Press Release

1st Half 2015 Results

CTT – Correios de Portugal, S.A.
Public Company
Avenida D. João II, nº 13
1999-001 LISBON
Share capital EUR 75,000,000.00
Lisbon commercial registry and fiscal no. 500 077 568

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1ST HALF 2015 CONSOLIDATED RESULTS

GOOD PERFORMANCE MAINTAINED WITH REVENUE GROWTH AND INCREASED OPERATIONAL EFFICIENCY.

STRATEGIC PROJECTS ARE PROGRESSING WELL ACCORDING TO PLAN.

- **Strong growth in recurring EBITDA[1] to €75.5m (+14%) – with Mail contributing 67%, Financial Services 32% and Express & Parcels 1% – and reported net profit to €39.2m (+8.6% compared to €36.1m in the 1st half of 2014).**
- **Continued relevant slowdown in the decline of addressed mail volumes to -2.4% (-7.0% in the 1st half of 2014 and -5.7% in the full year 2014), as already observed in the 1st quarter.**
- **Total recurring revenues grow by 3.8% to €367.1m:**
  - **Mail revenues confirm the trend and grow by 3.9%, due to the slowing down of the rate of volumes decline and to the 4.1% increase of the average price, as well as to the exchange rate effect on international (inbound) mail;**
  - **Express & Parcels revenues grow by 1.8% and volumes by 3.0%, impacted by the emphasis on the network integration in Portugal and the ongoing restructuring process in Spain;**
  - **Financial Services strengthen their offer and market position, obtaining a strong 18.2% growth in revenues, consolidating as a fundamental overall growth lever for CTT.**
- **Operating costs[2] grow by 1.5%, totalling €291.5m, mainly as a result of the monthly accrual of variable incentives (which in 2014 were only accounted for in December and considered as non-recurring), of the salary increases and of the growth in the Financial Services and Express & Parcels business units.**
- **Progress of reorganisation initiatives in Express & Parcels in Portugal and Spain and remaining initiatives of the Transformation Programme under implementation as planned.**
- **Positive evolution of the Human Resources policies, with increased flexibility and efficiency driven by the entry into force of the new Company Agreement, the implementation of salary reviews, and the reintroduction of variable remuneration.**
- **1.3% increase in the number of staff (to 12,887), mainly due to the hiring of fixed-term employees during staff holidays and in order to deal with the growing volumes in the Express & Parcels segment.**
- **Quality and customer satisfaction remain at high levels.**
- **Strong levels of financial standing and good liquidity levels as a result of the ongoing Balance Sheet optimisation and Financial Services business growth.**

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[1] Before non-recurring revenues and costs.

[2] Excluding depreciation / amortisation, impairments, provisions and non-recurring costs.

1. Operating Activity

Business Units Performance

Mail

The decrease in **addressed mail** volumes in the 1st half of 2015 was -2.4%. In the 2nd quarter the decline in mail volumes was greater (-3.3%) than in the first three months of 2015 (-1.5%), as anticipated in the 1st quarter 2015 results communication, as a consequence of some exceptional factors occurred at the beginning of the year.

Nevertheless, the comparison to the evolution of volumes of the year 2014 vs. the year 2013 (-5.7%) is favourable and reflects the impact on mail consumption of the positive evolution of the national economy, mainly domestic consumption.

Mail Volumes

Million items

	1Q15	1Q14	Δ	2Q15	2Q14	Δ	1H15	1H14	Δ
Transactional Mail	188.7	190.9	-1.2%	168.9	178.2	-5.2%	357.6	369.1	-3.1%
Editorial Mail	11.3	12.0	-5.8%	12.0	11.7	2.5%	23.3	23.7	-1.7%
Advertising Mail	20.9	21.4	-2.3%	19.0	16.9	12.2%	39.9	38.3	4.1%
Addressed Mail	**220.9**	**224.3**	**-1.5%**	**199.9**	**206.8**	**-3.3%**	**420.8**	**431.1**	**-2.4%**
Unaddressed Mail	**110.3**	**112.6**	**-2.0%**	**114.4**	**138.5**	**-17.4%**	**224.8**	**251.1**	**-10.5%**

Transactional mail volumes decreased by -3.1% in the 1st half of 2015. This evolution is the result of changes in the volumes of ordinary mail (-3.8%), registered mail (-2.6%) and international outbound mail (-6.2%). These changes were compensated by the positive evolution of international inbound mail (+2.3%), priority mail (+4.4%) and “green mail” / *correio verde* (+17.4%) volumes.

Editorial mail recovered in the 2nd quarter of 2015 (+2.5%) and offset the 1st quarter decline (-5.8%), thus allowing to end the semester with a slight decrease of 1.7%.

Addressed advertising mail volumes grew by 4.1% in the semester due to the special focus on marketing and commercial activities in this line of products as well as to the recovery of the advertising market where investment in communication has been higher vis-à-vis 2014.

On the contrary, **unaddressed advertising mail** volumes decreased by -10.5% in the 1st half of 2015. In this business, there are customers who use regularly this type of mail throughout the year while others use unaddressed advertising mail only occasionally. In the 2nd quarter of 2015 vis-à-vis the 2nd quarter of 2014, the difference between occasional campaigns and regular campaigns was negative. On the other hand, some of the major customers of unaddressed advertising mail have reduced the volumes involved in the campaigns vis-à-vis the previous year.

Mail Business Unit Revenues, Costs and EBITDA

€ miliion

	Reported			Recurring		
	1H15	**1H14**	**Δ**	**1H15**	**1H14**	**Δ**
Revenues	**278.6**	**268.1**	**3.9%**	**278.6**	**268.1**	**3.9%**
Sales and services rendered	258.8	251.5	2.9%	258.8	251.5	2.9%
Other operating income	11.1	8.0	37.7%	11.1	8.0	37.7%
Intragroup revenues	8.7	8.6	1.5%	8.7	8.6	1.5%
Operating costs (*)	**227.9**	**224.0**	**1.8%**	**228.4**	**223.6**	**2.2%**
External supplies and services	50.4	50.5	-0.1%	50.3	50.5	-0.4%
Staff costs	122.6	120.8	1.4%	121.1	120.5	0.5%
Other costs	10.0	8.6	15.7%	10.0	8.6	15.7%
Intragroup costs	45.0	44.0	2.1%	47.1	43.9	7.1%
EBITDA	**50.6**	**44.1**	**14.8%**	**50.1**	**44.5**	**12.6%**
EBITDA MARGIN	**18.2%**	**16.5%**	**1.7 p.p.**	**18.0%**	**16.6%**	**1.4 p.p.**

(*) Excluding depreciation / amortisation, impairments and provisions.

Despite the volumes decline, the revenues of the Mail business unit stood 3.9% above those of the 1st half of 2014.

The pricing and discounts policies, the product mix, the exchange rate appreciation of international (inbound) mail, and the weight-step structure of the mail items explain the comparison between the changes in revenues and volumes.

The changes in the prices of the Universal Service and bulk mail products, effective on 1 March 2015, as well as those of books, newspapers and periodicals of the domestic service, effective on 1 June 2015, resulted in a 4.1% average overall price increase in the 1st half of 2015 vs. the same period of 2014. Advertising mail prices also increased as of 1 March 2015 (2% on average). The revision of the discounts policy led to more demanding conditions for clients in terms of a more accurate pre-sorting and stricter payment deadlines, thus encouraging more efficient behaviours and leading large customers to lose some discounts. This effect started to positively impact revenues as from May 2014, which still benefits the comparison of the 1st half 2015 with the same period of last year.

The continuation of the Transformation Programme measures throughout the 1st half of 2015, which for this business unit concerns the optimisation and rationalisation of operations, distribution, and the Retail Network, led recurring operating costs to increase by only 2.2%.

The reductions obtained partly offset the increased costs with foreign postal operators, unfavourable exchange rate differences (included in Other costs) and staff costs for the reasons presented below in the section Economic and Financial Analysis – Evolution of Operating Costs.

Together with the 3.9% increase in revenues, the recurring EBITDA margin of this business unit has shown a positive change of 1.4 p.p. to 18.0%.

Besides the Citizen's Bureau Areas project within CTT post offices, which will be mentioned below in a specific section, business improvement and development in the Retail Network in this semester involved renting space, establishing partnerships with well-known brands and catalogue sales by offering products with potential for cross-selling with credit solutions.

Express & Parcels

Express & Parcels volumes grew by 3.0% in the 1st half of 2015, and revenues grew by 1.8% to €63.8m.

In the 1st half of 2015, CTT handled 7.0 million items in **Portugal** (+4% vs. the same period of last year) and maintains the lead in the domestic market (source: "Report Postal Services – Statistical Information – 4th quarter 2014", ANACOM – Table 5: Provider shares of total postal traffic).

At the end of the 1st half of 2015 the number of CTT access points in national territory increased to more than 1,000, where parcels can be dropped off or picked up, thus allowing for wider coverage and more convenience for online sellers and buyers.

In **Spain**, volumes reached 6.7 million items in the 1st half of 2015, which represents a 2.7% growth vis-à-vis the same period of 2014.

In **Mozambique**, in the 1st half of 2015 the effects of the restructuring process (stabilisation of the relationship with clients, suppliers and public entities) implemented during the 2nd half of 2014 were felt. The new management model led to a constant performance which produced a return to sustained positive operating results. CORRE is now prepared for commercial development based on a good quality operational response.

Express & Parcels Business Unit Revenues, Costs and EBITDA

€ miliion

	Reported			Recurring		
	1H15	**1H14**	**Δ**	**1H15**	**1H14**	**Δ**
Revenues	**63.8**	**62.7**	**1.8%**	**63.8**	**62.7**	**1.8%**
Sales and services rendered	62.5	61.8	1.0%	62.5	61.8	1.0%
Other operating income	1.3	0.9	54.8%	1.3	0.9	54.8%
Operating costs (*)	**66.1**	**60.2**	**9.7%**	**62.8**	**60.2**	**4.4%**
External supplies and services	48.5	47.4	2.3%	48.4	47.4	2.2%
Staff costs	15.1	12.0	26.3%	12.9	11.9	7.6%
Other costs	2.5	0.9	183.1%	1.5	0.8	81.6%
EBITDA	**-2.3**	**2.5**	**-191.8%**	**1.0**	**2.5**	**-59.4%**
EBITDA MARGIN	**-3.5%**	**3.9%**	**-7.4 p.p.**	**1.6%**	**4.1%**	**-2.5 p.p.**

(*) Excluding depreciation / amortisation, impairments and provisions.

The Express & Parcels business unit presented revenues of €63.8m, a 1.8% (+€1.1m) increase resulting from the growth in all the markets: Portugal (+€0.8m), Spain (+€0.1m) and Mozambique (+€0.2m). Increased focus on operational efficiency to the detriment of an accelerated customer capture, as well as the still relevant in 2015 process of the reshuffle of the franchisees in Spain, lead to lower growth than previously.

Recurring operating costs growth of €2.6m (+4.4%) stemmed basically from the increase in the number of staff to handle the activity growth, and from the increase in operating costs in Spain, the latter related to the ongoing optimisation and restructuring process in the area of operations, a result of Tourline taking on more own managed zones due to the reshuffle of franchisees without adequate operational and financial conditions.

In this market, the implementation of the restructuring plan of the activity and franchisee network of Tourline proceeded, aiming at increased control and improved quality of the franchisees, both at business capacity level, and at financial soundness and management skills levels. This process has resulted in an increased direct presence either in stronger business areas or temporarily in delivery zones that the company does not intend to cover directly but where it was necessary to compensate for the loss of franchisees. This latter aspect continued to penalise the company's profitability in this semester.

As previously announced, Tourline is also carrying out a human resources optimisation and restructuring process to increase its operational efficiency by reducing staff costs, as well as to improve and simplify processes in the context of the ongoing restructuring plan. A negotiation process has already been launched to reduce its workforce in accordance with the applicable law and involving due consultation with the structures representing the employees of this company. The cost of this process, estimated at €1.9m, will have a 6-month payback.

These were determining factors for the evolution of the EBITDA vis-à-vis the same period of the previous year. The measures under implementation in the framework of the Transformation Programme in Portugal (integration of the distribution networks) and in Spain (continuation of the restructuring of the franchisee network, strengthening of the direct commercial capacity and strong growth in the SMEs segment) are expected to revert this trend.

Financial Services

In the 1st half of 2015, the Financial Services business unit recurring revenues grew by 18.2%, thus increasing the weight of this business unit in CTT total revenues[3] to 11% (10% in the 1st half of 2014) and strengthening its future importance within the strategic plan of the company. This performance proves that the creation of the Postal Bank is the natural evolution of this business unit.

Financial Services Business Unit Revenues, Costs and EBITDA

€ million

	Reported			Recurring		
	1H15	**1H14**	**Δ**	**1H15**	**1H14**	**Δ**
Revenues	**41.9**	**38.4**	**9.0%**	**41.9**	**35.4**	**18.2%**
Sales and services rendered	41.3	33.9	21.9%	41.3	33.9	21.9%
Other operating income	0.5	4.5	-88.4%	0.5	1.5	-65.2%
Intragroup revenues	0.0	0.0	-0.1%	0.0	0.0	-0.1%
Operating costs (*)	**19.9**	**16.3**	**22.2%**	**17.5**	**16.2**	**7.9%**
External supplies and services	8.2	5.4	52.3%	6.0	5.4	10.2%
Staff costs	2.2	1.7	33.0%	2.2	1.7	29.6%
Other costs	0.2	0.2	4.9%	0.2	0.2	4.9%
Intragroup costs	9.2	9.0	2.3%	9.2	9.0	2.5%
EBITDA	**22.0**	**22.2**	**-0.7%**	**24.3**	**19.2**	**26.9%**
EBITDA MARGIN	**52.6%**	**57.7%**	**-5.1 p.p.**	**58.1%**	**54.1%**	**4.0 p.p.**

(*) Excluding depreciation / amortisation, impairments and provisions.

The Financial Services business unit once again performed very positively in the 1st half of 2015, thus completing the 5th consecutive semester of successful development despite the adverse macro-economic conditions.

An analysis by product lines highlights the Savings & Insurance products with placements hitting a new record of €3.0 billion (+29.7% vis-à-vis the 1st half of 2014). This performance was mostly due to the public debt certificates (Savings Certificates and Treasury Certificates *Poupança Mais*) commercialised by CTT. In the month of January alone, anticipating the update of the interest rate of these products, placements hit historical highs of €2.2 billion, unparalleled in the 50-year history of marketing of public debt certificates by CTT.

In the area of Payments, the evolution of Payshop and postal payments was slightly below that of the 1st half of 2014, in both cases due to the trend to migrate to remote channels, mainly in mobile phone top-

[3] Excluding revenues allocated to the CTT Central Structure and intragroup eliminations of -€17.2m in the 1st half of 2015.

up, a trend that is maximised by the initiatives of telecoms operators including the move from pre-paid to post-paid accounts within the 4P offer. In any case, some growth trends should be noted, especially the payment of utilities and internet services at Payshop, as well as the toll payment at the CTT Retail Network and Payshop.

Money Orders and Transfers volumes recorded a positive evolution of +3.6% year-on-year. This development benefits from the increase of the issuance of Family Allowance money orders, as well as the return to growth of the international urgent cash transfers.

In the new Consumer Credit area, the 1st half of 2015 was marked by the launch of the new CTT Credit Card in April. This product line has been cautiously promoted as it will be a growth lever for the Postal Bank in a cross-selling strategy.

The recurring operating costs of this area increased by +€1.3m (+7.9%) mainly due to the growing number of post offices with transport of valuables in accordance with legal requirements (+€1.2m) and to the growth of recurring costs with the Postal Bank project (+€1.1m), partly offset by reductions in other items (e.g. adjustments in bonuses and incentives and reduction of the Payshop agents' commissions).

Recurring EBITDA stood thus at €24.3m which corresponds to a 58.1% EBITDA margin.

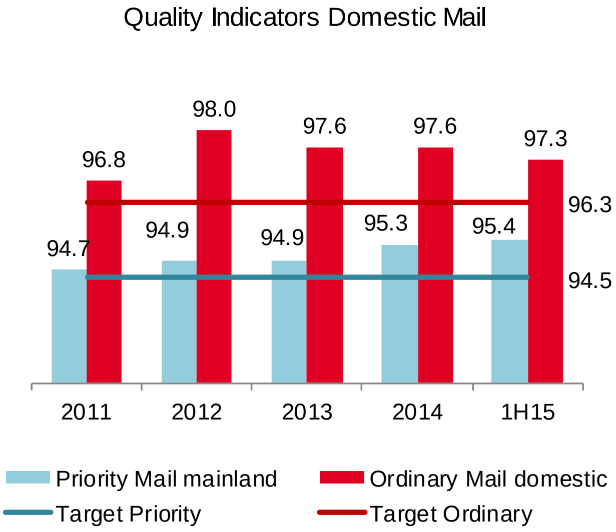
Costs incurred with the Postal Bank project, included in this business unit, totalled €3.4m at the end of the 1st semester, of which €2.3m were Postal Bank's set-up costs, considered as non-recurring. Thus, the recurring EBITDA of this segment, excluding the project costs, reached €25.4m and the EBITDA margin 60.8%.

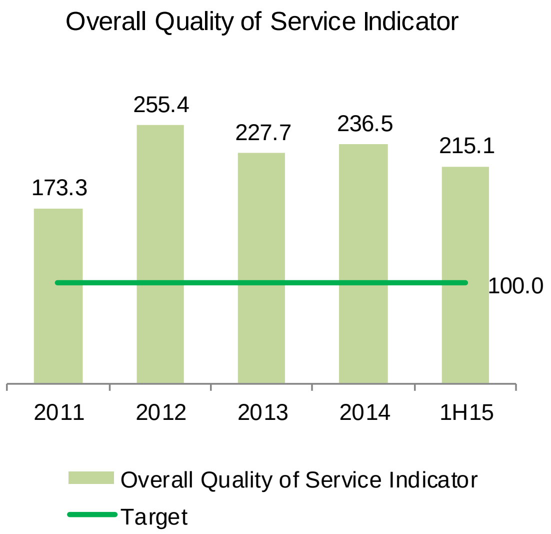
QUALITY OF SERVICE

In the 1st half of 2015, CTT continued to have high quality of service levels, with the OQSI – Overall Quality of Service Indicator – registering 215.1 points, compared to a target of 100.

All the quality of service parameters defined by ANACOM and laid down in article 13(1) of the Postal Law (Law no. 17/2012, of 26 April) performed above the targets set out.

Quality of Service





Customer perception regarding CTT Quality of Service reflects the good performance achieved: 86% of the customers say that CTT overall quality of service is good or very good (source: customer satisfaction surveys).

The effort to maintain all the management systems certified continued. In February 2015, an external audit was successfully carried out to maintain the Quality Certification of the Monitoring Systems to determine the following Quality of Service Indicators (QSI): QSI 1 to 5 (Ordinary and priority mail routeing time), QSI 6 (Newspapers and periodicals routeing time), QSI 9 (Domestic parcels routeing time) and QSI 10 (Waiting time in post office queues). In March 2015, an external audit on the maintenance of the CTT Expresso Integrated Management System (Quality, Environment and Safety and Health at Work) was also performed. In June, the production and logistics centres (sorting centres) were also subject to a new external follow-up audit and the intended objective was achieved – maintenance of the Certification.

During the 1st half of 2015, CTT obtained once more the Committed to Excellence recognition. Since the first application (1st project submitted in 2006), this methodology has undoubtedly contributed to acknowledged operational improvements and increasingly comprehensive operational coverage. CTT was the first European postal operator to have achieved this recognition within this scope.

The Service Certification process was maintained for all the post offices and postal delivery offices, and for 25 postal agencies, the latter within a project for which the internal preparation for expansion in 2015 is underway.

2. New Business Opportunities

Postal Bank

On 4 November 2014, the Board of Directors of CTT approved the launch of the Postal Bank, as a continuation of the established strategy to expand the Financial Services product offer. The Bank of Portugal approved a 12-month extension period (until 27/11/2015) of the Postal Bank authorisation to launch.

CTT has continued to implement the Postal Bank project with the specific goal of being able to operate as from the end of the 4th quarter of 2015, thus meeting the objectives set out and the license granted by the Bank of Portugal.

The Postal Bank will be based on a low-cost principle, leveraging on the CTT Retail Network, and aiming at mass-market consumers, who look for a bank to perform their daily banking operations and simpler but competitive banking products. Relying on its wide Retail Network with experience in the financial services business and physical proximity to the customers, and offering integrated channels (post offices, online, mobile), CTT will have a clear advantage in offering competitive banking services that will complement its current offer.

Involving more than 120 people daily, among who there are several specialised international consultants, the Postal Bank project already counts 22 people in its own staff, as a result of the ongoing selective recruiting process. This vast team has been organised in several work fronts dedicated to the implementation of IT systems, the design of the commercial offering, the creation of the brand and corporate image, the definition of the retail network layout and the schedule for the opening of agencies, as well as the coordination with the various partners of the future Postal Bank.

Besides developing the core banking system and an agile architecture for the IT platform, the team permanent focus is on ensuring efficient processes, adequate to a demanding internal control model while taking due account of the postal-related activities in the Retail Network.

A special note for the completion of the process to request a Special Registration within the Bank of Portugal on 6 July 2015 with the delivery of an extensive file including all the items required in the authorisation. Among the data provided, a special mention for the Articles of Association of the Postal

Bank, the files including the authorisation of the governing and supervisory bodies, the governance model and organisational structure, the regulations of the Board of Directors, the Audit Committee and the Remuneration Committee, the Internal Control Manual, the Code of Conduct and the Remuneration and Selection Policies of the governing and supervisory bodies and of the employees in core functions.

The proposed physical, technical and human resources sharing model between CTT and the Postal Bank submitted to the regulator is in line with CTT objectives regarding this project (i.e. leveraging on the CTT brand awareness, the extensive Retail Network and its available capacity, as well as on the Financial Services area track record). The indicative updated business plan presented to the regulator assumes a faster branches roll-out in order to achieve a wider geographical presence from the day of launch to the general public. However, a two-phased roll-out solution is under evaluation - soft opening followed by massive general public opening later - could ensure that all processes and systems are functioning correctly. The next steps of the project involve monitoring and possible review of the indicative plan as a result of a number of steps still underway (mainly with regard to the IT implementation, processes, roll-out strategy and portfolio of the Postal Bank). Further information will be provided at the CTT Capital Markets Day on 19 November, in Lisbon.

Within this scope, Luis Pereira Coutinho, an executive with long and diverse experience in leadership functions in banks in various countries and until recently member of the Executive Committee of the largest private Portuguese bank, joined the Postal Bank project as a future CEO, having undertaken this responsibility in coordination and direct report to the Executive Committee of CTT.

While it waits for the Bank of Portugal's appraisal of its request for a Special Registration, CTT will continue its close and important interaction with the regulator in order to address adequately the implementation of best practices of sound and prudent management as from the beginning of the Postal Bank's activity standing by the concepts of geographical coverage, financial inclusion and trust in the CTT brand, in line with the experience of several European postal banks which have proven to be success stories. The offer, intended to be simple, will develop as the Bank develops, allowing for wise progress much leveraged in CTT's experience in financial services and in partnerships with other operators in this market, which will lead to an important flow of commission income (without capital requirements). This was also the strategy of the most successful European postal banks, for example in France, Italy and Germany.

MEMORANDUM OF UNDERSTANDING WITH ALTICE PORTUGAL, S.A.

In November 2014, CTT signed a Memorandum of Understanding (MoU) with Altice Portugal, S.A. (a company fully held by Altice, SA), which was at the time bidding to acquire PT Portugal S.A., aiming at the conclusion of a Framework Agreement to maximise the synergies of CTT and PT Portugal.

Following the conclusion of the acquisition of PT Portugal by Altice, the latter has already paid CTT in July of 2015 the initial fee established in the agreement. The Framework Agreement will now have to be materialised with the definition of specific business partnerships in the 2nd half of 2015 that will create value for both companies, in particular the joint optimisation of the retail networks, taking advantage of the scale and capillarity of the CTT Retail Network, and the development of joint ventures in the area of e-commerce and physical-digital convergence, as well as opportunities for the creation of value in the Financial Services and Postal Bank areas.

CITIZEN'S BUREAU AREAS

On 20 January 2015 an agreement was signed between the Government and CTT which lays down the following schedule for the set-up of Citizen's Bureau Areas at the CTT Retail Network:

- Stage I, until 31 December 2015, set-up of 200 Citizen's Bureau Areas (24 pilot post offices of 2014 and 176 new post offices);
- Stage II, subject to the renewal foreseen in the agreement, set-up of 100 more Citizen's Bureau Areas until 31 December 2016.

At a later stage this partnership will be reassessed by the parties and may be expanded, as long as the economic rationale supports it, based on the services provided but also on the cross-selling potential.

Following this agreement, a training cycle started in the 1st semester, which provided 209 employees with the necessary skills and knowledge to perform the services of the entities involved in the agreement. The opening of the 52 Citizen's Bureau Areas previously scheduled for the 2nd quarter was postponed to the 3rd quarter to allow for further work and interface trials with the partner's computer application. As the corresponding IT and logistics support are completed, during the 2nd semester CTT will be able to set up the 176 Citizen's Bureau Areas in its Retail Network as foreseen in the agreement for 2015.

3. RELEVANT INITIATIVES OF THE TRANSFORMATION PROGRAMME

OPTIMISATION AND RATIONALISATION OF CTT GROUP'S OPERATIONS

In this field it is worth noting the progress of the management integration of the Mail and Express & Parcels distribution networks, aiming at an increased use of the mailmen network for the last-mile delivery of small / medium-size parcels, thus absorbing the growth of the B2C segment by using the installed capacity and the high capillarity of the network.

In the 1st half of 2015, the coverage area of the basic CTT network in the delivery of parcels was extended. This process is being developed by geographical coverage areas with an integrated rationale and vision. The extension of the coverage area will proceed in 2015 and the process is expected to be concluded at the beginning of the last quarter of this year.

Also in the context of optimisation of the operations, worth mentioning is the move of the printing & finishing operations of the subsidiary Mailtec Comunicação, previously located in autonomous premises thus entailing the need to transport the mail processed in this company, to the Production and Logistics Centre of Cabo Ruivo (Lisbon), thus saving time and space in the mail production and processing stages and allowing for further rationalisation of resources.

HUMAN CAPITAL DEVELOPMENT AND RESOURCE OPTIMISATION POLICIES

The annual performance assessment process regarding the 2014 financial year was conducted during the 1st half of 2015. Simultaneously, a **new performance management system** was developed and implemented in all CTT companies, aiming at aligning the employees with the strategy and business development of the company, as well as recognising the merit and the results achieved. It is based on the definition of targets and expected behaviours, which are a reference for the assessment at the end of the management cycle. In accordance with this new model, targets were defined and KPIs agreed for 2015 for the various functions and company units, and all of those were communicated to the employees.

Materialising the principles of a policy to share the profits obtained by CTT with its employees and following a resolution of the shareholders, **a participation in the profits** amounting to circa nine million euros was **distributed to employees and members of the corporate bodies**. The individual allocation of this share was based on the merit and differentiated according to functional groups, performance levels and absenteeism rates.

To strengthen the CTT value proposition as an employer, the **CTT Employer Brand** was designed and the **Trainee Programme** was launched with a view to attract and retain high-potential youngsters, promote their development within a structured overall programme, contribute to the rejuvenation of the staff, foster a mobility culture, tailor a pipeline of leaders in the medium-term and position CTT as an "employer of first choice". During the 1st semester, the programme was structured and the candidates were selected in several stages for the first programme that starts in September of 2015.

In the framework of the development of the business units and the enhancement of the human capital needed for the growth of CTT, the **company's staff was rejuvenated** by recruiting new staff with added knowledge and skills.

In terms of **training**, among the strategically relevant programmes, those associated with the Network Optimisation, the Citizen's Bureau Areas and the Postal Bank projects are to be highlighted.

On 9 February 2015 and with effect from December 2014, a **new Company Agreement** (CA), valid for the next two years, and a **revised Regulation of the Social Works** ("RSW"), the internal healthcare and social protection system of CTT, were signed with the workers' collective representation structures – Workers' Committee and Trade Unions.

This new CA strengthens a labour framework adapted to the specific nature of the company's business, promoting greater flexibility and mobility, a good social climate and stable collective working relations, all of which are fundamental for CTT in order to face the current and future challenges. For that purpose, the new CA provides for greater alignment with general labour laws, the discontinuing of some specific allowances, the harmonisation of working hours across the company and, for the first time in five years, a 2% increase in fixed salaries in CTT.

The new RSW of CTT maintains a high protection level, with better balance of the share of payments to be borne by the company and the beneficiaries, while rationalising the use of benefits. Accordingly, the fees that the beneficiaries pay to the system were increased by raising the monthly contributions and co-payments of their responsibility, while the all-encompassing feature of the system was maintained and some social support measures were strengthened.

The changes to the Healthcare Benefits Plan, allowances and working hours / work flexibility will result in annual cost savings to the company, while salary increases will impact costs in the opposite direction. However, while salary increases were effective as of 1 January 2015, other changes will gradually enter into force throughout 2015 and 2016, the total benefit being visible only as from the 2nd half of 2016.The changes to the Healthcare Benefits Plan on the company's future liabilities related to employee benefits have a significant impact as mentioned hereinafter and allow for an improvement of the long-term sustainability of the plan, as reflected in the amount of the liabilities on the balance sheet.

4. Economic and Financial Analysis

Revenues

The above-mentioned business developments resulted in recurring revenues of €367.1m, an increase of 3.8% (€13.6m) in relation to the same period of last year. In the 1st half of 2014 the amount from the front fee paid by BNP Paribas Personal Finance for the partnership for the sale of consumer credit products was considered as non-recurring.

This growth is the combined consequence of the strong revenue growth of the Financial Services businesses and of the price increase in mail services, which fully offset the impact of the slight decline in volumes (-2.4%), as well as the exchange rate variation of international inbound mail, all of this maximised by the initiatives carried out under the Transformation Programme in previous years.

The variance of the item Central Structure and intragroup eliminations is mainly impacted by the €2.9m of VAT recovered in the 1st half of 2014 and the reduction of the internal provision of IT and human resources services (-€6.7m) resulting from the optimisation and efficiency measures taken in these areas in 2014 with effects already in 2015.

Revenues

€ Million

	Reported			Recurring		
	1H15	1H14	Δ	1H15	1H14	Δ
Total Revenues	**367.1**	**356.5**	**3.0%**	**367.1**	**353.5**	**3.8%**
Business units	384.3	369.2	4.1%	384.3	366.2	4.9%
Mail	278.6	268.1	3.9%	278.6	268.1	3.9%
Express & Parcels	63.8	62.7	1.8%	63.8	62.7	1.8%
Financial Services	41.9	38.4	9.0%	41.9	35.4	18.2%
Central Structure and intragroup eliminations	-17.2	-12.7	-35.4%	-17.2	-12.7	-35.4%

EVOLUTION OF OPERATING COSTS[4]

The evolution of the operating costs in the 1st half of 2015 continued to result mostly from the implementation of the **Transformation Programme**. The reductions achieved resulted in consolidated recurring costs growth of only 1.5% (+€4.3m), 40% of which refer to the similar effect of the exchange rate variations of international mail, outbound in this case.

The initiatives carried out for the **optimisation and rationalisation of the operations and distribution** have led not only to cost reductions in operations but also to increased productivity levels and higher operational efficiency, as well as to greater synergies between the Mail and the Express & Parcels distribution networks. This initiative has had a limited impact in the Express & Parcels business unit because the provision of services by a significant number of subcontractors subsists and because the network integration leads to some additional costs. At the end of the 1st half of 2015, CTT operated 257 postal delivery offices and 3,487 vehicles.

In relation to the **optimisation of the Retail Network**, the initiatives carried out arise as a follow-up of the work undertaken in 2014 aimed at adapting the offer and the quality of service levels, while complying with the Universal Service obligations and supporting the strong growth of Financial Services, complemented in the future by the Postal Bank offer. At the end of the 1st half of 2015, CTT had 2,319 postal outlets, of which 621 were post offices and 1,698 were partnership branches (postal agencies).

As a result of the various measures implemented, **the consolidated recurring operating costs** (excluding depreciation / amortisation, impairments, provisions and non-recurring costs) amounted to €291.5m.

[4] Excluding depreciation / amortisation, impairments, provisions and non-recurring costs.

Operating Costs

€ Million

	Reported			Recurring		
	1H15	**1H14**	**Δ**	**1H15**	**1H14**	**Δ**
Operating costs (*)	**296.7**	**287.8**	**3.1%**	**291.5**	**287.2**	**1.5%**
External supplies & services	111.3	114.4	-2.7%	108.5	114.3	-5.1%
Staff costs	170.3	161.6	5.4%	169.0	161.2	4.9%
Other operating costs	15.0	11.8	27.4%	14.0	11.7	19.6%

(*) Excluding depreciation / amortisation, impairments and provisions.

The -€5.8m (-5.1%) reduction of the recurring ES&S costs is the result of the following opposite effects (i) the reductions brought about by the rationalisation of operations, the Retail Network and the costs with IT and communication systems outsourcing; (ii) the increase of the costs associated with transport of valuables as a result of the growing number of post offices covered by the transport of valuables to strengthen security within the current legal framework; and iii) of costs with foreign postal operators mentioned above (outbound mail).

The change in costs with foreign postal operators vis-à-vis the 1st half of 2014 is mainly the result of the exchange rate appreciation of the SDR (Special Drawing Rights – a basket of international currencies used in the transactions performed among the postal operators of different countries in the processing of international mail) against the Euro, but also of the use of Reims V tariffs in the cost accrual relative to some relevant operators in anticipation of CTT's likely signing of the agreement, and of the added costs linked to the additional premium that the International Priority Mail has to pay for being associated to the premium line of mail handling (Exprès line).

As far as staff costs are concerned, the +4.9% (+€7.8m) increase in recurring costs is mainly due to the growth of incentives to the Retail Network for the performance of the Financial Services business unit, especially in the placement of savings products, to the reinstatement of variable remuneration (inexistent in the 1st half of 2014), to the new remuneration model of the members of the Corporate Bodies as defined by the Remuneration Committee, to the salary increases of 2.0% in CTT, S.A. and 1.25% in its subsidiaries (with minimum and maximum thresholds), to the staff costs in CTT Serviços (the subsidiary which will later become the Postal Bank) which is in its launching stage.

On the other hand, there was a €2.4m favourable deviation in healthcare costs due to the new Regulation of the Social Works and to the contracting of a new service provider to manage the Healthcare Plan, thus reducing the management fee.

The heading Other operating costs (recurring) presented an unfavourable deviation of €2.2m mainly due to the 11.1% appreciation of the SDR exchange rate in the 1st half of 2015 vs. the same period of 2014.This caused a €2.1m deviation in the unfavourable exchange differences of the Mail and the Express & Parcels segments and in the bad debts of the latter segment.

It should be noted that, although it is already partly accounted for in the costs of the 1st half of 2015, mainly in the Mail business unit, the full impact of the optimisation programme of the distribution networks as well as of the other initiatives in the area of operations, which will maximise the use of the installed capacity thus using less subcontractors, and the optimisation of human resources, will be strengthened as its implementation is still underway and will go through very important stages before and after the summer period.

STAFF

Human resources management continued to be driven by the following priorities: (i) definition and implementation of all-encompassing and consistent human resources development policies enabling to reward performance and promote skills and the agility of the company, (ii) maintaining a sound social climate; (iii) continued investment in training and qualification; and (iv) optimisation and adequacy of staff to meet the evolving needs and challenges of the markets CTT operates in.

In the context of the necessary adjustment to the business and volumes evolution, as at 30 June 2015, the company headcount (permanent staff and employees on fixed-term contracts) consisted of 12,887 employees, 165 (+1.3%) more than in the same period of 2014, mostly due to greater reliance on fixed-term contracted employees for the holiday season, now with increased needs due to the demanding quality standards of the Express & Parcels products already delivered through the base network. The number of employees includes 7,146 mail operations and delivery staff (including 4,894 delivery postmen) and 2,751 employees in the Retail Network.

CTT Headcount

	30.06.2015	30.06.2014	∆ 2015/2014	
Mail	10,290	10,344	-54	-0.5%
Mail & Business Solutions	7,539	7,624	-85	-1.1%
Retail Network	2,751	2,720	31	1.1%
Express & Parcels	1,317	1,176	141	12.0%
Financial Services	124	103	21	20.4%
Other	1,156	1,099	57	5.2%
Total, of which:	**12,887**	**12,722**	**165**	**1.3%**
Permanent	11,525	11,586	-61	-0.5%
Fixed-term contracts	1,362	1,136	226	19.9%
Total in Portugal	12,280	12,164	116	1.0%

During the first six months of 2015, 78 employees were hired (33 in Spain and 45 in Portugal), 18 who had been working for TI-POST and Postal Network returned to the company as well as 2 following a secondment in the public interest, while 97 left. Of these, 33 employees retired, 57 terminated their contracts and 7 deceased.

Employees with special conditions were reassessed, to assign them to more adequate jobs and to optimise mobility among the CTT subsidiaries and business units.

To maximise the use of installed capacities and enhance jobs, the continuous insourcing of operating activities was further promoted.

As of 1 January 2015, besides the above-mentioned revision of the Regulation of the Social Works, CTT's Healthcare Plan, which was until then managed by PT-ACS, started to be managed by Médis following a call for tender addressed to 4 relevant players. The transition to Médis ensures continuity of the healthcare system for employees in a similar manner as that of the previous supplier and will allow for a reduction of current costs with the Healthcare Plan management and medical services.

RECURRING EBITDA

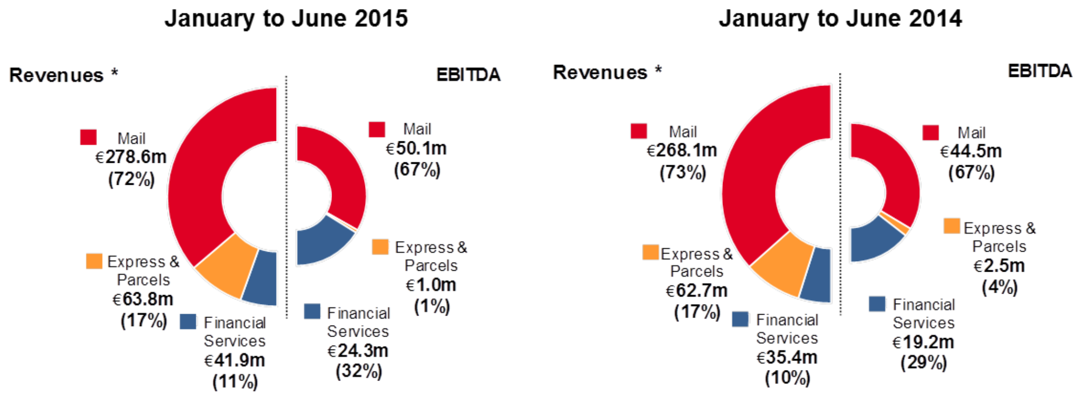
The operating activity generated a €75.5m recurring EBITDA (earnings before interests, tax, depreciation and amortisation, impairments, provisions and non-recurring results), +14.0% (+€9.2m) above that of the same period of the previous year, with an EBITDA margin of 20.6% vs. 18.7% in the 1st half of 2014.

These results correspond to the evolution described above: €13.6m growth in revenues combined with a lower increase of €4.3m in operating costs (excluding depreciation and amortisation, impairments, provisions and non-recurring costs).

The company's EBITDA performance resulted from EBITDA growth in the Mail business unit (+€5.6m; +12.6%) and in the Financial Services business unit (+€5.1m; +26.9%), which had a recurring EBITDA of €50.1m and €24.3m, respectively. The EBITDA margin grew due to the increasing weight of Financial Services in CTT revenues, presenting a higher than 50% EBITDA margin.

The 1st half of 2015 presents a recurring EBITDA of -€1.1m associated to the Postal Bank project, included in the Financial Services business unit. Excluding this effect, Financial Services EBITDA would reach €25.4m with a 60.8% EBITDA margin.

Recurring Revenues and EBITDA by Business Unit



* Including internal provision of services and intragroup transactions eliminated in the consolidation process; excluding income related to CTT Central Structure and Intragroup eliminations amounting to -€17.2m in 1H15 and -€12.7m in 1H14.

Recurring EBIT and Net Profit

Recurring EBIT (earnings before interests, tax, and non-recurring results) posted a positive change of €9.2m (+16.7%) to €64.6m and the EBIT margin was 17.6%, 1.9 p.p. above that of last year for the same reasons described for EBITDA.

In the 1st half of 2015, consolidated financial results amounted to -€2.5m, which represents an improvement of €0.6m vs. that of the 1st half of 2014. Interest and other financial income decreased by 64.5% vis-à-vis the same period of last year, as it was affected by the sharp fall in the rates of return on time deposits.

Financial costs incurred reached €3.5m, which includes financial costs associated with employee benefits of €3.4m and interest associated with financial leasing operations and bank loans (€0.1m). There was a €2.4m reduction in financial costs with employee benefits resulting from the reduction of future liabilities as a consequence of the renegotiation of the RSW and of the discount rate decrease from 4.0% to 2.5%.

The gains in associated companies posted in the 1st half of 2015 amounting to €0.03m refer to Multicert while in 2014 they were due to the disposal of the 51% stake in EAD and the respective equity (€0.3m).

CTT obtained a €39.2m consolidated reported net profit attributable to shareholders in the 1st half of 2015, which is 8.6% above that of the same period of the previous year and corresponds to a result of €0.26 per share and a 10.7% net profit margin on the consolidated revenues (10.1% in the 1st half of 2014).

Non-Recurring Costs and Revenues

In the 1st half of 2015, CTT posted non-recurring results of -€4.8 million.

This comes mostly as the result of the costs related to strategic projects studies and consultancy, especially those related to the creation of the Postal Bank, and the continued progress on structural issues, particularly the compensations for termination of the continuous working hours, other compensations resulting from the new Company Agreement 2015 and compensations paid for termination of employment contracts by mutual agreement. It also includes measures with regard to the restructuring of the Express & Parcels business unit in Spain, following the initiatives launched in the previous year.

Non-recurring costs and revenues

€ Million

	1H15	1H14
Non-recurring costs and revenues	**4.8**	**0.4**
affecting EBITDA	**5.1**	**-2.5**
. Other operating income	-	-3.0
. External supplies & services and other costs	3.8	0.1
. Staff costs	1.3	0.4
affecting only EBIT	**-0.3**	**2.9**
. Provisions (reinforcements / reductions)	-0.2	1.0
. Impairments (losses / reductions)	-0.1	1.9

SUMMARY OF CONSOLIDATED RESULTS

To summarise, the consolidated results of CTT – Correios de Portugal, S.A. are as follows:

Consolidated P&L

€ Million

	Reported			Recurring		
	1H15	1H14	Δ	1H15	1H14	Δ
Revenues	367.1	356.5	3.0%	367.1	353.5	3.8%
Sales and services rendered	360.2	345.0	4.4%	360.2	345.0	4.4%
Other operating income	6.9	11.5	-40.5%	6.9	8.5	-19.6%
Operating costs	296.7	287.8	3.1%	291.5	287.2	1.5%
EBITDA	**70.4**	**68.7**	**2.4%**	**75.5**	**66.3**	**14.0%**
Depreciation / amortisation, impairments and provisions	10.5	13.8	-23.7%	10.9	10.9	-0.1%
EBIT	**59.9**	**54.9**	**9.0%**	**64.6**	**55.4**	**16.7%**
Financial income, net	-2.6	-3.5	25.9%	-2.6	-3.5	25.9%
Gains / (losses) in associated companies	0.0	0.3	-90.7%	0.0	0.3	-90.7%
Earnings before taxes (EBT)	**57.3**	**51.8**	**10.7%**	**62.1**	**52.2**	**18.9%**
Income tax for the year (*)	18.1	15.7	15.3%	17.4	15.5	12.0%
Losses / (gains) attributable to non-controlling interests	0.0	0.0	152.0%	0.0	0.0	152.0%
Net profit attributable to equity holders	**39.2**	**36.1**	**8.6%**	**44.6**	**36.7**	**21.8%**

(*) Recurring Net profit excludes non-recurring revenues and costs and considers a theoretical (nominal) tax rate.

INVESTMENT

Capex amounted to €10.9m, 297.2% above that of the same period of last year (+€8.2m) and was mainly channelled to IT systems, of which the Core Banking System for the implementation of the Postal Bank (€6.2m) and the E-CIP – International project (€0.4m) for the creation of an e-commerce network of more than 30 postal operators are to be highlighted, the latter promoting CTT as an increasingly important solution for the outbound / inbound flows. Even considering the Postal Bank project, CTT investment is at the usual levels, with increased focus on the preparation of the CTT systems to support the banking system under development, which will be totally segregated in terms of information.

FREE CASH FLOW

In the 1st half of 2015, the operating free cash flow generated was €79.7m, vs. €191.4m in the same period of 2014. The adjusted operating free cash flow (excluding the change in financial services payables) totalled €21.6m.

The change in cash and cash equivalents amounted to €9.9m, -€121.1m below that of the 1st half of 2014, due to the €67.5m decrease in the Financial Services receivables / payables, to the €16.1m increase in payments to employees influenced by the 2014 variable remunerations (€9.0m) and the €14.2m growth of payments referring to investments in the 1st half of 2015, in particular the acquisitions of heavy goods vehicles occurred at the end of 2014, the take-back of outsourced hardware from IBM, and the investments in the creation of the Postal Bank.

To this result also contributed the €6.1m increase in taxes paid, the €4.5m growth in collections from customers resulting from increased invoicing and accounts receivable, and the payment in 2015 of more €9.8m of dividends than in 2014.

Cash Flow

€ Million

	Reported			Adjusted (*)		
	1H15	1H14	Δ	1H15	1H14	Δ
Cash flow from operating activities	95.8	187.8	-49.0%	37.8	62.2	-39.2%
Cash flow from investing activities	-16.2	3.7	<<	-16.2	3.7	<<
Operating free cash flow	**79.7**	**191.4**	**-58.4%**	**21.6**	**65.9**	**-67.1%**
Cash flow from financing activities	-69.8	-59.7	16.9%	-69.8	-59.7	16.9%
Change in consolidation perimeter	-	-0.7	-	-	-0.7	-
Change in cash and equivalents	**9.9**	**131.0**	**-92.4%**	**-48.1**	**5.5**	**<<**
Cash and equivalents at the end of the period	**674.5**	**675.9**	**-0.2%**	**230.8**	**242.3**	**-4.8%**

(*) Cash flow from operating activities excluding change in Net Financial Services payables (€58.0m in 1H15 and €125.6m in 1H14).

CONSOLIDATED BALANCE SHEET

The highlights of the comparison between the Balance Sheet as at 30 June 2015 and that at the end of the 2014 financial year are:

Total **assets** increased €41.8m (+3.5%) that reflects the decrease in non-current assets from the decrease of deferred tax assets (-€1.1m) and the increase in current assets (+€43.4m) resulting from the increase in (i) cash and cash equivalents (+€9.9m; +1.5%), (ii) accounts receivable (+€15.2m, +11.5%) and (iii) other current assets (+€12.8m; +56.1%).

Equity decreased €33.9m (-13.6%) as a result of the distribution of dividends for the 2014 financial year (€69.75m) that took place in May and has not yet been offset by the net profit for the period (€39.2m). Worth mentioning is also the acquisition of own shares (200,177 shares) for a total amount of €1.9m with impact also on the free cash flow.

Liabilities increased €75.8m (+8.1%) mostly due to the €51.8m (+13.0%) increase in Financial Services payables, reflecting the impact of the holiday bonus to be paid to pensioners, as well as the €16.2m (+19.6%) growth of cost accruals.

Consolidated Balance Sheet

€ Million

	31.06.2015	31.12.2014	Δ
Non-current Assets	348.9	350.5	-0.4%
Current Assets	873.9	830.5	5.2%
Assets	**1,222.8**	**1,181.0**	**3.5%**
Equity	**215.3**	**249.2**	**-13.6%**
Total Liabilities	**1,007.6**	**931.8**	**8.1%**
Non-current Liabilities	315.3	314.4	0.3%
Current Liabilities	692.2	617.4	12.1%
Total Equity and Liabilities	**1,222.8**	**1,181.0**	**3.5%**

In the 1st half of 2015, the liabilities related to employee benefits amounted to €276.5m, 0.8% less than in December 2014. No actuarial studies are performed quarterly, hence the calculation is made on the basis of actuarial projections for 2015 and the actual payments made.

The heading Other benefits to Corporate Bodies includes the liability defined by an independent actuarial study regarding the long-term variable remuneration (to be paid in company shares to the executive members of the Board of Directors at the end of the 2014-2016 term of office) linked to the achievement of objectives for the Total Shareholder Return – TSR (comparison of the TSR performance of the company shares and the average weighted TSR of a peer group – PSI20 listed companies and other relevant peers of the sector).

Liabilities related to long-term employee benefits

€ Million

	30.06.2015	31.12.2014	Δ
Total responsibilities	276.5	278.7	-0.8%
Healthcare	241.0	241.2	-0.08%
Staff (suspension agreements)	15.3	17.8	-13.9%
Other benefits to Corporate Bodies	2.2	1.4	62.8%
Other long-term benefits	18.0	18.3	-1.7%

DIVIDENDS

For the dividend relative to the 2014 financial year, the Annual General Meeting held on 5 May 2015 approved the proposal of the CTT Board of Directors for the distribution of dividends totalling €69.75m (46.5 Euro cents per share).

The 2014 dividend includes a €3.75m non-recurring component resulting from gains in non-recurring items. The recurring basis of the 2014 dividend, used to calculate the future growth of dividends, is €66m (44 Euro cents per share), an amount representing a 10% growth vis-à-vis the 2013 dividend (€60m).

The dividends relating to the financial year of 2014 were paid on 29 May 2015.

5. REGULATORY CHANGES

Changes occurred in the 1st half of 2015 refer to prices.

Complying with the pricing criteria for the 2015/2017 period as defined by a decision of ANACOM of 21.11.2014, the proposal on the prices of the universal service submitted by CTT on 17.12.2014, and revised on 06.02.2015, was approved by ANACOM by a deliberation of 12.02.2015. The prices foreseen in said proposal, which met the defined pricing principles and criteria, entered into force on 01.03.2015, except for the prices of newspapers & periodicals and books which were effective as of 01.06.2015.

Also in the pricing field, as far as the special pricing arrangement for the postal services included in the universal service offer applicable to senders of bulk mail is concerned, such prices were updated on 01.03.2015 following a proposal submitted to the Regulator on 14.01.2015.

As regards the quality of the universal postal service, the respective objectives and minimum service levels are quantified in the section on quality of service of this document. The quality of service parameters and the universal service targets associated to the provision of the universal service in the 2015/2017 period, as defined by ANACOM on a decision of 30.12.2014, maintain the high quality of service levels required for the postal services in Portugal and which CTT has overcome. In this field, CTT is working to develop and implement the methodology defined by the Regulator, especially as far as the measurement of the quality criteria per independent body is concerned.

6. CORPORATE GOVERNANCE

In terms of corporate governance, the following events took place during the 1st half of 2015:

- On 20 January 2015, the merger of Mailtec Holding, S.G.P.S. into CTT – Correios de Portugal, S.A., which took place through the transfer of all the assets of Mailtec Holding, S.G.P.S., S.A.;

- On 6 February 2015, the company CTT Serviços S.A. with a share capital of 5,000,000.00 Euros was incorporated, its corporate objective being the provision of advisory and support services in the acquisition, development, set-up and preparation of the incorporation of the Postal Bank;

- By a decision of the Executive Committee of 30 April 2015, the share capital of the company CTT Serviços S.A. was increased to €20,000,000.00; and

- On 30 June 2015, the merger of PostContacto – Correio Publicitário, Lda. and Mailtec Processos, Unipessoal, Lda. through the transfer of all their assets into CTT Gest – Gestão de Serviços e Equipamentos, S.A..

7. FINAL NOTE

This press release is based on CTT – Correios de Portugal, S.A. condensed interim consolidated accounts for the 1st half of 2015 subject to limited review by an auditor registered with the Portuguese Securities Commission (CMVM).

Lisbon, 29 July 2015

The Board of Directors

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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Forward-looking statements

This press release 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 are forward-looking statements. Statements that include the words "expects", "intends", "plans", "believes", "anticipates", "will", "targets", "may", "would", "could", "continues" and similar statements of a future or forward-looking nature identify to 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.

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, that could cause 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 are not 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 press release. 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.