

## STATEMENT INFORMATION ON THE RESTRUCTURING PLAN OF TAP GROUP

LISBON – December 11, 2020.

Under the terms and for the purposes of Article 17(1) of Regulation (EU) no. 596/2014 of the European Parliament and the Council, of 16 April 2014, and of Article 248-A(1) of the Portuguese Securities Code (“Código dos Valores Mobiliários”), Transportes Aéreos Portugueses, S.A. (“TAP”), informs the market and the general public that:

As previously disclosed by TAP to the market and the general public on the date hereof, TAP became aware that the Portuguese State has submitted to the European Commission, on December 10, 2020, a project of TAP Group’s restructuring plan (“Restructuring Plan”) to be discussed and approved.

In this regard, and as disclosed on this date by the Portuguese Government, TAP hereby informs the market and the general public on the main objectives and measures envisaged by the Restructuring Plan.

In a context where the aviation market finds itself in the largest crisis of its history, the Restructuring Plan is aimed at ensuring the survival and the viability of TAP Group, the maintenance of circa 7 (seven) thousand direct jobs, as well as the preservation of the entire eco-system of TAP Group suppliers, ensuring it continues to contribute to the Portuguese economy.

It should be also noted that in the context of the preparation of the Restructuring Plan, most updated projections of renowned entities of the sector were used, notably those of the *International Air Transport Association* (IATA), taking into consideration their closer suitability to the operational case of TAP Group, with a business model based on connecting and long-haul flights, without disregarding Eurocontrol projections (together, the “Projections”). These Projections indicate that the activity figures of 2019 will only be met again in 2025, with an upturn of the operation of 50% being forecasted for 2021 by comparison to the 2019 operation figures.

The Restructuring Plan rests on three main principles: (i) capacity adjustment (fleet resizing and network optimization); (ii) operational costs optimization (leasing negotiations, third-party costs adjustments and labour costs adjustments) and (iii) revenue improvement (passenger and other revenue sources). All these initiatives are focused on reaching a sound cash flow position and, consequently, to balance the company’s capital structure.

On the basis of the Projections, TAP Group intends to fly in 2021 the equivalent of 45% to 50% by reference to its respective 2019 capacity. In this context, and from a capacity adjustment standpoint, TAP Group intends to reduce TAP Group’s fleet to 88 aircraft, an aircraft number which is superior to the 75 aircraft held in 2015.

At the level of operational costs optimization, the Restructuring Plan provides for 1.3 billion euros in financial adjustments concerning fleet, as well as 200 to 225 million euros per year regarding negotiations with other TAP Group operational suppliers. From a labour costs point of view, the Restructuring Plan sets out the resizing of the operation of TAP Group, through the implementation

of voluntary measures until the end of 2020, such as mutually agreed terminations, part-time work and long-term leaves without pay, without prejudice to other additional mechanisms still being assessed. The level of adherence to said voluntary measures will reduce the need of additional measures. The reduction of TAP Group's operation will result in the necessary outflow of circa 2000 employees – this number can fluctuate, notably according to the acceptance rate of the abovementioned voluntary measures – besides a crosscutting reduction of 25% of the employees' wages, above a minimum threshold of 900 (nine hundred) euros.

These capacity, fleet and workforce adjustments shall allow TAP Group, and in particular TAP, to maintain a size that is suitable to react to the recovery as soon as it happens, keeping its leading position in Lisbon's hub and its strategy of connection between Europe, South and North America and Africa.

TAP stresses that the Restructuring Plan and the information related to the same included in this statement are still preliminary and require further approval by the European Commission, being therefore subject to potential additional modifications.

This information is also available in TAP's website at: <https://www.flytap.com/>

### **TRANSPORTES AÉREOS PORTUGUESES, S.A.**

Raffael Guarita Quintas Alves

*Representative for the Relations with Capital Markets and the CMVM*

Phone: +351 218 416 127

Email: [investors@tap.pt](mailto:investors@tap.pt)