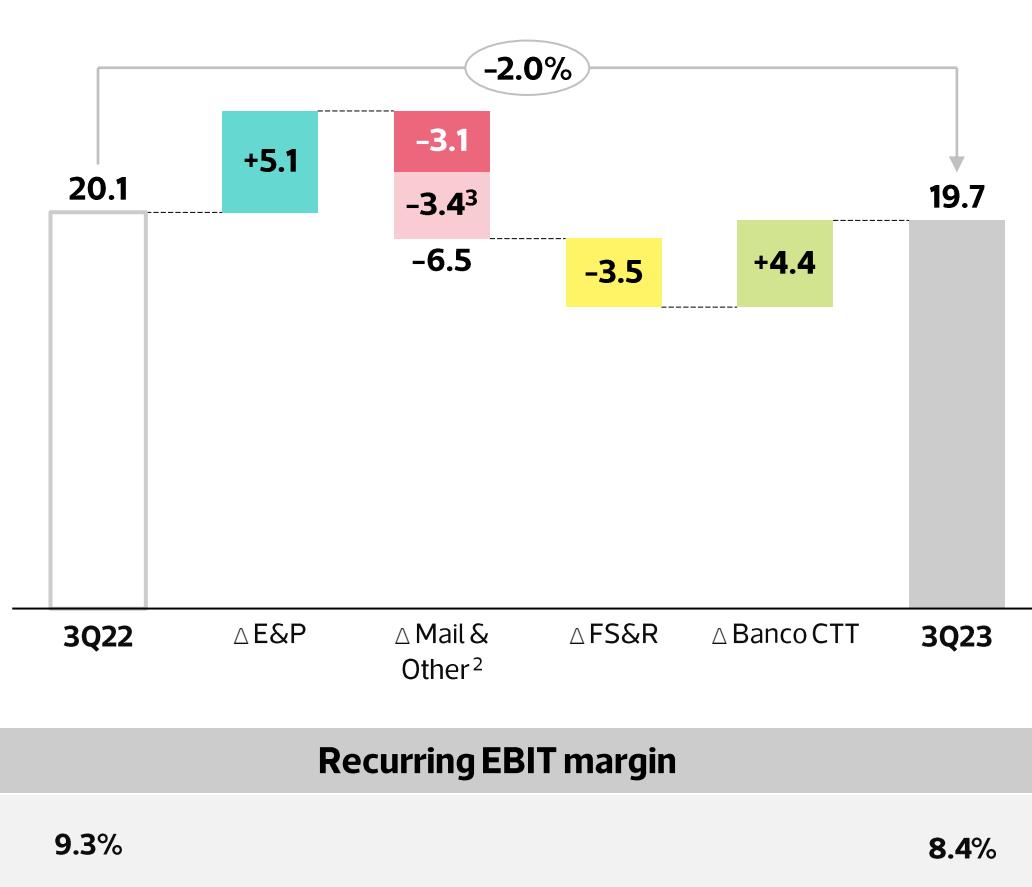
¹Excluding Specific items; ²Including Central Structure

Flattish EBIT in 3Q23



Recurring EBIT¹

€ million; % change vs. prior year



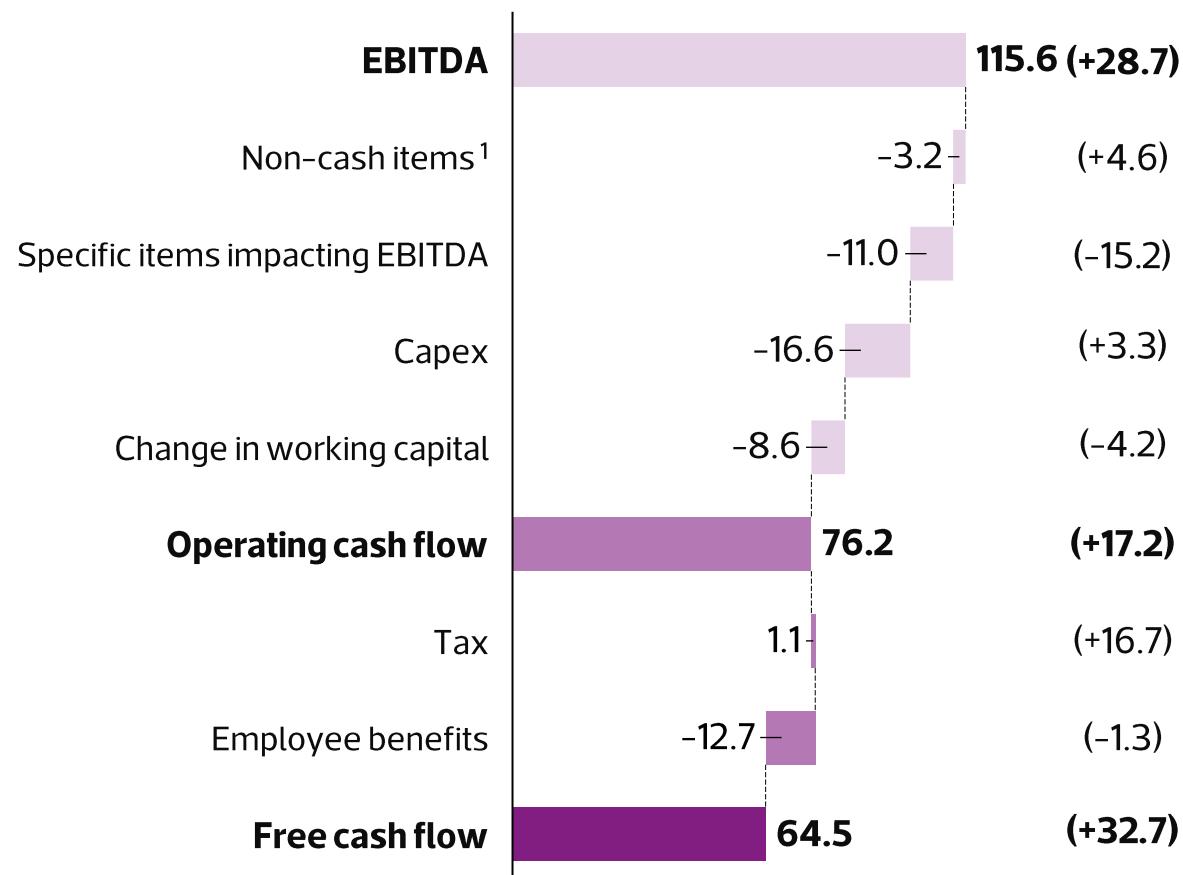
¹Excluding Specific items; ²Including Central Structure; ³Recurring EBIT in 3Q22 benefited from the cost savings associated with the change of CTT's headquarters, with a €3.4m impact.

Consistent strong cash flow generation



9M23 Cash flow

€ million; impact on cash flow vs. prior year



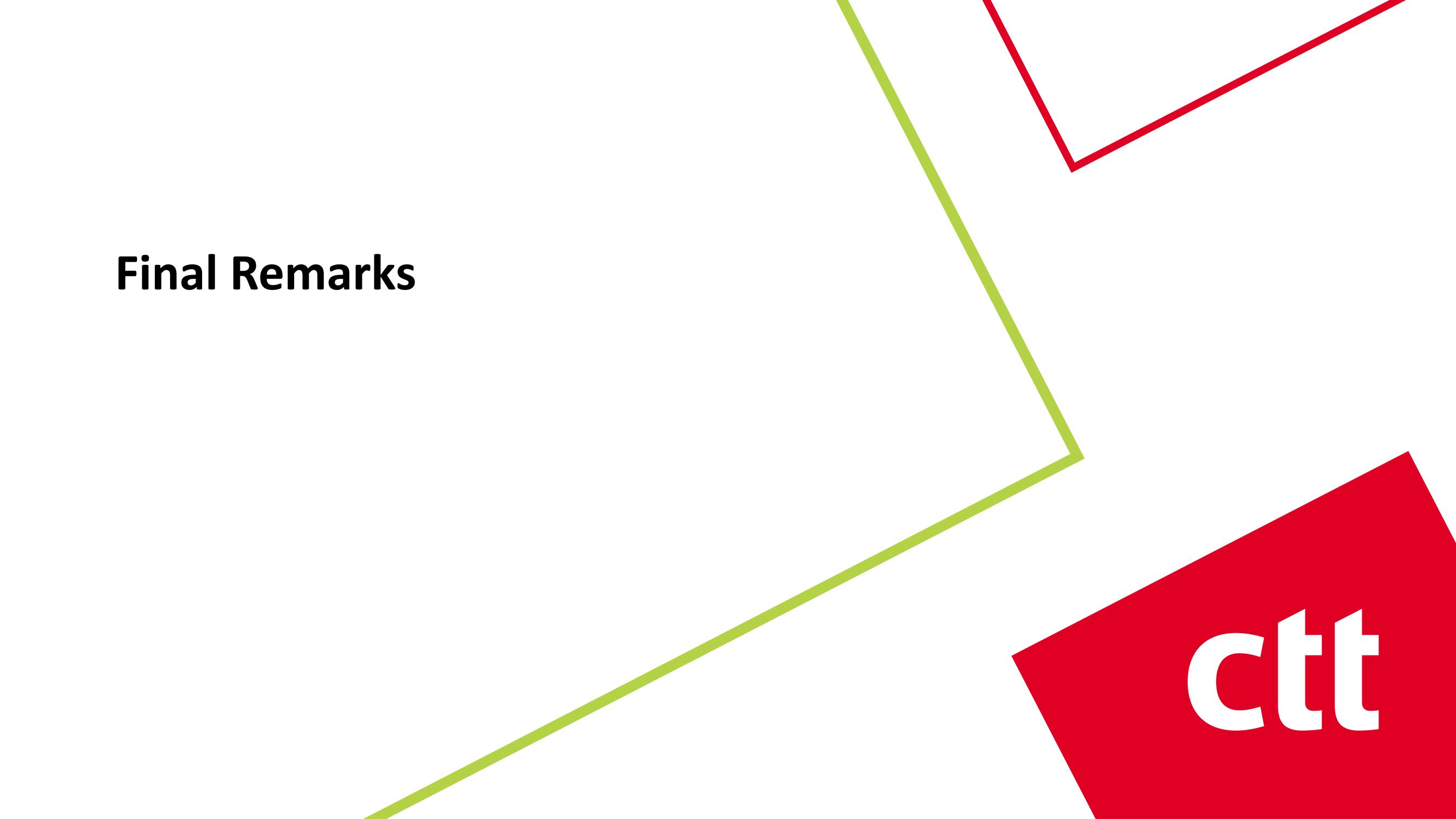
Net financial debt at 30 September 2023²

€ million

	Consolidated
(+) Cash & cash equivalents	271.0
(-) Net Financial Services & Other payables ³	196.5
(-) Banco CTT liabilities, net ³	-186.2
(-) Other ⁴	33.5
(=) Adjusted cash	227.2
(-) Financial debt	91.1
(=) Net cash position	136.1
(-) Lease liabilities (IFRS 16)	114.4
Net financial debt²	-21.7

¹Impairments, provisions and IFRS 16 affecting EBITDA; ² Only financial debt presented in the table; it does not include net employee benefits of €148.8m as at 30 September 2023; ³ The change in net liabilities of Financial Services and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities/banking financial assets, of entities of the CTT Group providing financial services, namely CTT financial services, Payshop, Banco CTT and 321 Crédito. ⁴ The change in other cash items reflects the evolution of Banco CTT's sight deposits at Bank of Portugal, outstanding cheques/clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications.

Final Remarks



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Strong revenue growth and improved profitability in a deteriorating macro-economic environment, fuelled by E&P and Banco CTT



Continued strong growth, market share gains and margin expansion of E&P in Iberia ahead of peak season



Continued work on pricing and on cost reduction to address softer volumes/demand



While public debt placements normalised, focus turns to the distribution of insurance and other services



Banco CTT continues growth in clients, volumes and profitability towards 2025 targets recently set



Steady and strong cash flow, leading to improved financial flexibility



€20m share buyback ongoing, complementing the annual dividend (€0.125 per share) paid in May



As a result of the 3Q23 performance, namely E&P, we upgrade yet again our recurring EBIT guidance to \geq €85m

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Investor Relations

Phone: +351210 471087

E-mail: investors@ctt.pt

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