

**STATEMENT
FIRST HALF 2020 CONSOLIDATED RESULTS**

LISBON – September 28, 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” or “Company”), informs the market and the general public on First Half 2020 Consolidated Results.

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

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JANUARY AND FEBRUARY SHOWED IMPROVEMENTS IN TAP'S PERFORMANCE IN ALL MAIN INDICATORS GIVING CONTINUITY TO THE RECOVERY OBSERVED IN THE SECOND HALF OF 2019

EFFECTS OF THE PANDEMIC SINCE MARCH INTERRUPTED POSITIVE EVOLUTION AND STRONGLY IMPACTED THE FIRST HALF 2020 RESULTS

The months of January and February 2020 recorded very positive developments in the main activity indicators, continuing the trend observed in the second half of the previous year

- 280 thousand more passengers than in the same period last year, totaling 2.4 million passengers carried, an increase of 13.4% YoY
- Load factor of 74.7%, 1.9 percentage points more than in the first two months of 2019
- Passenger income of 411 million euros, 71 million euros more than in January and February of the previous year
- Accumulated EBIDTA margin for January and February was 5.1%, 12.9 percentage points more than in the first two months of 2019

Covid-19 pandemic brought a sharp decrease in activity, which impacted the accumulated results of the first half despite the swift and efficient reaction of TAP

- 4.9 million fewer passengers. 62% decrease in total passengers transported in the first half of 2020, when compared to the same period in 2019
- 730 million euros less in passenger income, which fell 57.2% YoY in the first six months of 2020
- Decrease in operating costs of 460 million euros, 30% less than in the first half of 2019
- Daily cash burn decreased approximately 50% between the month of April and the month of June 2020, reflecting the implementation of initiatives aimed at containing the impact of the pandemic on liquidity
- EBIDTA margin drops to -20%, 28.7 percentage points below the first half of 2019
- Net loss of 582 million euros in the first half of 2020, aggravated by the impact of jet fuel overhedging costs in the amount of 136.3 million euros and negative net currency exchange differences of 58.0 million euros, part of which without cash impact

Before the declaration of the pandemic, all the main indicators of TAP's activity evolved in a very positive way, following the trend already observed in the second half of 2019. That fact, together with the strengthening of the liquidity position at the end of 2019 and the extension of the debt maturity profile that took place in February 2020, allowed to ensure a strong cash position that was fundamental for TAP to cope with the first impacts from the drastic reduction in activity.

TAP was swift and agile to act at the first signs of the pandemic's impact, adapting capacity to the new demand scenario and thus minimizing operating costs with the objective of preserving cash. Several additional measures were taken to preserve the Company's liquidity and long-term future, namely measures aimed at controlling and reducing costs, suspending or delaying non-critical investments and the renegotiation of commercial agreements and respective payment schedules.

These measures allowed TAP to maintain sufficient liquidity until completion of the State aid, in the amount of 946 million euros (to which an additional amount of 254 million euros can be added, although the Portuguese State is not bound to make such additional amount available), which, in parallel with the restructuring plan currently in preparation, aims to guarantee TAP's business continuity and consolidation of its activity and results.

The Company's financial and operating performance in the first half of 2020 was severely impacted by the contraction in demand and reduction in activity since March 2020 as a result of the Covid-19 pandemic.

Covid-19 caused enormous losses to the entire economy and to the air transport industry in particular, with TAP registering a negative net profit of 582 million euros in the first half of 2020, which represents 96% of the net profit of the first half of the year for Group TAP (TAP SGPS consolidated) which was negative in 606 million euros.

TAP is carrying out a safe and sustainable ramp-up of its operation, as demand allows and restrictions are being lifted or minimized.

Operational Performance

TAP, S.A. Consolidated Main Operational Indicators	Jan-Feb 2020	Jan-Feb 2019	Change		1H20	1H19	Change	
			Abs.	%			Abs.	%
Passenger ('000)	2,376	2,096	280	+13.4%	3,001	7,900	-4,900	-62.0%
RPK (million)	6,124	5,185	939	+18.1%	7,863	19,119	-11,257	-58.9%
ASK (million)	8,197	7,125	1,071	+15.0%	10,957	23,986	-13,029	-54.3%
Load Factor	74.7%	72.8%	+1.9p.p.		71.8%	79.7%	-8.0p.p.	
Block Hours	62,649	57,512	5,137	+8.9%	84,137	191,102	-106,965	-56.0%
Number of Departures	20,528	19,632	896	+4.6%	27,096	64,870	-37,774	-58.2%
Average Stage Length (km)	1,981	1,904	77	+4.0%	2,035	1,917	118	+6.2%
Staff (end of period) ¹⁾	9,153	8,237	916	+11.1%	8,593	8,800	-207	-2.4%

Financial Performance

TAP, S.A. Consolidated Main Financial Indicators	Jan-Feb 2020	Jan-Feb 2019	Change		1H20	1H19	Change	
			Abs.	%			Abs.	%
Total Operating Income (million €)	466.6	390.8	75.8	+19.4%	646.1	1,448.9	-802.8	-55.4%
Passenger Income (million €)	410.9	340.1	70.8	+20.8%	545.4	1,275.1	-729.7	-57.2%
EBITDA (million €) ¹⁾	23.7	-30.7	54.4	n.m.	-128.8	127.6	-256.4	n.m.
EBITDA margin	5.1%	-7.9%	+12.9p.p.		-19.9%	8.8%	-28.7p.p.	
Operating Result (EBIT) (million €)	-62.6	-98.4	35.7	n.m.	-427.6	-85.0	-342.6	n.m.
EBIT margin	-13.4%	-25.2%	+11.7p.p.		-66.2%	-5.9%	-60.3p.p.	

EBITDA = Operating Result + Depreciation, amortization and impairment losses.

Before the pandemic, TAP presented a significant improvement in the main operational and financial indicators for the months of January and February 2020, which evidenced a positive path linked to an operational profitability improvement that was being followed by TAP. In the first two months of the year, the number of passengers carried increased 13.4% YoY and the load factor 1.9 p.p. YoY, reaching an EBITDA margin of 5.1%, an improvement of 12.9 p.p. YoY.

Operation and results of 1H20 were significantly impacted by the decrease in activity since March, as a result of the Covid-19 pandemic, which had an enormous impact in the world economy and affected the global civil aviation sector in an unprecedented way, as a consequence of the strong containment measures adopted by domestic and international authorities.

According to the revised estimates from IATA for the sector (as of June 2020), the decrease in capacity (ASK) in Europe in 2020 should be 42.9%, above the decrease at a global level (-40.4%). In what concerns the estimated decrease in passenger traffic measured by RPK in 2020, this is of -56.4% in Europe and -54.7% globally. The steep decrease in capacity and traffic is common across all regions.

The decrease in activity since March 2020, more than offset the good performance observed in the first two months of the year, severely impacting TAP's performance in 1H20. The month of March was already significantly impacted by the containment measures adopted by domestic and international authorities which also resulted in a sharp decrease in demand and led TAP to reduce its operating capacity, translating into a progressive reduction of activity throughout the month and an almost temporary full suspension of activity in the following months. In the months from March to June 2020, the decrease in capacity (measured in ASKs) was -34%, -99%, -98% and -97% YoY, respectively.

Consequently, in the 1H20, the number of passengers carried by TAP decreased 62.0% YoY, with demand in terms of RPKs registering a decrease of 58.9% YoY. Capacity (measured in ASKs) decreased 54.3%, with a deterioration of the load factor in 8 p.p. YoY.

TAP was fast and agile to act, at the first signs of the impact of the pandemic, adjusting capacity to the new demand scenario, thus minimizing operating costs, with the goal of preserving cash. The capacity cut of 33.9% YoY in terms of ASKs already in March, was key to decrease variable costs, considering that these represented approximately 60% of TAP's total operating costs in 2019.

Several additional measures were taken in order to preserve the Company's liquidity, including the suspension or delay of noncritical investments, the renegotiation of commercial agreements and respective payment schedules, cuts on incidental expenses, the suspension of staff recruitment and promotions, the non-renewal of fixed term employment contracts, as well as the

adherence to the simplified layoff regime and the implementation of temporary unpaid leave programs.

These measures allowed TAP to significantly reduce daily cash burn and maintain sufficient liquidity until the formalization of the State Aid, in the form of a financing between the Portuguese State and Group TAP, with the first tranche of this financing received on July 17, 2020.

TAP is committed to guaranteeing the ramp-up of its operations in a safe and sustainable way. TAP's main concern from the start, was to implement measures to protect the health and safety of its clients and crew, in line with the guidelines from the relevant authorities and in close coordination with UCS (Group TAP's Health Care Unit). Simultaneously, TAP has been closely monitoring the evolution of demand, as well as of the pandemic, adapting its network and operations accordingly.

The restructuring plan to be submitted to the European Commission until December 10, 2020 is currently in preparation. This plan aims to ensure the sustainability and profitability of TAP, through an adequate planning of routes and fleet, the adaptation of TAP's product to the current reality and post Covid-19, and the increase of effectiveness and efficiency of central services and of Group TAP's units.

CAUTIONARY STATEMENT

This document does not exempt the consultation of, and should be read jointly with, TAP's Management Report and Accounts for the First Half of 2020 available at www.tapairportugal.com.

As a result of the impacts of Covid-19 pandemic in the operational activity of Transportes Aéreos Portugueses, S.A. ("TAP" or "Company"), the impairment tests of some of the non-current assets carried out in December 2019 should be reviewed. Due to the uncertainty on the evolution of the Company's activity in the long run, resulting from factors beyond its control, as well as the approval by the European Commission of a State Aid, through a loan, which requires the presentation of restructuring plan within 6 months (if the financing is not reimbursed within that period), a long term business plan still has not been approved by the Company, being its preparation currently ongoing.

In this context, the unaudited financial statements of the first half of 2020, do not reflect potential impacts from the recoverability analysis of non-current assets, that would be carried out, would there be a long-term business plan.

Notwithstanding, the Company considers that given the approval by the European Commission of the State Aid by the Portuguese State and the formalization of that State Aid through the signing of a financing agreement, namely between TAP (as borrower) and the Republic of Portugal (as lender), on 17th July 2020, for the granting by the Portuguese State of an interest-bearing loan of up to 946 million euros (to which an additional amount of 254 million euros can be added, although the Portuguese State is not bound to make such additional amount available), it is possible to conclude for the preparation of the financial statements based on the principle of business continuity. See additional information on Note 1.1. of the Notes to the Financial Statements of June 30, 2020.

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