



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, 27 January 2017

Material information

CTT – Correios de Portugal, S.A. (“CTT” or “Company”) hereby informs on full-year 2016 revenues and recurring EBITDA guidance update in comparison with the latest disclosed management guidance, in particular in light of lower than expected mail volumes in the 4th quarter of 2016, as detailed below:

	PREVIOUS FY16 GUIDANCE	UPDATED FY16 GUIDANCE
Revenues & volumes	<ul style="list-style-type: none"> Addressed mail volumes decline expected to be closer to the -3% bound of the initially forecasted range [-3% to - 5%], but continued negative mix effect (registered mail volumes decline) makes the flat revenues guidance difficult to achieve Revenues generation initiatives in Financial Services (e.g. payments) and Express & Parcels (e.g. modular offer) underway in Portugal and Spain, but with limited impact in 2016 	<ul style="list-style-type: none"> Higher than expected decline in addressed mail volumes in 4Q16 (-4.2% in FY16) with notable impact of bank holidays in the period (3 less working days vs. 4Q15) results in 4% to 5% drop in FY16 revenues Revenues generation initiatives in Mail (e.g. new advertising mail offer), Financial Services (e.g. payments), Banco CTT (e.g. consumer credit & mortgage offers), and Express & Parcels (e.g. modular offer) now all underway in Portugal and/or Spain, but with no real impact on revenues in 2016
Operating costs & EBITDA	<ul style="list-style-type: none"> Recurring operating costs decline as a result of efficiency measures, which has enabled CTT to partially absorb Banco CTT costs and the decline in revenues FY16 recurring EBITDA (excluding Banco CTT) guidance remains challenging, but resilient 3Q16 performance provides a strong base for 2H16 	<ul style="list-style-type: none"> Continuous strong focus on efficiency management drives a decline in FY16 recurring operating costs and enables the Company to partially compensate for the weaker than expected revenues performance and absorb Banco CTT costs Mid-single digit decline in FY16 recurring EBITDA (excluding Banco CTT)
Dividend	<ul style="list-style-type: none"> Despite the challenging year, the Board is confident that it will be able to propose a minimum dividend of €0.48 per share for 2016, payable in 2017 	<ul style="list-style-type: none"> Despite this update, the Board confirms that it will be able to propose a minimum dividend of €0.48 per share for 2016, payable in 2017

As CTT has always referred in prior financial disclosures, quarterly results can carry a significant degree of variation and should not be used as guidance or in order to extrapolate future performance. The Company continues to develop initiatives aimed at mitigating the structural decline in mail volumes through focus on commercial excellence to capture the growth trend in Express & Parcels in both Portugal and Spain, operational efficiency and preserving value in Mail, and giving continuity to the successful launch of Banco CTT.

As per previously disclosed CTT financial calendar, the 2016 audited financial statements will be published on 9 March 2017.

www.ctt.pt



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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. This information 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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