



## FY 2015 Results

March 22, 2016

Opening Remarks (€m)

	FY 2014	FY 2015	Var %
Revenues	28,512	30,739	+8 %
EBIT	691	880	+27 %
Net Profit	212	552	+160 %

**ROBUST CASH GENERATION**  
**DPS 34 €/CENTS**

# PROFITABLE, CASH GENERATIVE SERVICE INFRASTRUCTURE



**FY 2015 NUMBERS SUPPORT EXECUTION OF OUR PLAN**

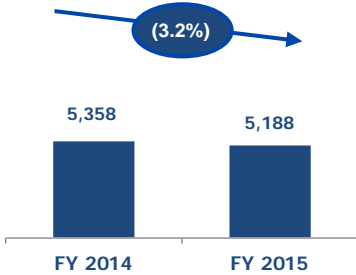
**EBIT €880m**                      **Cash distributed €444m**

# FY 2015: Figures Highlights

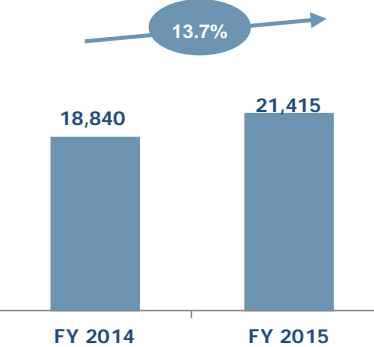
Revenues<sup>1</sup>

Operating Profit

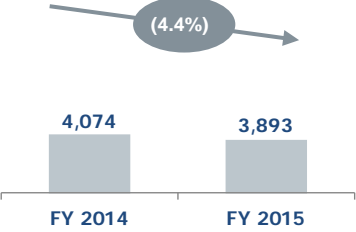
## Financial Services (€m)



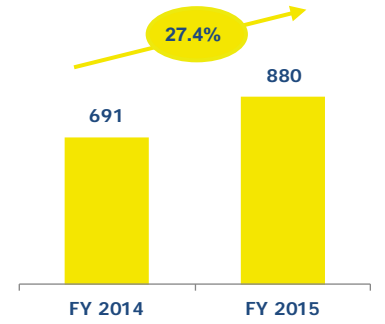
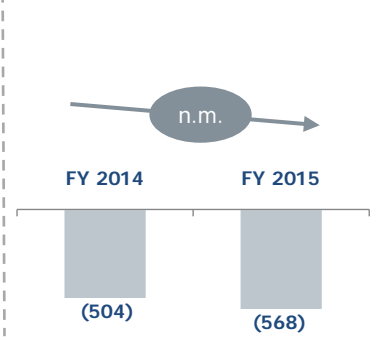
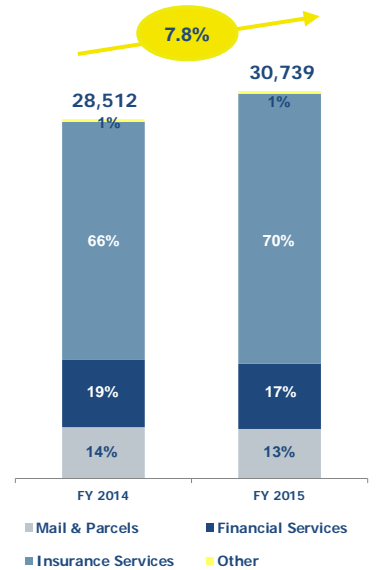
## Insurance Services (€m)



## Mail & Parcels (€m)



## Poste Italiane Group (€m)<sup>2</sup>



1. Net of Intersegment revenues  
 2. Including other segments (PosteMobile and "Consorzio Telefonia Mobile")

# Total Asset Under Management / Administration

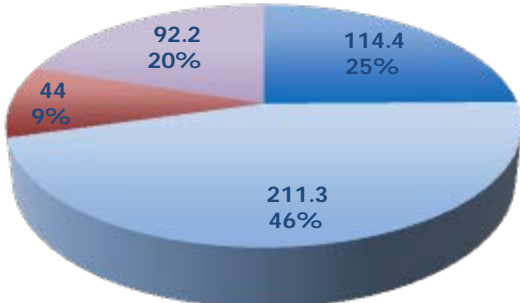
**FY 2014**

**FY 2015**

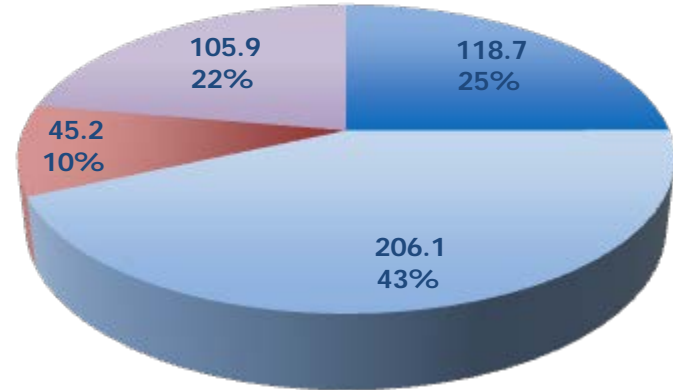
+3.1%

462 €bn

476 €bn



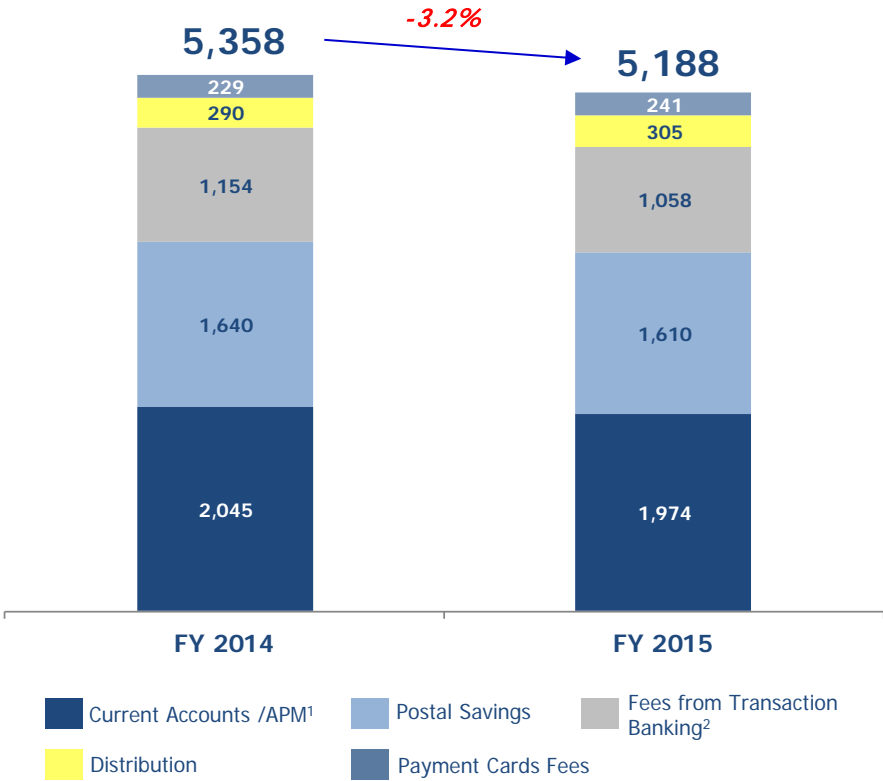
- Postal Saving Books
- Postal Bonds
- Average Deposits
- Funds and Net Technical Reserves



**Robust clients' asset base with a well balanced mix**

# Focus on Financial Services (1/3) – Revenues Evolution

## Revenues (€m)



1. Current accounts /Active Portfolio Management includes interests income, realized capital gain and income from financial assets at FVTPL (Fair Value through profit or loss)
2. Transaction banking includes: payment slips, F24, money transfers, pension cheques and other revenues from current accounts. Net of intercompany values

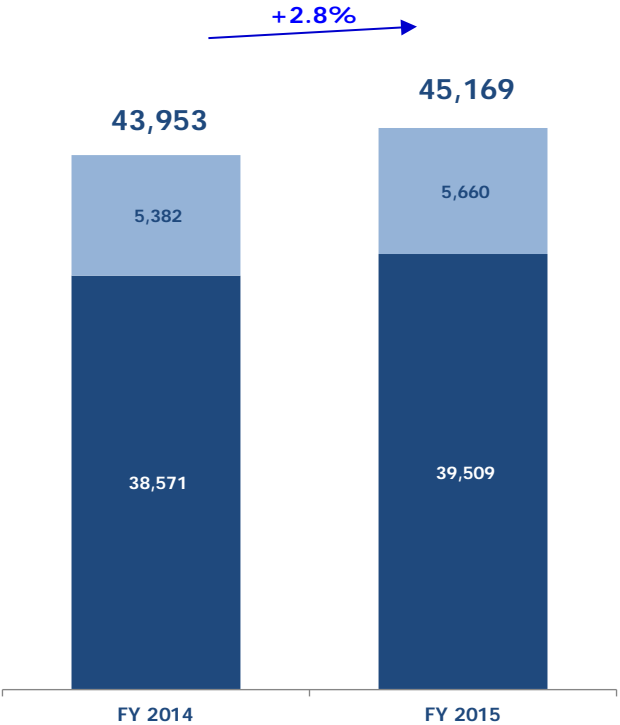
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# Focus on Financial Services (2/3) – Revenues Breakdown

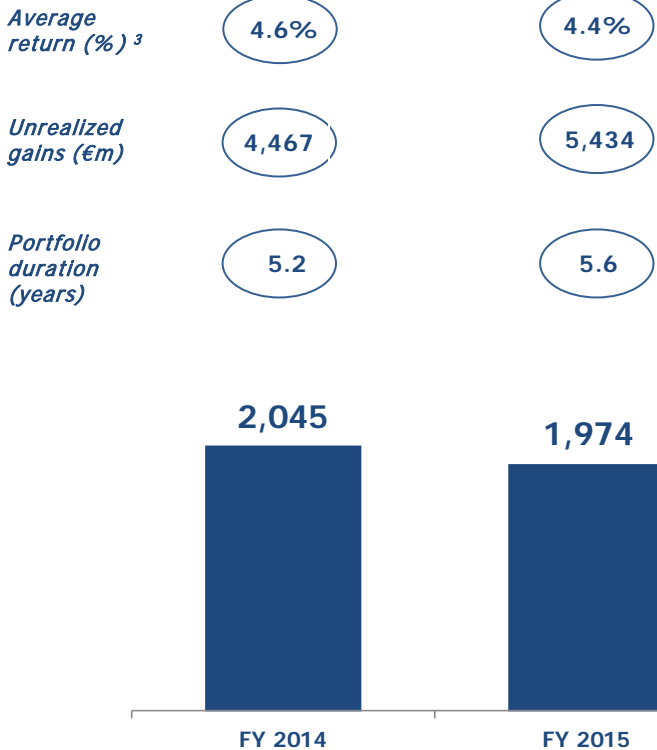
Revenue source	2015 €m <i>2015 vs 2014 (var. %)</i>	Rationale
Returns on Current Account Deposits	1,974 -3.5%	<ul style="list-style-type: none"> <li>Lower revenues mainly due to interest rate reduction</li> </ul>
Fees from Postal Savings Collection	1,610 -1.8%	<ul style="list-style-type: none"> <li>Lower Postal Saving total collection</li> </ul>
Fees from Transaction Banking	1,058 -8.3%	<ul style="list-style-type: none"> <li>Decrease mainly due to payments slips and F23/F24</li> </ul>
Distribution Fees	305 +5.2%	<ul style="list-style-type: none"> <li>Better performance on personal loans and other personal financing products</li> </ul>
Payment Card Fees	241 +5.2%	<ul style="list-style-type: none"> <li>Increase of Postepay cards issued</li> </ul>
<b>Total Revenues</b>	<b>5,188</b> <b>-3.2%</b>	

# Focus on Financial Services (3/3) – Active Portfolio Management

## Average Deposit<sup>1</sup> (€m)



## Active Portfolio Management Return<sup>2</sup> (€m)

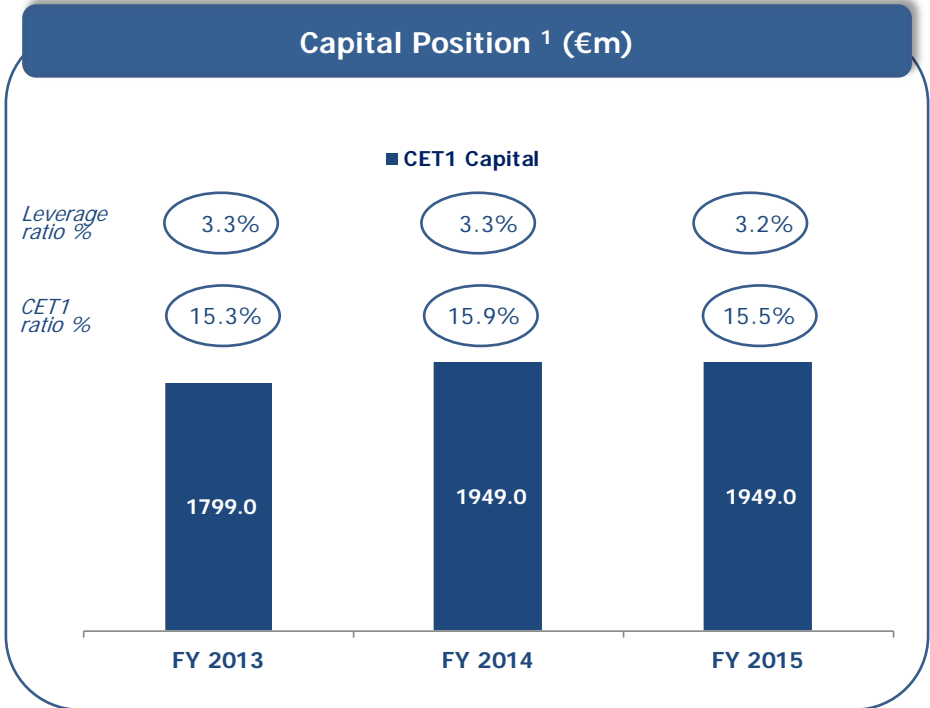
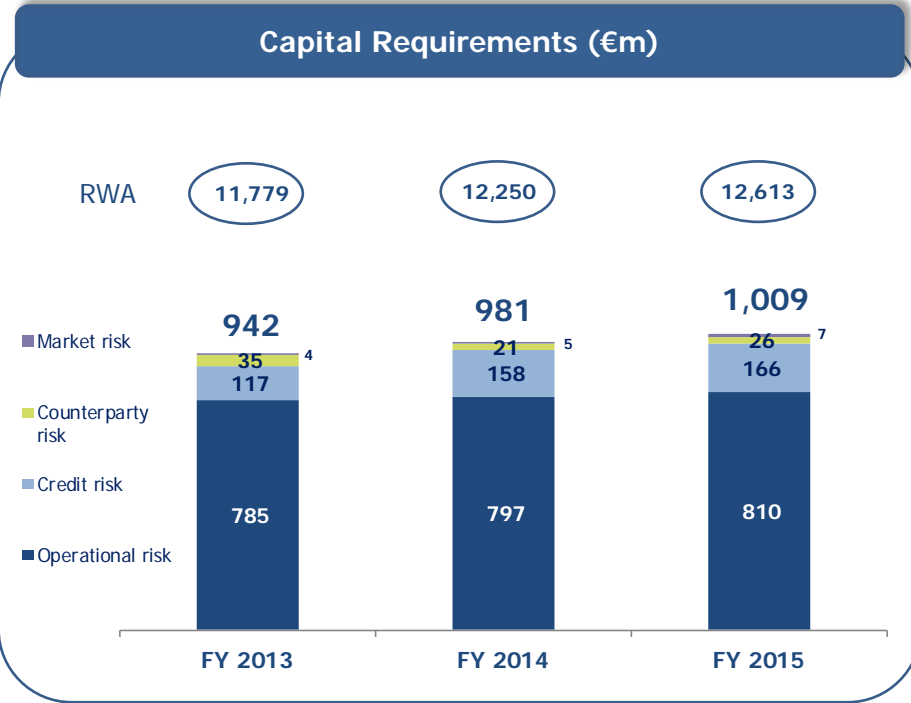


1. Including current accounts, time deposits and repurchase agreements  
 2. Including interest income and realized capital gains  
 3. Average yield calculated as interest income and realized capital gains on total financial assets





# BancoPosta Regulatory Framework and Capital Position



**BancoPosta regulatory framework aligned to Basel III standards effective December 2014**

**Key regulatory constraints: 8% min. CET1 ratio<sup>2</sup> / 3% min. leverage ratio**

**ROE <sup>3</sup> FY15 30% (vs FY14 24%)**

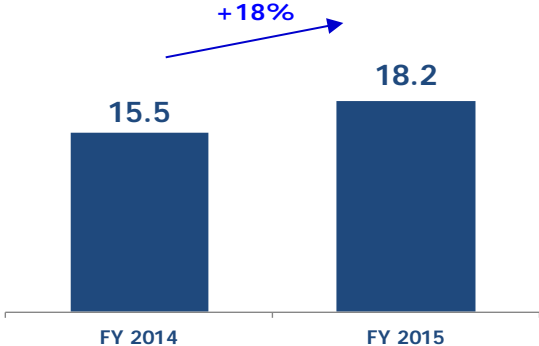
1. CET1 Capital numbers already include the net profit related to
2. 10,5% Min. CET1 ratio required to distribute earnings
3. ROE defined as net earnings/CET 1 capital (excluding valuation reserves)

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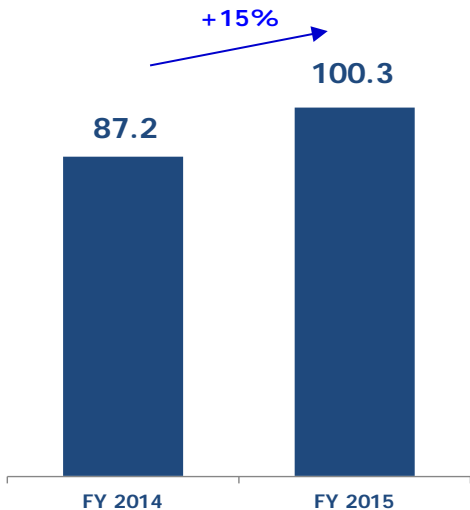
# Focus on Insurance Services – Group GWP and Technical Reserves Evolution

## Group GWP Evolution (€bn)

*Reduction of Life-linked due to increasing demand of traditional products*



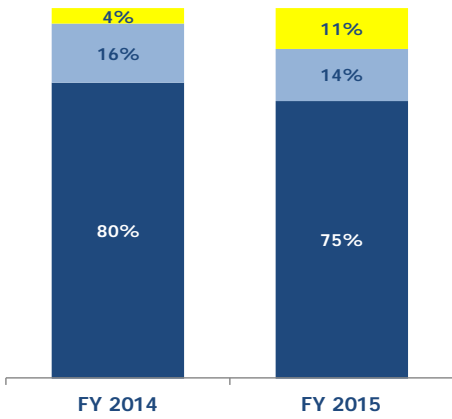
## Group Net Technical Reserves Evolution (€bn)



## Investment Portfolio Breakdown

Life guaranteed (Ramo I) investment mix

- Avg. portfolio rating: BBB
- Avg. investment portfolio duration: ~6 years

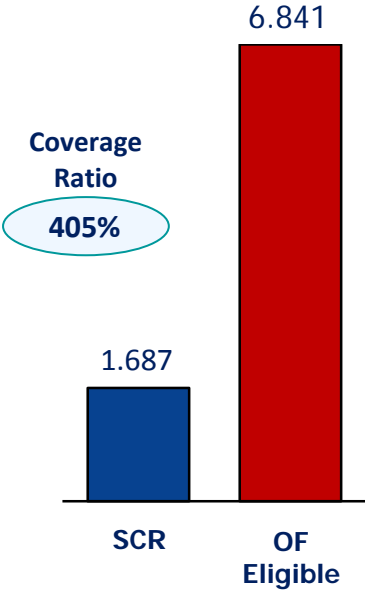


■ Govies   ■ Corporate Bonds  
■ Alternative Funds

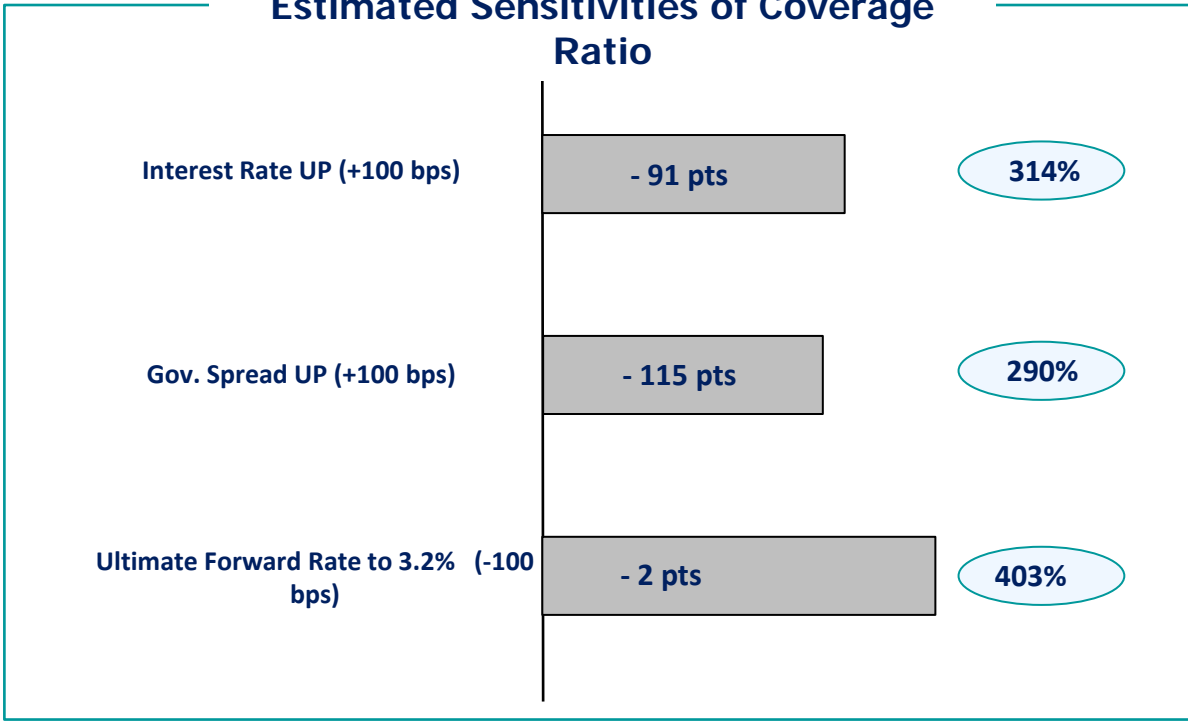
# Strong Solvency II under our approved standard model

**BASE**

€m

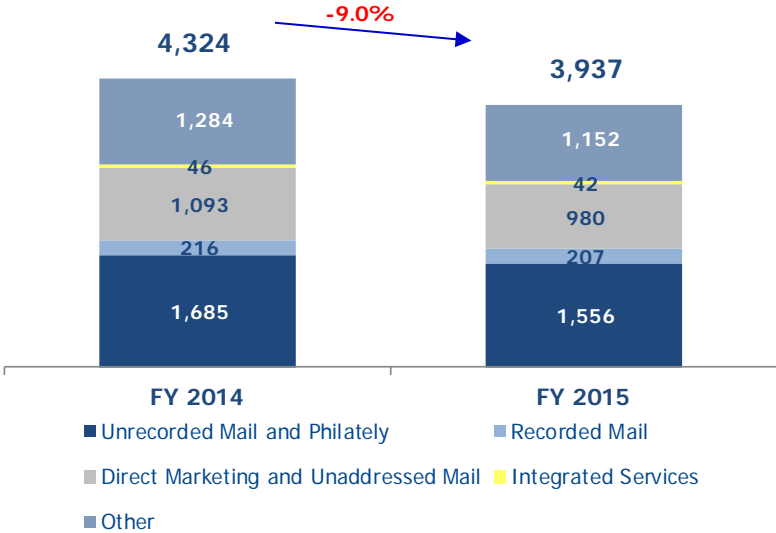


## Estimated Sensitivities of Coverage Ratio

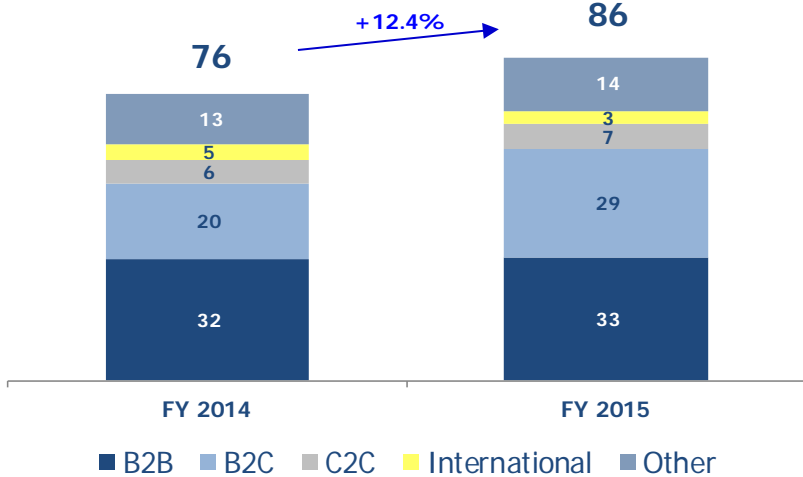


# Focus on Mail & Parcels (1/2) – Volumes and Revenues Evolution

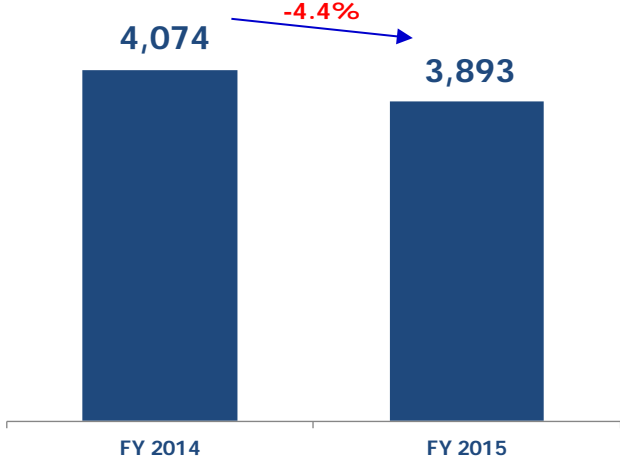
## Volumes - Mail (m)



## Volumes - Parcels (m)

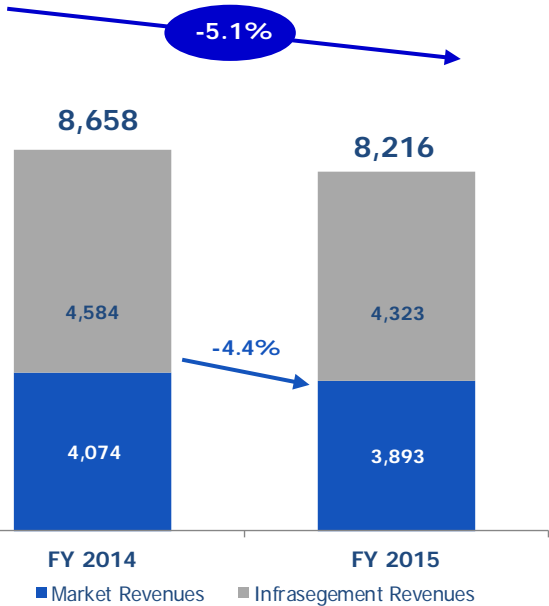


## Revenues - Mail & Parcels (€m)

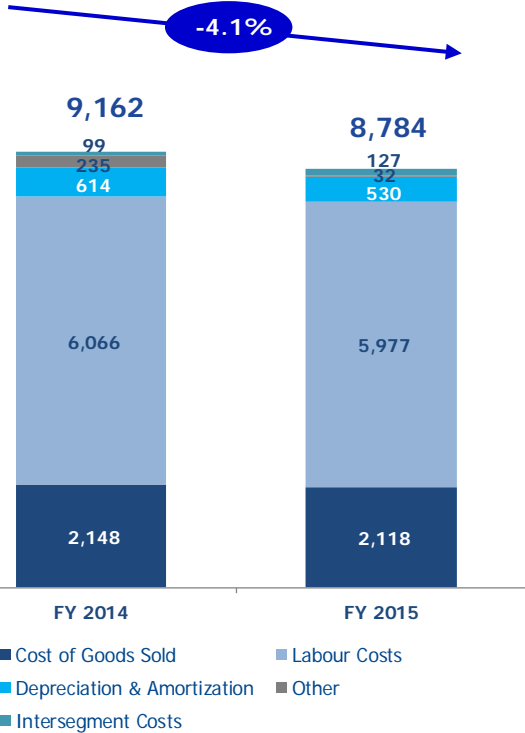


# Focus on Mail & Parcels (2/2) – Revenues, Cost Structure and Profitability

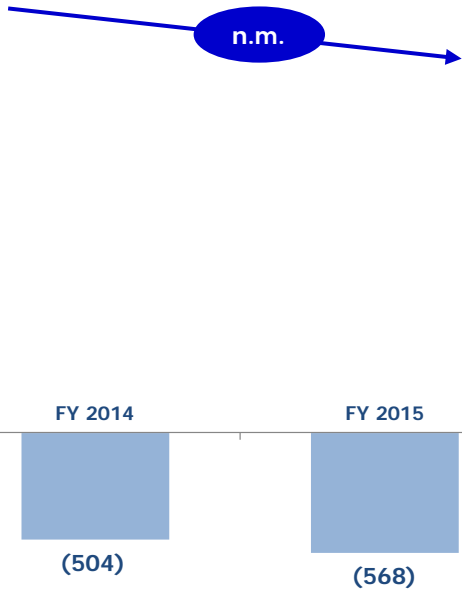
**Total Revenues (€m)**



**Operating Costs (€m)**



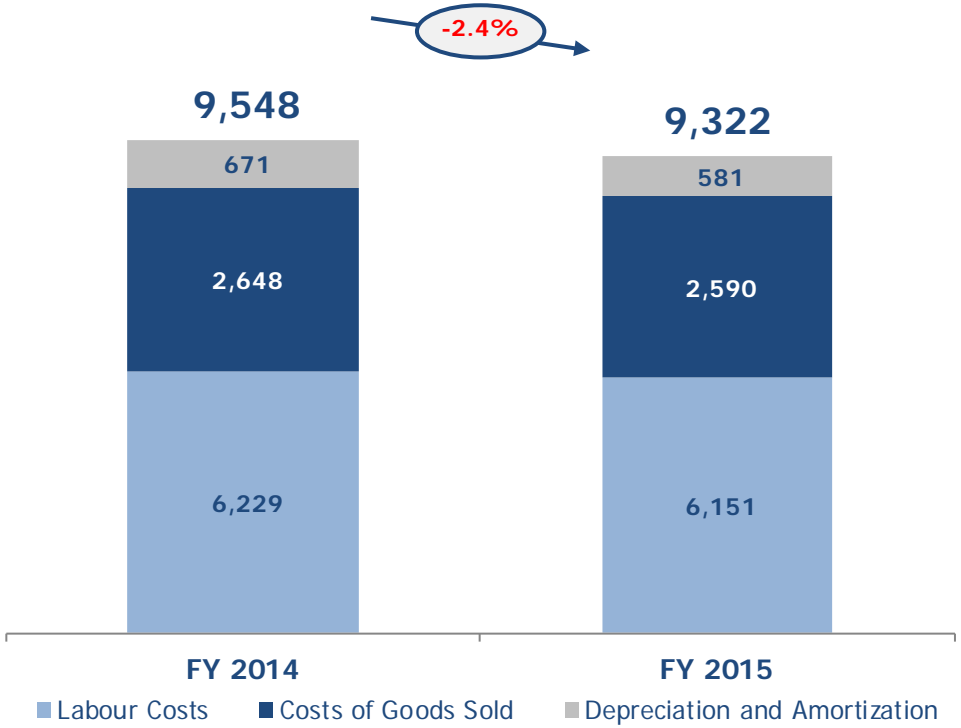
**Operating Profit (€m)<sup>1</sup>**



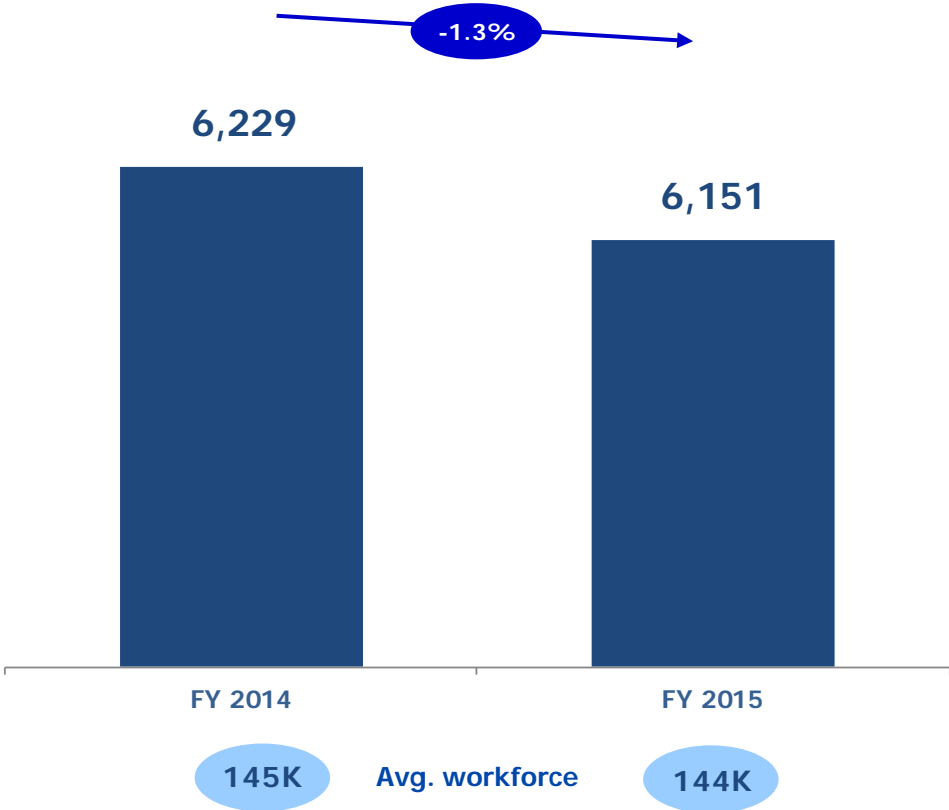
1. Includes intersegment revenues

# Total Group Operating Costs Evolution

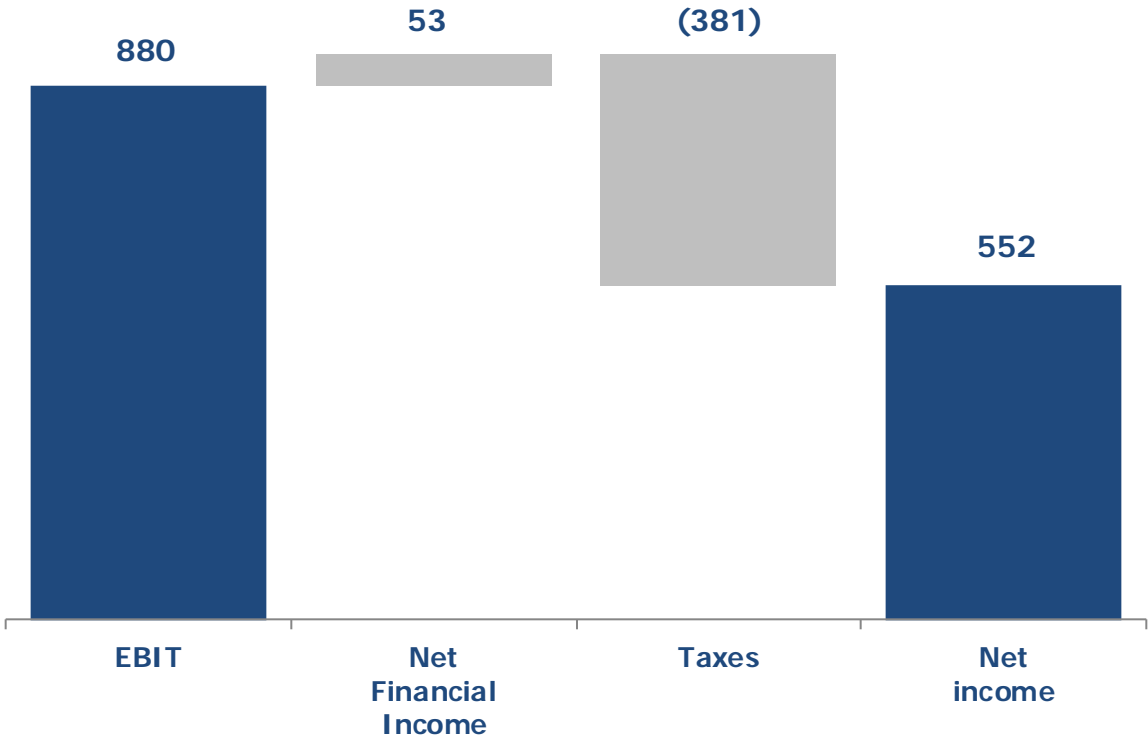
## Group Operating Costs (€m)



# Cost Structure at Consolidated Level – Focus on labour costs (€m)



# From Group EBIT to Net Income (€m)

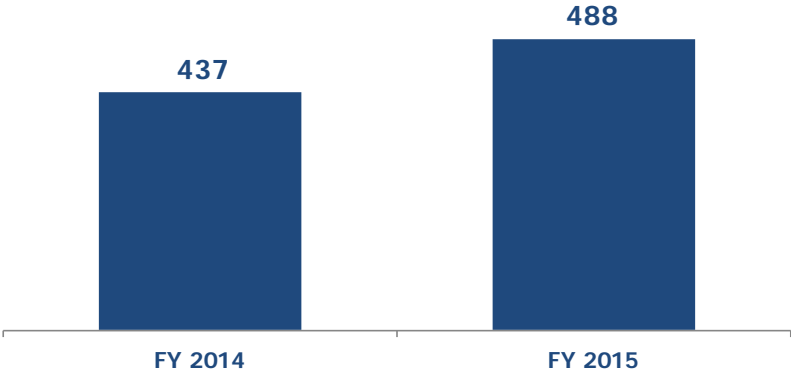


**Proposed DPS 34 Euro/CENTS**

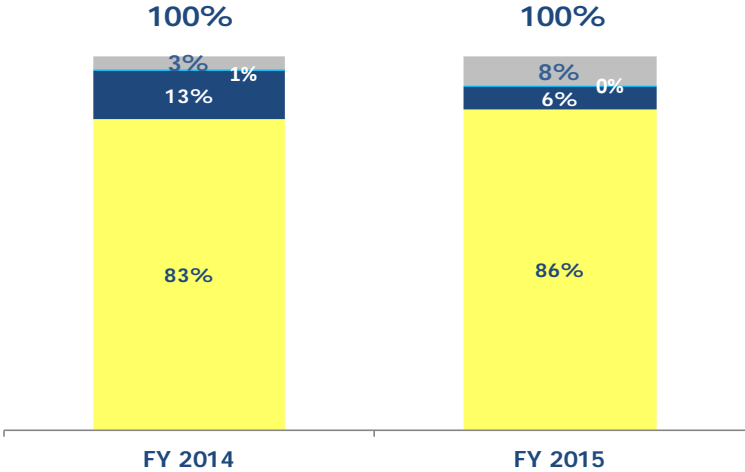


# Group Capital Expenditures

## Capex evolution (€m)



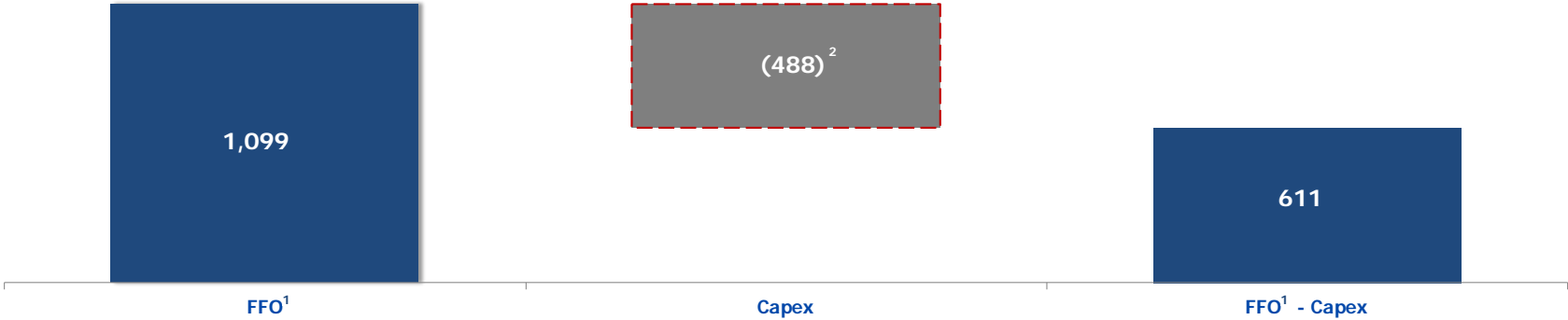
## Capex Breakdown by Division (%)



■ Mail&Parcels/ Network ■ Other ■ Financial Services ■ Insurance Services

# Cash Generation Profile (€m)

## 2015



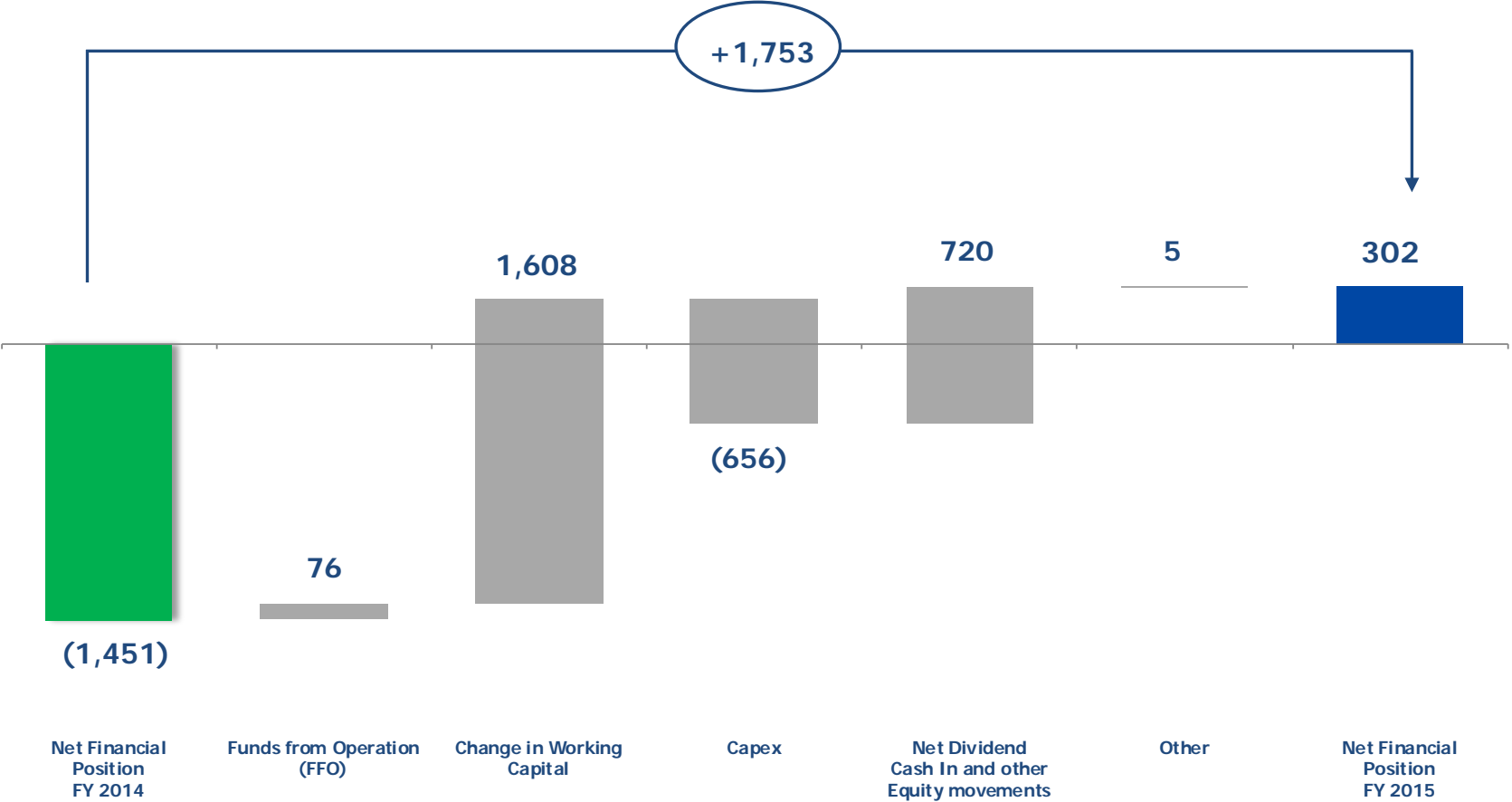
## 2014



1. Calculated as: Net Income + D&A + Net provisions for risks and charges – Use of Provisions for risks and charges + Net change in employee termination benefits and pension plans + Other (Details in Appendix)

2. Including goodwill and fair value of the technology platform of SDS acquired by PosteVita (about €m 20)

# Mail & Parcels and Other Services Net Financial Position (€m)



### How the year started – main items

- Robust inflows towards postal savings products and current accounts
- Continuing growth in insurance; new offer in asset management
- In Mail & Parcels: deployment of the new delivery process



**Minimum 80% pay-out confirmed for FY 2016**



Appendix

## Group Profit & Loss Statement – FY 2015

€m	FY 2014	FY 2015	Var. %
<b>P&amp;L</b>			
Revenue from sales and services	9,150	8,810	(3.7%)
Insurance premium revenue	15,472	18,197	17.6%
Other income from financial and insurance activities	3,772	3,657	(3.0%)
Other operating income	118	75	(36.9%)
<b>Sales</b>	<b>28,512</b>	<b>30,739</b>	<b>7.8%</b>
Personnel costs	(6,229)	(6,151)	(1.3%)
Other operating expenses	(3,038)	(3,444)	13.3%
Net change in technical provisions for insurance business and other claims expenses	(17,883)	(19,683)	10.1%
Depreciation & amortization	(671)	(581)	(13.4%)
<b>EBIT</b>	<b>691</b>	<b>880</b>	<b>27.4%</b>
Net interest income / (Expense)	6	53	n.m.
<b>Profit before tax</b>	<b>697</b>	<b>933</b>	<b>33.9%</b>
Tax	(485)	(381)	(21.4%)
<b>Net income</b>	<b>212</b>	<b>552</b>	<b>160.8%</b>

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## Group Key Balance Sheet Items – FY 2015

€m	FY 2014	FY 2015	Var. %
<b>Balance sheet</b>			
Cash & Equivalents	1,704	3,142	84.4%
BancoPosta related Cash	2,873	3,161	10.0%
Receivables & Inventory	2,751	2,158	(21.6%)
Financial Assets	142,689	160,090	12.2%
Tangible and Intangible Assets	2,892	2,796	(3.3%)
Other	6,051	4,489	(25.8%)
<b>Total Assets</b>	<b>158,960</b>	<b>175,836</b>	<b>10.6%</b>
Trade Payables	1,422	1,453	2.2%
Financial liabilities	55,359	57,478	3.8%
Technical Reserves	87,220	100,314	15.0%
Other	6,541	6,933	6.0%
<b>Total Liabilities</b>	<b>150,542</b>	<b>166,178</b>	<b>10.4%</b>
Shareholders capital	1,306	1,306	-
Reserves	7,112	8,352	17.4%
<b>Totale Equity</b>	<b>8,418</b>	<b>9,658</b>	<b>14.7%</b>
<b>Total Liabilities &amp; Equity</b>	<b>158,960</b>	<b>175,836</b>	<b>10.6%</b>

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## Group Cash Flow Statement – FY 2015

€m	FY 2014	FY 2015	Var. %
<b>Cashflow statement</b>			
Net income	212	552	n.m.
Depreciation and amortization	671	581	(13.4%)
Net provisions for risks and charges	412	454	10.2%
(Use of Provisions for risks and charges)	(245)	(392)	60.0%
Net change in employee termination benefits and pension plans	(77)	(65)	(15.6%)
(Gains) / Losses on disposals	2	0	n.m.
Other	87	(31)	n.m.
<b>FFO</b>	<b>1,062</b>	<b>1,099</b>	<b>3.5%</b>
Change in working capital	(429)	2,162	n.m.
<b>Cash flow from operations</b>	<b>633</b>	<b>3,261</b>	<b>n.m.</b>
Capital expenditures	(437)	(488)	11.7%
Net change in subsidiaries and associates	5	(211)	n.m.
Disposals	9	5	(44.4%)
<b>Cash flow from investments</b>	<b>(423)</b>	<b>(694)</b>	<b>(64.1%)</b>
Dividend paid	(500)	(250)	(50.0%)
<b>Cash Flow from financial assets and liabilities</b>	<b>549</b>	<b>(1,414)</b>	<b>n.m.</b>
<b>Cash flow from financing</b>	<b>49</b>	<b>(1,129)</b>	<b>n.m.</b>
<b>Net change in cash</b>	<b>259</b>	<b>1,438</b>	<b>n.m.</b>

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## Group Working Capital – FY 2015

€m	FY 2014	FY 2015	Var.%
<b>Working Capital</b>			
Trade receivables	3,761	2,346	(37.6%)
Inventories	139	134	(3.6%)
Other receivables and assets	3,540	3,258	(8.0%)
Deferred tax assets	702	623	(11.3%)
Current tax receivables	659	72	(89.1%)
Trade payables	(1,422)	(1,453)	2.2%
Other liabilities	(2,658)	(2,945)	10.8%
Deferred tax liabilities	(1,047)	(1,177)	12.4%
Current tax liabilities	(24)	(53)	n.m.
<b>Working Capital</b>	<b>3,650</b>	<b>805</b>	<b>(77.9%)</b>

## Change in Group Working Capital – FY 2015

€m	FY 2014	FY 2015	Var.%
<b>Change in Working Capital</b>			
Trade receivables	(14)	1,415	n.m.
Inventories	7	5	(28.6%)
Other receivables and assets	(1,034)	282	n.m.
Deferred tax assets	(29)	79	n.m.
Current tax receivables	59	587	n.m.
Trade payables	(99)	31	n.m.
Other liabilities	256	287	12.1%
Deferred tax liabilities	542	130	(76.0%)
Current tax liabilities	(77)	29	n.m.
<b>Total</b>	<b>(389)</b>	<b>2,845</b>	<b>n.m.</b>
Financial Income on discounted receivables	25	16	(36.0%)
Net write-downs and loss on receivables	(71)	42	n.m.
Deferred tax on fair value changes and TFR actuarial income	(543)	(210)	(61.3%)
Cancellation of shareholder receivables CE 16/07/08 (Legge di stabilità 2015)	535	(535)	n.m.
Reinsurers' technical reserves	14	4	(71.4%)
<b>Adjustments (non monetary items and shareholders'</b>	<b>(40)</b>	<b>(683)</b>	<b>n.m.</b>
<b>Change in Working Capital per cash flow statement</b>	<b>(429)</b>	<b>2,162</b>	<b>n.m.</b>

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# Mail & Parcels Key Balance Sheet Items – FY 2015

€m	FY 2015
<b>Assets</b>	
Property, plant and equipment	2,144
Investment property	61
Intangible assets	439
Investment accounted for using the equity method	1,885
Financial assets	954
Trade receivables	5
Deferred tax assets	446
Other receivables and assets	157
<b>Total Non-current assets</b>	<b>6,091</b>
Inventories	131
Trade receivables	1,823
Current tax assets	97
Other receivables and assets	293
Financial assets	436
Cash and cash equivalents	1,316
<b>Total Current assets</b>	<b>4,096</b>
<b>Total Assets</b>	<b>10,187</b>

€m	FY 2015
<b>Equity and Liabilities</b>	
<b>Totale Equity</b>	<b>2,604</b>
Provisions for risks and charges	295
Employee termination benefits and pension plans	1,330
Financial liabilities	1,251
Deferred tax liabilities	25
Other liabilities	72
<b>Total Non-current liabilities</b>	<b>2,973</b>
Provisions for risks and charges	696
Trade payables	1,301
Current tax liabilities	0
Other liabilities	1,423
Financial liabilities	1,190
<b>Total Current liabilities</b>	<b>4,610</b>
<b>Totale Equity and Liabilities</b>	<b>10,187</b>

# Mail & Parcels and Other Services Net Debt Breakdown – FY 2015

€m	FY 2014	FY 2015	Var. %
<b>Net Debt - Mail &amp; Parcels and Other Services</b>			
Cash and Cash Equivalents	320	1,332	n.m.
<b>Current Financial Assets</b>	<b>183</b>	<b>169</b>	<b>(7.7%)</b>
Short term debt	(1,351)	(516)	(61.8%)
Current part of long term debt	(13)	(14)	7.7%
Other current financial liabilities	(24)	(21)	(12.5%)
<b>Current Financial Position</b>	<b>(1,388)</b>	<b>(551)</b>	<b>(60.3%)</b>
<b>Current Net Financial Position</b>	<b>(885)</b>	<b>950</b>	<b>n.m.</b>
Long term debt	(400)	(400)	-
Bonds	(796)	(798)	0.3%
Other non current financial liabilities	(66)	(56)	(15.2%)
<b>Non Current Financial Position</b>	<b>(1,262)</b>	<b>(1,254)</b>	<b>(0.6%)</b>
<b>Net Financial Position</b>	<b>(2,147)</b>	<b>(304)</b>	<b>(85.8%)</b>
Non current financial assets	654	553	(15.4%)
<b>Net Financial Position - Mail &amp; Parcel and Other Services</b>	<b>(1,493)</b>	<b>249</b>	<b>n.m.</b>
Intersegment financial receivables	811	668	(17.6%)
Intersegment financial payables	(769)	(615)	(20.0%)
<b>Net Financial Position (net of intersegments) <sup>1</sup></b>	<b>(1,451)</b>	<b>302</b>	<b>n.m.</b>

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1. Including a Net Financial Position of Other Services (38 Eurom in 2015 and 30 Eurom in 2014)

## Other Services – Poste Mobile Key Financials

€m	FY 2014	FY 2015	Var. %
<b>P&amp;L</b>			
<b>Total revenue</b>	<b>325</b>	<b>334</b>	<b>2.5%</b>
<i>o/w Market revenue</i>	240	242	1.0%
<i>o/w Intercompany revenue</i>	86	91	6.8%
Personnel costs	(25)	(22)	(12.4%)
Other operating expenses	(239)	(242)	1.5%
<b>EBITDA</b>	<b>62</b>	<b>70</b>	<b>12.7%</b>
<i>EBITDA margin</i>	<i>19.0%</i>	<i>20.9%</i>	
Depreciation and amortisation	(48)	(39)	(20.0%)
<b>EBIT</b>	<b>14</b>	<b>31</b>	<b>127.9%</b>
<i>EBIT margin</i>	<i>4.2%</i>	<i>9.3%</i>	
Non-operating income/(expenses)	(0)	(1)	114.4%
<b>Profit before taxes</b>	<b>13</b>	<b>30</b>	<b>128.4%</b>
Taxes	(5)	(11)	109.8%
<b>Profit after taxes</b>	<b>8</b>	<b>19</b>	<b>141.4%</b>
<b>Cash flow statement</b>			
FFO	57	56	(2.1%)
Cash flow from investments	(51)	(29)	43.2%
Net change in cash	(6)	1	118.6%
<b>Other key data</b>			
Average number of users (sim cards -#k)	3,098	3,471	12.1%
ARPU (€)	5.7	5.2	(8.6%)

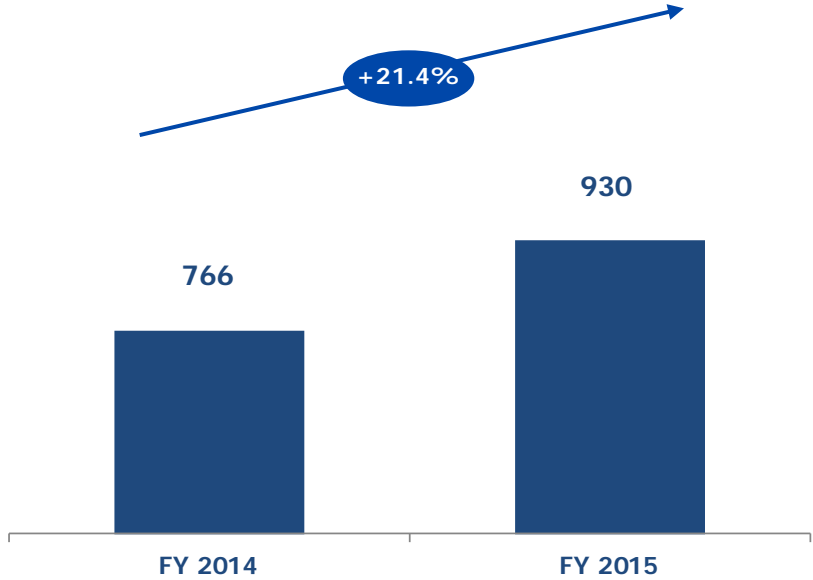
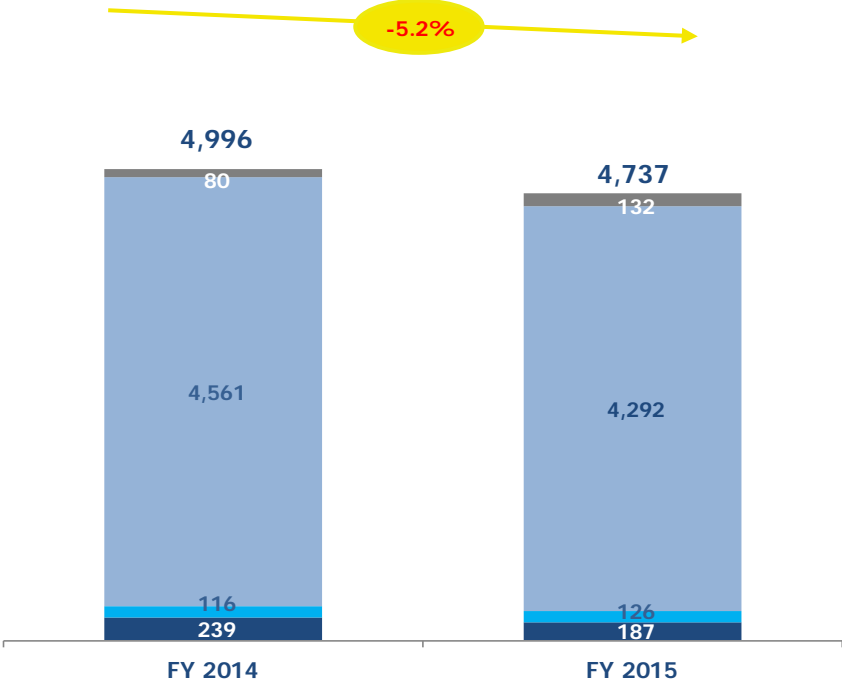
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# Financial Services – Cost Structure and Profitability at Divisional Level

Financial Services – Operating Costs (€m)

Financial Services – Operating Profit (€m)<sup>1</sup>



Cost of Goods Sold
  Labour Costs  
 Intersegment Costs
  Other

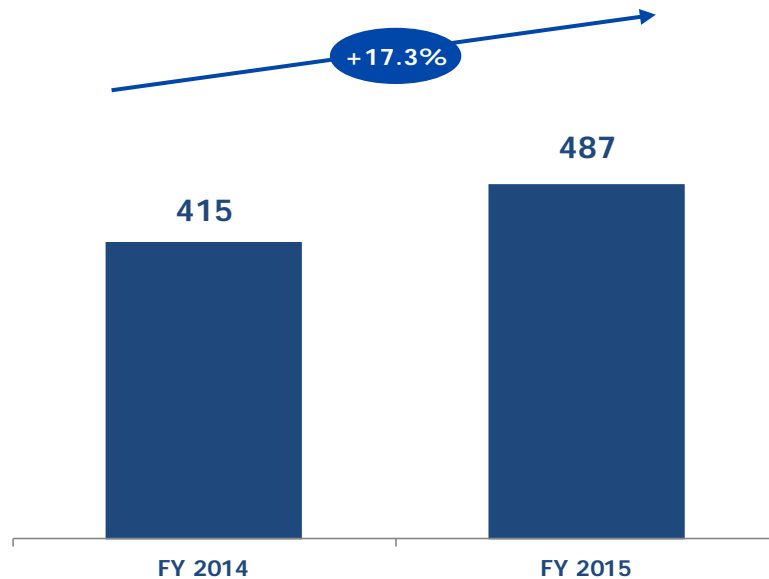
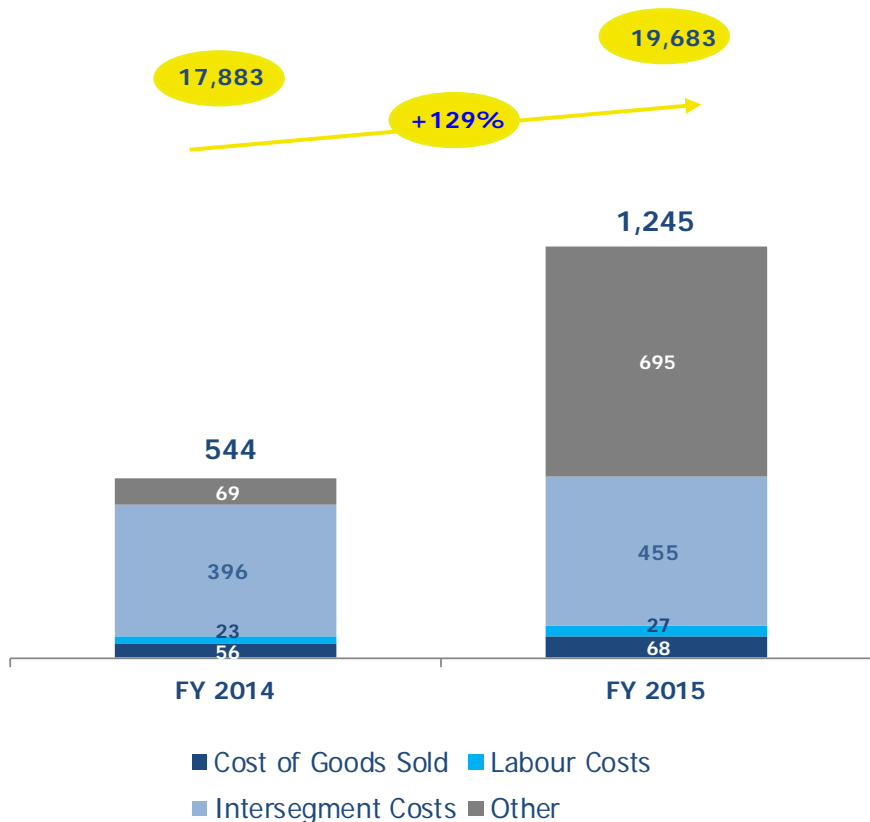
1. Includes intersegment revenues

# Insurance Services – Cost Structure and Profitability at Divisional Level

## Insurance Services – Operating Costs (€m)

## Insurance Services – Operating Profit (€m)<sup>1</sup>

Change in Insurance  
Technical Provisions



1. Includes intersegment revenues

# Segment Flow Description – FY 2015 (€m)

	Mail & Parcels Including Network	Financial Services	Insurance Services	Poste Italiane Group <sup>2</sup>
Total Revenues	8,216	5,667	21,415	30,739
Market Revenues	3,893	5,188	21,415	
Intersegment Revenues	4,323	479	0	
Operating Costs	(8,784)	(4,737)	(20,928)	(29,859)
Personnel Costs	(5,977)	(126)	(27)	(6,151)
Other Operating Costs <sup>1</sup>	(2,680)	(319)	(763)	(4,025)
Net change in Technical Provisions			(19,683)	(19,683)
Intersegment Costs	(127)	(4,292)	(455)	
Operating Profit (Loss)	(568)	930	487	880

Investor Relations

1. Including external costs, and D&A  
 2. Including Other Services (Poste Mobile)



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