

Driven by **leadership**

Leadership as postal service operator of reference, while having the ability to compete in an ever demanding market.

Driven by evolution.



31.8%

Waste reduction

(Paper/
cardboard,
plastic, wooden
pallets and
other waste)



1,845

Postal Agencies



3,685

CTT Vehicles

06

**Proposal for the
Appropriation
of Results**



6. Proposal for the Appropriation of Results

Under the terms of article 23 of the Articles of Association of CTT - Correios de Portugal, S.A. ("CTT" or "Company"), the annual net profit, duly approved, will be appropriated as follows:

- a) A minimum of 5% will be transferred to the legal reserve, until the required amount is reached;
- b) A percentage will be distributed to the shareholders as dividends and as decided by the General Meeting;
- c) The remaining amount will be appropriated as deliberated by the General Meeting in the interest of the Company.

Under the terms of article 295(1) of the Portuguese Companies Code ("PCC"), a minimum of 5% is intended for the constitution of the legal reserve and, if necessary, its reintegration until this reserve reaches 20% of the share capital. As the share capital is €75,000,000.00, 20% is calculated at €15,000,000.00, whereby the legal reserve as at 31 December 2018 corresponds to the minimum amount required by the Articles of Association and the PCC.

Pursuant to article 294(1) of the PCC, save for another bylaw provision or a resolution passed with a majority of 3/4 of the votes corresponding to the share capital in a General Meeting called for that purpose, half of the financial year's distributable profits must be distributed to shareholders, as set out by law. CTT's Articles of Association contain no provision contrary to the referenced legal provision.

Distributable profits are the financial year's net profit after the constitution or increase of the legal reserve and after negative retained earnings have been covered, if applicable. As at 31 December 2018, the legal reserve is fully constituted and retained earnings are positive. For the financial year ended 31 December 2018, net profit for the year in the individual accounts amounted to €19,621,263.00.

Given the accounting rules in force, an amount of €2,766,408.00 is already reflected in the stated net profit regarding profit sharing with CTT employees.

Accordingly, and in compliance with the provisions applicable under the law and the Articles of Association, the Board of Directors proposes that:

- a) The net profit for the 2018 financial year, totaling €19,621,263.00, as per the individual financial statements, is allocated as follows:

Dividends*.....	€15,000,000.00
Retained earnings	€4,621,263.00

- b) A maximum amount of €2,766,408.00 (already considered in the individual financial statements) is allocated to CTT employees (not including any of the members of the Board of Directors of CTT) as bonuses.

* Distribution of €15,000,000.00 in dividends, which corresponds to €0.10 per share.

Lisbon, 15 March 2019

For the Board of Directors

