



**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, 18 October 2018

## **Material information**

CTT – Correios de Portugal, S.A. (“CTT” or “Company”) hereby informs that today, after careful consideration of the contents and scope of the decision of ANACOM – Autoridade Nacional de Comunicações (“ANACOM”) regarding the parameters of quality of service and performance targets associated with the provision of the Universal Postal Service (“USO”) known on 18 July 2018 (“Decision”), it is challenging this Decision and applying for a declaration of invalidity by means of arbitration and administrative procedures, particularly on the grounds of its disproportionate and inadequate nature, as follows:

- (a) The quality of service obligations of the USO provided for therein represent a change to the paradigm in force in the last 18 years, in particular by eliminating the overall quality of service indicator and imposing a significant increase in the number of quality of service indicators (“QSI”), from 11 to 24, and in the objectives by QSI (subject to compensation mechanism triggered in case of non-compliance);
- (b) In a context of declining postal volumes and increasing digitalisation of the population and the business segment in Portugal <sup>(i)</sup>, such quality of service obligations of the USO appear disproportionate given this context and the Concession Agreement for the USO in force;
- (c) Such aggravated targets (in particular, including 6 QSIs with 99.9% targets) are also unsuitable <sup>(i)</sup> considering the inevitable errors of the manual and automated processes of any activity, which hinder the feasibility of such targets;
- (d) This disproportionate and inadequate nature is also supported by a comparative study showing that <sup>(i)</sup>: **(1)** the number and objectives of the QSIs in Portugal have now become some of most demanding in the European Union (although mail per capita is significantly below the average) and point in the opposite direction of the European trend (where it is evident a reduction of QSIs and a lower regulatory burden); and that **(2)** CTT’s quality standards have been in line with and, in the case of some products, above the average performance of its European peers;
- (e) In the event that ANACOM’s Decision is not declared invalid, in view of this regulatory framework affecting the financial balance of the concession (for this purpose, additional costs of up to €12m per year in the two years until 2020 are estimated to bring the Company closer to achieving the set targets <sup>(i)</sup>), CTT submits a subsidiary claim for compensation under the USO Concession Agreement in force until that date.

In view of said legal, economic and technical grounds and based on several opinions obtained, CTT therefore considers that the adequate defence of the legitimate rights and interests of the Company, as well as of its shareholders and other stakeholders, justifies the decision to adopt these procedural means, notwithstanding maintaining CTT’s ongoing strategy focused on the continuous operational improvement and the satisfaction of its customers.



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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 other legislation in force. It is also available on CTT's Investor Relations website at: <http://www.ctt.pt/ctt-e-investidores/relacoes-com-investidores/comunicados.html?com.dotmarketing.htmlpage.language=1>.

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<sup>(i)</sup> This communication includes, on a summarised basis, both information prepared (mainly statistics based on public sources) and estimates corroborated by a study of Copenhagen Economics obtained by the Company with the purpose of assessing the scope of the Decision and being also useful to understand the main trends of the sector in the last 5 years. The forward-looking statements contained herein (including, but not limited to, estimates of a financial or operating nature) have not been reviewed by Company auditors, reflect an opinion based upon assumptions deemed reasonable at the time of their preparation for the above-mentioned purpose, and are subject to revision, risks and uncertainties, thus not representing any commitment as to plans to be implemented by the Company, or guarantees of future performance.