

Bit Market Services

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Informazione
Regolamentata

Nome utilizzatore : POSTEN03 - Fabio Ciammaglichella

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Oggetto : Poste Italiane: Bod approves results as of
Sept. 30, 2015

Testo del comunicato

Vedi allegato.

POSTE ITALIANE: BOARD OF DIRECTORS APPROVES THE RESULTS AT SEPTEMBER 30, 2015

STRONG GROWTH IN REVENUES AND OPERATING PROFIT

- **Total revenues: €23.9 billion, +6.0% (€22.6 billion at September 30, 2014)**
- **Operating profit: €930 million, +26.9% (€733 million at September 30, 2014)**
- **Net profit: €622 million (€333 million at September 30, 2014)**
- **Client assets: €471 billion, +2.1% (€462 billion at December 31, 2014)**
- **BancoPosta direct revenues: €45 billion, +2.0% (€44 billion for the first nine months of 2014)**
- **Poste Vita premium revenues: €14.5 billion, +14.2% (€12.7 billion at September 30, 2014)**
- **Postal and Commercial Services revenues: -6.5%, slowing pace of decline**

Rome, 9 November 2015 – Poste Italiane’s Board of Directors, chaired by Luisa Todini, has approved the Interim Financial Report as at September 30 2015, in compliance with the relevant accounting standards (IAS/IFRS).

Consolidated financial highlights (€m):

	First Nine Months 2015	First Nine Months 2014	Change
Total revenues	23,921	22,560	+6.0%
Operating profit	930	733	+26.9%
Net profit	622	333	+86.8%
Poste Vita premium revenues	14,543	12,740	+14.2%
Mail & Parcels	2,836	3,034	-6.5%
Client assets	471,428	461,822*	+2.1%
Bancoposta direct revenues	44,906	44,040	+2.0%

*The client assets figure refers to YE2014

Francesco Caio, CEO, commented:

“This robust set of results, demonstrates that our business transformation plan is progressing well, and gives a strong platform for our full year results.

Revenues and operating margin at consolidated level have grown respectively by 6% and 27% compared to 2014; insurance services have continued to grow in double digits; financial services have increased their operating profit by 44% and mail and parcels have declined in the same period at a slower pace than last year.

Two factors are expected to impact on full year profitability in the final quarter: first, in line with the previous year, we will accrue costs for transformation activities that will be implemented in 2016; secondly, given the active management of our government bond portfolio, profits could be lower than those of previous quarters.

With this in mind, and based on current operating performance, we foresee a distinct improvement in 2015 on 2014.”

* * *

This press release uses a number of “alternative performance indicators” not included in the IFRS-EU accounting standards (Net Financial Position and Industrial Net Financial Indebtedness). In accordance with recommendation CESR/05-178b, published on 3 November 2005, the criteria used to calculate these indicators are detailed at the end of the press release.

In the first nine months of 2015, **total revenues**, including insurance premiums, grew to €23.9 billion, a 6% increase on the same period in 2014. The positive performance of the Insurance Services division – which recorded a 10% increase in revenues year-on-year, to €16.9 billion – and the resilient performance of Financial Services – which generated revenues of €4 billion – more than offset the expected decline in mail and parcels revenues (-6.5% to €2.8 billion), principally driven by the reduction in mail volumes (-10%) but at a slower pace compared to the same period last year.

We achieved healthy growth in **operating profit**, to €930 million – an increase of 26.9% compared to the same period in 2014 (€733 million). This increase was driven by the rise in revenues, and is set against a decline in operating costs, which amounted to €6.7 billion (€6.9 billion in the first nine months of 2014).

Net profit reached €622 million, almost double the €333 million achieved in the same period in 2014. The increase relates to trends in operating profitability, and is also the result of positive net financial interests (up €26 million year-on-year) and the optimization of the tax rate, which benefits from the introduction of new legislation regarding income tax on manufacturing activities (IRAP).

The **group net financial debt** shows a surplus of €6.3 billion, compared to the €4.7 billion as at year-end 2014, benefitting from a net increase in the fair value of financial assets of €0.4 billion.

Industrial net financial debt amounted to €1.3 billion, an improvement compared to €1.5 billion at year-end 2014.

Investments for the period totaled €229 million, primarily relating to the digitization of the telecommunication network, as well as the modernization and restructuring of property assets.

In the first nine months of 2015, **total client assets** increased by 2.1%, from €462 as year-end 2014, to €471 billion. The amount benefits principally from growth in technical reserves in the life insurance business and in the average deposits of BancoPosta accounts.

Moreover, during the first nine months of 2015, a new recruitment process was launched, in line with the Industrial Plan, involving the hiring of over 900 new employees. The total headcount of the Group was reduced by more than 1,100 through a turn-over process and facilitated early retirements. The Company also provided 2.2 million hours of staff training.

Regarding the **distribution network**, it is notable that the total volume of transactions made by customers in branches grew by 1% on the same period in 2014.

During 2015, the process of post office renewal and digitization was launched, including the rollout of wi-fi and the trial of a new queue management system. These projects aim at further improving our customer offering, while nine multilingual branches were opened, simplifying the customer experience for “new Italians”.

The breakdown per business unit is as follows:

FINANCIAL SERVICES

- **Strong growth in operating profit, up 44%, to €687 million**
- **BancoPosta direct revenues up 2%, to €44.9 billion**
- **1.4 million Postepay Evolution cards already issued since launching (in July 2014)**

Total revenues amounted to €4.4 billion, maintaining the strong levels already achieved in the first nine months of 2014. The increase in income principally stems from the active management of BancoPosta’s asset portfolio, which offset lower revenues and income elsewhere, largely attributable to reduced returns as a result of the current interest rate environment.

Operating profit increased significantly, to €687 million, up 44% on the same period in 2014 (€477 million). Given the stable revenues, the improvement in operating profitability is primarily attributable to a general reduction in operating costs and related to the recharge of the network costs to the Financial Services business unit.

More specifically, there was an increase in average deposits of BancoPosta accounts in the first nine months of the year, to €44.9 billion, before the “long-term repo”, up 2% from €44.0 billion in the first nine months of 2014.

Moreover, Postepay Evolution, the rechargeable prepaid card linked to an IBAN, reached 1.4 million cards issued since its launch (in July 2014).

Finally, through BancoPosta, Poste Italiane has continued to strengthen range of services to Italian families, expanding the product range on consumer credit and mortgages, with varying options in terms of duration, amount and repayment flexibility, as well as offering transfers and additional liquidity on mortgages.

INSURANCE SERVICES

- **Gross written premiums up 14.2%, to €14.5 billion**
- **Growth in operating profit to €351 million, up 13.2%**
- **Successful launch of new products for health and home insurance**

Total revenues were €16.9 billion, up 10% on the previous period in 2014 (€15.4 billion). The increase is wholly attributable to the growth in premiums. Specifically, Poste Vita, the market leader in the Italian insurance sector, with technical reserves of €97.4 billion (€87.1 billion as at December 2014), gathered premiums of approximately €14.5 billion (an increase on the €12.7 billion gathered in the first nine months of 2014), principally due to

the marketing of investment and savings products Ramo I and, to a lesser degree, Ramo III and V (traditional products with separate management). This increase in revenues was offset by organic growth in insurance technical reserves.

Operating profit was €351 million, up 13.2% on the first nine months of 2014 (€310 million).

COMMERCIAL AND POSTAL SERVICES

• **External revenues amounted to €2.8 billion, down 6.5%**

Revenues were €6.2 billion – of which €3.4 billion derived from distribution services – down 4.9% on the first nine months of 2014 (€6.5 billion). This decline, albeit of a slower pace than in the previous period, relates to a reduction of traditional non-digital postal volumes; this was partially offset by the impact of last December's tariff increases, which included some of the products covered by the Universal Postal Service. Moreover, the slowdown in the rate of decline has been driven by the launch of managerial initiatives aimed at improving the quality of traditional postal services and the efficiency of related industrial processes.

The parcels sector recorded a 10% increase in volumes compared to the same period in 2014, and a total of 60 million parcels delivered in the period. This has been driven by the development of e-commerce in Italy. In this sector, Poste Italiane offers an extensive logistical network and integrated secure payment system to customers.

The **operating loss** in the business was €137 million, compared to a loss of €66 million in the first nine months of 2014 and, along with the aforementioned drop in revenues, is mitigated by actions to contain costs, which were primarily carried out in this sector also despite the negative impact on lesser absorption of network costs by BancoPosta following the modification of internal operating guidelines.

RECENT EVENTS AND EXPECTED EVOLUTION

As of 27 October 2015, Poste Italiane successfully completed the initial public offering of its ordinary shares on the Mercato Telematico Azionario (MTA), organized and managed by Borsa Italiana S.p.A., an important milestone in the Group's history.

In particular, regarding the Global Offering, 498,300,000 Shares were allocated of which 453,000,000 were offered for sale by the Shareholder, the Ministry of the Economy and Finance (MEF), and the remaining 45,300,000 were offered under the Over-Allotment Option in the context of the Institutional Offering.

RECENT KEY EVENTS

On 25 June 2015, Poste Italiane Group finalized the purchase of a 10.32% stake in Anima Holding SpA. Anima Holding SpA is the holding company that directs and strategically coordinates Anima Group, and is a leading operator in the Italian asset management

market. On 30 July 2015, Poste Italiane signed an industrial partnership agreement with Anima Holding in the asset management sector for retail customers. The agreement lasts 10 years, until 31 July 2025, when it can be renewed. The purchase of the stake in Anima, and the commercial agreement which followed, represents a growth driver for the Group in the asset management sector. The agreement allows Poste Italiane to develop and offer simple products which meet the needs of its clients.

KEY EVENTS AFTER SEPTEMBER 30 2015

In line with the strategic objective of offering health insurance products and services, Poste Vita SpA acquired a 100% stake in S.D.S. System Data Software Srl, which has a 100% stake in S.D.S. Nuova Sanità Srl. SDS Group undertakes activities in the service management and claims settlements of private health schemes (such as Fasi and Faschim) and is active in the creation, development and management of business software solutions and professional IT services.

OUTLOOK

Having successfully completed the listing process, Poste Italiane Group is pursuing its strategic objectives with the support of a solid operating performance so far in 2015 – further evidence that our business transformation plan is progressing well. The initiatives include identifying extraordinary actions to limit costs (further to those initially identified, which will be undertaken during the last quarter of 2015). In this context, Poste Italiane could evaluate the possibility to put into action further accruals to support the on-going transformation process. Furthermore, given the active management of our government bond portfolio, profits could be lower than those of previous quarters. With this in mind, and based on current operating performance, we foresee a distinct improvement in 2015 on 2014.

At 18:00 CET today, 9 November 2015, a conference call will be held to present the results of the first nine months of 2015 to financial analysts and institutional investors. Journalists are also invited to listen to the call. Documentation relating to the conference call will be available from the beginning of the call in the Investor Relations section of Poste Italiane's website (www.posteitaliane.it).

Tables presenting the results of the individual business areas (which do not take account of intersegment eliminations) are detailed below, as are: the condensed income statement, the statement of comprehensive income, the condensed balance sheet and the condensed cash flow statement for Poste Italiane Group.

Details of the alternative performance indicators used are also included below.

The manager responsible for the preparation of the corporate financial reports, Luciano Loidice, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.

Results by business area

The representation of operations by business area presented here is based on the approach used by management in assessing Group performance for the periods under review.

FINANCIAL SERVICES

Results (€m):

	First nine months 2015	First nine months 2014	Change
External Revenue	3,974	3,960	0.4%
Intersegment Revenue	380	311	22.2%
Total Revenue	4.354	4.271	1.9%
Operating Profit	687	477	44.0%

INSURANCE SERVICES

Results (€m):

	First nine months 2015	First nine months 2014	Change
External Revenue	16.930	15.386	10%
Intersegment Revenue	-	1	-
Total Revenue	16.930	15.387	10%
Operating Profit	351	310	13,2%

COMMERCIAL AND POSTAL SERVICES

Results (€m):

	First nine months 2015	First nine months 2014	Change
External Revenue	2.836	3.034	-6,5%
Intersegment Revenue	3.358	3.480	-3,5%
Total Revenue	6.194	6.514	-4,9%
Operating Profit	-137	-66	-

ALTERNATIVE PERFORMANCE INDICATORS

The following section describes a number of alternative performance indicators, not included in the IFRS-EU accounting standards, which are used in this press release in order to facilitate the assessment of the Group's performance and financial position:

- **GROUP NET FINANCIAL DEBT:** the sum of financial liabilities, technical provisions for the insurance business, financial assets, technical provisions attributable to reinsurers, cash and deposits attributable to BancoPosta and cash and cash equivalents.
- **INDUSTRIAL NET FINANCIAL DEBT:** the sum of net (debt)/funds for the Postal and Business services and Other services segments before adjusting for intersegment transactions.

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THE POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

ASSETS	at 30 September 2015	at 31 December 2014
Non-current assets		
Property, plant and equipment	2,146	2,296
Investment property	62	67
Intangible assets	486	529
Investments accounted for using the equity method	212	1
Financial assets	133,899	121,678
Trade receivables	62	59
Deferred tax assets	608	702
Other receivables and assets	2,184	2,011
Total	139,659	127,343
Current assets		
Inventories	140	139
Trade receivables	3,300	3,702
Current tax assets	705	659
Other receivables and assets	1,067	1,529
Financial assets	19,822	21,011
Cash and deposits attributable to BancoPosta	2,639	2,873
Cash and cash equivalents	1,856	1,704
Total	29,529	31,617
TOTAL ASSETS	169,188	158,960
LIABILITIES AND EQUITY		
Equity		
Share capital	1,306	1,306
Reserves	3,448	3,160
Retained earnings	4,383	3,952
Equity attributable to owners of the Parent	9,137	8,418
Equity attributable to non-controlling interests	-	-
Total	9,137	8,418
Non-current liabilities		
Technical provisions for insurance business	97,549	87,220
Provisions for risks and charges	657	601
Employee termination benefits and pension plans	1,364	1,478
Financial liabilities	8,063	5,782
Deferred tax liabilities	1,108	1,047
Other liabilities	705	763
Total	109,446	96,891
Current liabilities		
Provisions for risks and charges	553	733
Trade payables	1,318	1,422
Current tax liabilities	354	24
Other liabilities	2,017	1,895
Financial liabilities	46,363	49,577
Total	50,605	53,651
TOTAL EQUITY AND LIABILITIES	169,188	158,960

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

(€m)

Third quarter 2015	Third quarter 2014		For the nine months ended 30 September 2015	For the nine months ended 30 September 2014
2,108	2,166	Revenue from sales and services	6,498	6,759
5,069	4,491	Insurance premium revenue	14,543	12,740
773	922	Other income from financial and insurance activities	2,828	2,985
21	23	Other operating income	52	76
7,971	7,602	Total revenue	23,921	22,560
631	652	Cost of goods and services	1,864	1,930
5,090	5,057	Net change in technical provisions for insurance business and other claims expenses	15,475	14,641
373	17	Other expenses from financial and insurance activities	684	71
1,387	1,451	Personnel expenses	4,370	4,482
136	150	Depreciation, amortisation and impairments	425	492
(9)	(6)	Capitalised costs and expenses	(21)	(16)
71	54	Other operating costs	194	227
292	227	Operating profit/(loss)	930	733
15	29	Finance costs	76	158
-	-	<i>of which, non-recurring costs</i>	-	75
29	33	Finance income	117	174
-	-	Profit/(Loss) on investments accounted for using the equity method	-	(1)
306	231	Profit/(Loss) before tax	971	748
119	120	Income tax expense	349	415
-	-	<i>of which, non-recurring costs/(income)</i>	(17)	-
187	111	PROFIT FOR THE PERIOD	622	333
187	111	attributable to owners of the Parent	622	333
-	-	attributable to non-controlling interests	-	-
0.143	0.085	Earnings per share	0.476	0.255
0.143	0.085	Diluted earnings per share	0.476	0.255

CONSOLIDATED INCOME STATEMENT

(€m)

	For the nine months ended 30 September 2015	For the year ended 31 December 2014	For the nine months ended 30 September 2014
Profit/(Loss) for the period	622	212	333
Items to be reclassified in the Statement of profit or loss for the period			
Available-for-sale financial assets			
Increase/(decrease) in fair value during the period	902	1,966	2,011
Transfers to profit or loss	(433)	(289)	(245)
Cash flow hedges			
Increase/(decrease) in fair value during the period	18	144	64
Transfers to profit or loss	(66)	(46)	(40)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the period	(133)	(566)	(565)
Items not to be reclassified in the Statement of profit or loss for the period			
Actuarial gains/(losses) on provisions for employee termination benefits and pension plans	86	(177)	(112)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the period	(27)	48	31
Total other components of comprehensive income	347	1,080	1,144
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	969	1,292	1,477
of which, attributable to owners of the Parent	969	1,292	1,477
of which, attributable to non-controlling interests	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity								
	Share capital	Reserves			Cash flow hedge reserve	Retained earnings / (Accumulated losses)	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
		Legal reserve	BancoPosta RFC reserve	Fair value reserve					
Balance at 1 January 2014	1,306	299	1,000	670	(18)	3,859	7,116	-	7,116
Total comprehensive income for the period	-	-	-	1,209	16	252	1,477	-	1,477
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(500)	(500)	-	(500)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-
Balance at 30 September 2014	1,306	299	1,000	1,879	(2)	3,611	8,093	-	8,093
Total comprehensive income for the period	-	-	-	(66)	50	(169)	(185)	-	(185)
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	510	510	-	510
Balance at 31 December 2014	1,306	299	1,000	1,813	48	3,952	8,418	-	8,418
Total comprehensive income for the period	-	-	-	320	(32)	681 (*)	969	-	969
Attribution of profit to reserves	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(250)	(250)	-	(250)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-
Other shareholder transactions	-	-	-	-	-	-	-	-	-
Balance at 30 September 2015	1,306	299	1,000	2,133	16	4,383	9,137	-	9,137

(*) The item includes profit for the period, amounting to Euro 622 million, and actuarial gains on employee benefits of Euro 86 million, net of related current and deferred taxes totalling Euro 27 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	For the nine months ended 30 September 2015	For the nine months ended 30 September 2014
Unrestricted net cash and cash equivalents at beginning of period	747	530
Cash subject to investment restrictions	511	262
Cash attributable to technical provisions for insurance business	415	625
Amounts that cannot be drawn on due to court rulings	11	14
Current account overdrafts	8	5
Cash received on delivery (restricted) and other restrictions	12	9
Cash and cash equivalents at beginning of period	1,704	1,445
Cash and cash equivalents at beginning of period	1,704	1,445
Profit/(Loss) for the period	622	333
Depreciation, amortisation and impairments	425	492
Losses and impairments/(recoveries) on receivables	5	54
(Gains)/Losses on disposals	-	2
Impairment of available-for-sale investments	-	75
(Increase)/decrease in inventories	(1)	(3)
(Increase)/decrease in Receivables and Other assets	111	123
Increase/(decrease) in Payables and Other liabilities	277	(145)
Movement in provisions for risks and charges	(125)	(18)
Movement in provisions for employee termination benefits and pension plans	(29)	(36)
Differences in accrued finance costs and income (cash correction)	(46)	(4)
Other changes	20	(5)
Net cash flow generated by/(used in) non-financial operating activities	1,259	868
Increase/(decrease) in liabilities attributable to financial activities	(180)	150
Net cash generated by/(used for) held-for-trading financial assets attributable to financial activities	-	-
Net cash generated by/(used for) available-for-sale financial assets attributable to financial activities	(370)	(523)
Net cash generated by/(used for) held-to-maturity financial assets attributable to financial activities	1,404	1,332
(Increase)/decrease in cash and deposits attributable to BancoPosta	234	395
(Increase)/decrease in other assets attributable to financial activities	(712)	(635)
(Income)/expenses from financial activities	(681)	(584)
Cash generated by/(used for) assets and liabilities attributable to financial activities	(305)	135
Net cash generated by/(used for) financial assets at fair value through profit or loss attributable to insurance activities	(6,239)	146
Increase/(decrease) in net technical provisions for insurance business	10,097	10,676
Net cash generated by/(used for) available-for-sale financial assets attributable to insurance activities	(3,601)	(9,001)
(Increase)/decrease in other assets attributable to insurance activities	(122)	(5)
(Gains)/Losses on financial assets/liabilities measured at fair value	366	(583)
(Income)/expenses from insurance activities	(662)	(1,052)
Cash generated by/(used for) assets and liabilities attributable to insurance activities	(161)	181
Net cash flow from/(for) operating activities	[d]=[a+b+c]	793
Investing activities:		
Property, plant and equipment, investment property and intangible assets	(229)	(246)
Investments	(211)	-
Other financial assets	-	(18)
Disposals:		
Property, plant and equipment, investment property, intangible assets and assets held for sale	2	5
Investments	-	5
Other financial assets	6	156
Change in scope of consolidation	-	3
Net cash flow from/(for) investing activities	[e]	(432)
Proceeds from/(Repayments of) borrowings	(608)	257
(Increase)/decrease in loans and receivables	114	109
Dividends paid	(250)	(500)
Receivable authorised by 2015 Stability Law in implementation of sentence of the European Court	535	-
Net cash flow from/(for) financing activities and shareholder transactions	[f]	(209)
Net increase/(decrease) in cash	[g]=[d+e+f]	152
Cash and cash equivalents at end of period	1,856	2,400
Cash and cash equivalents at end of period	1,856	2,400
Cash subject to investment restrictions	(315)	(302)
Cash attributable to technical provisions for insurance business	(939)	(1,093)
Amounts that cannot be drawn on due to court rulings	(11)	(11)
Cash received on delivery (restricted) and other restrictions	(14)	(9)
Current account overdrafts	-	(14)
Unrestricted net cash and cash equivalents at end of period	577	971

Fine Comunicato n.1130-28

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