



**CTT – Correios de Portugal, S.A.**

Public Company

Avenida D. João II, 13

1999-001 LISBON

Lisbon commercial registry

and fiscal no. 500 077 568

Share Capital EUR 75,000,000.00

**Announcement** – Lisbon, 6 April 2020

### **Material information – Impact of Covid-19 pandemic, 2019 dividend and Annual General Meeting**

As an integral part of Portugal's critical infrastructure, CTT – Correios de Portugal, S.A. ("CTT" or "Company") letter mail, parcels and financial services remain fully-functioning, despite the extremely challenging operational environment. Our priority is to preserve the health and wellbeing of our staff and our customers and to continue to provide a lifeline to the communities we serve during this unprecedented pandemic crisis.

To that end, the Company has launched various partnership initiatives with diverse governmental and private entities to keep medical supplies, essential goods and commerce flowing to the populations, leveraging on digital platforms.

Despite all this, CTT expects to see declines in letter mail, B2B parcels and financial services revenues over the coming months, depending on the duration and severity of the restrictions associated with the state of emergency in the countries where we operate. In particular, international, registered and advertising mail, and public debt placements have been the most affected business lines by the limited international movement of goods, the unprecedented reduction in retail activity and the restrictions on operations and movement of businesses and individuals. Parcels are showing signs of resilience in Portugal, with the fall of B2B volumes being partly compensated by B2C volumes, driven by e-commerce. CTT has launched a number of initiatives to promote e-commerce in the current environment, directly and through its marketplace dott.pt. Our new initiative "*Criação de lojas online*", devoted to SME online shops, has gathered more than 500 new registered shops in the first two weeks.

An extensive Opex and Capex reduction program has been initiated by CTT in order to mitigate the expected decline in revenues, including but not limited to the postponement of non-committed capital expenditures and non-critical projects, progressive reduction in temporary work, management of unused vacation time by employees and reductions in external supplies and services costs.

In light of the economic uncertainty and the still unclear severity of the Covid-19 crisis, and despite the currently solid Balance Sheet of CTT, the Board of Directors has deemed relevant, for the Company and all its stakeholders, to revert its intention of proposing to the Shareholders General Meeting the distribution of €0.11 per share, previously disclosed to the market.



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The Board of Directors will propose to the Annual General Meeting that the Net Profit of 2019 is allocated to Retained Earnings and, additionally, that no annual profit sharing is distributed to CTT's employees and executive members of the Board of Directors.

In fact, economic conditions have been changing rapidly and new governmental exceptional measures are being adopted, imposing exceptional restrictions/conditions in order to mitigate this pandemic and economic crisis, requiring the Board of Directors of CTT to endeavor all efforts to prepare the Company to face the potential impacts of this pandemic and to ensure that CTT meets all relevant conditions for such purpose.

The Company remains committed to delivering long-term sustainable returns and remuneration to its shareholders, however, in the current exceptional circumstances, it considers essential to prioritize both the immediate continuity of its business and the investment in initiatives to continue helping our customers in their e-commerce efforts. This action bolsters the Company's cash reserves and allows it to focus on the long-term resilience and sustainability of the business.

Also in light of the current context, the Board of Directors has requested the Board of the General Meeting to call off the Annual General Meeting scheduled for 21 April 2020, with the view to said meeting being held on next 29 April 2020, exclusively via telematic means.

This information to the market and the general public is made under the terms and for the purposes of article 248 of the Portuguese Securities Code and is also available on CTT's Investor Relations website at: [https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language\\_id=1](https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1).

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