

STATEMENT

INFORMATION ON THE APPLICATION OF EXCEPTIONAL AND TEMPORARY MEASURES AIMED AT PROTECTING AND MAINTAINING JOBS

LISBON – April 1, 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:

TAP’s corporate bodies have been continuously monitoring the developments on Covid-19 pandemics and its major impact on the Civil Aviation industry and on TAP’s activity, therefore evaluating and adopting, at each moment, different measures in order to mitigate its respective consequences.

The spread of Covid-19 and the restraining measures adopted by both national and international authorities resulted, in a first stage, in a significant fall on the demand side, which by the beginning of March led to a decrease on airline tickets bookings of up to 60%. Further, after the implementation of air traffic restrictions as announced by the United States of America, TAP decreased its operational capacity by circa 54%. More recently, the growing level of air traffic restrictions imposed by over one hundred countries led to a situation whereby TAP has been forced to almost suspend its business activity on a temporary basis.

Thus, from April 1, 2020 and up to, at least, May 4, 2020, TAP estimates to limit its operation by flying only to Terceira and Ponta Delgada (Azores) and to Funchal (Madeira), in order to ensure territorial continuity and suspending all remaining routes. This operational plan may be adjusted given the potential need of guaranteeing the operation of extraordinary flights, focused on repatriation and transport of humanitarian cargo.

Within the context of a nearly full suspension of its operation, TAP’s Board of Directors has decided that, to better protect and maintain TAP’s workers jobs, as well as in the best interest of the company’s future, TAP shall adhere to the package made available by the Portuguese Government to support the country and companies, as per Decree-Law nr. 10-G/2020, of March 26. This instrument establishes exceptional and temporary measures aimed at protecting and maintaining jobs, in the wake of Covid-19 pandemics.

Therefore, TAP will adopt measures addressed to implement a temporary work suspension for circa 90% of its workers and a reduction of normal work period with the proportional wage reduction (of 20%) for the remaining workers who remain in operation. These measures shall entry into force on April 2, 2020, for a 30-day period, and can be extended according to the respective Decree-Law. All workers will be informed, on an individual basis and before implementation, on their respective arrangement.

These measures are aimed at reducing TAP’s fixed costs, in order to partially compensate the loss of revenues within this new context. Staff costs represent TAP’s main fixed cost, amounting to circa 20% of the company’s total operating costs. TAP estimates that, based on the best available information

to date, the implementation of the above described exceptional and temporary measures shall have as impact a reduction on staff costs item corresponding to circa 45%, throughout the mentioned applicable period.

These specific measures shall add to the already announced initiatives such as controlling and reducing costs, including the suspension or delay of non-critical investments, the renegotiation of commercial agreements and respective payment schedules, cuts on incidental expenses, the suspension of new staff recruitment, promotions and training, as well as the implementation of temporary unpaid leave programs, which are still ongoing.

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

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