



# FY 2016 Results

15 March 2017

# OPENING REMARKS

(€m)

## Key Numbers

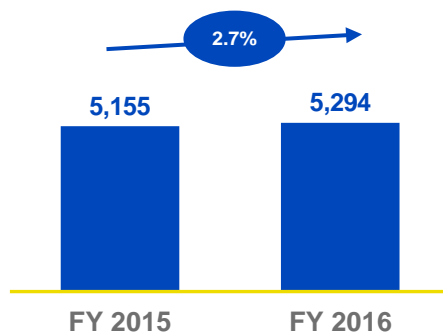
	FY 2015	FY 2016	Var %
Revenues	30,739	33,112	+8%
EBIT	880	1,041	+18%
Net Profit	552	622	+13%
EPS (€)	0.42	0.48	+13%
DPS (€)	0.34	0.39	+15%

# FY 2016: FIGURES HIGHLIGHTS

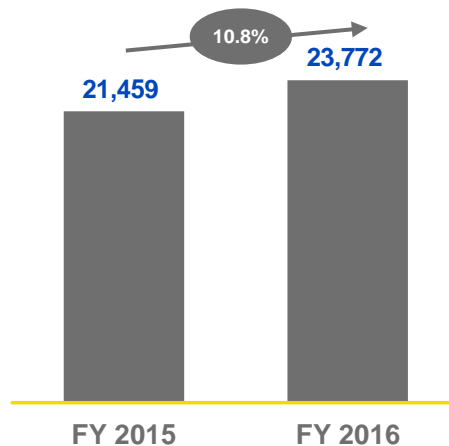
(€m)

REVENUES<sup>1</sup>

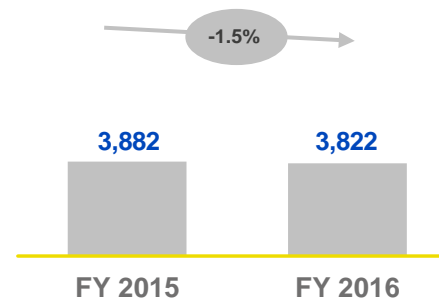
## Financial Services



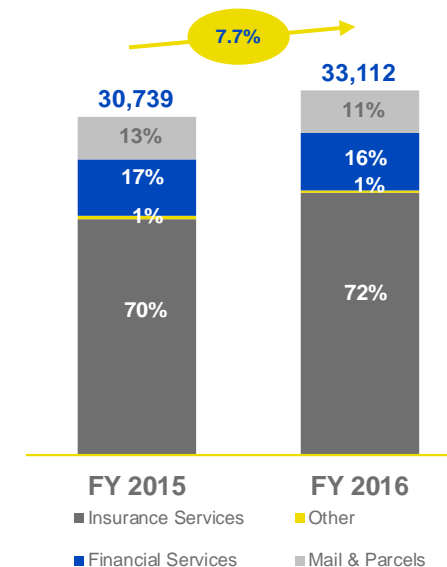
## Insurance & Asset Management



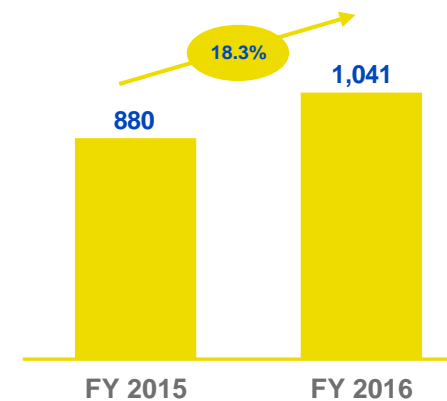
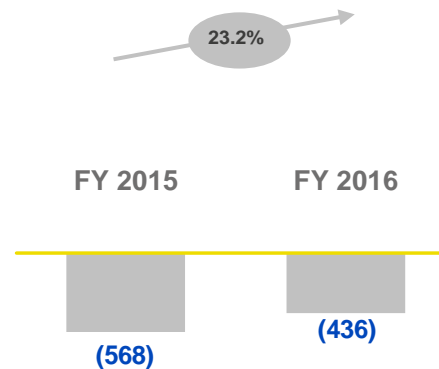
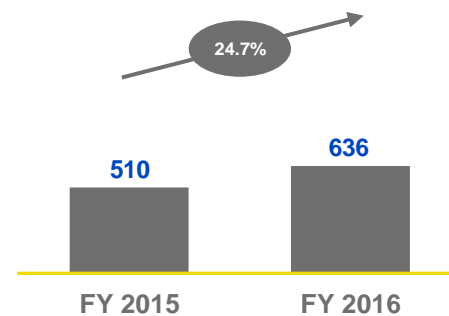
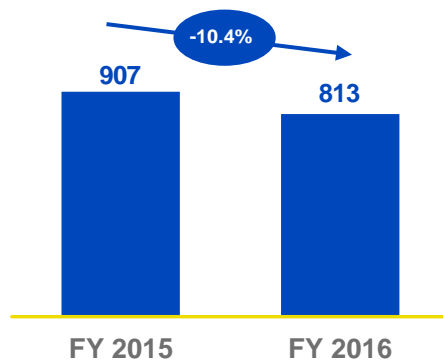
## Mail & Parcels



## Poste Italiane Group<sup>2</sup>



EBIT

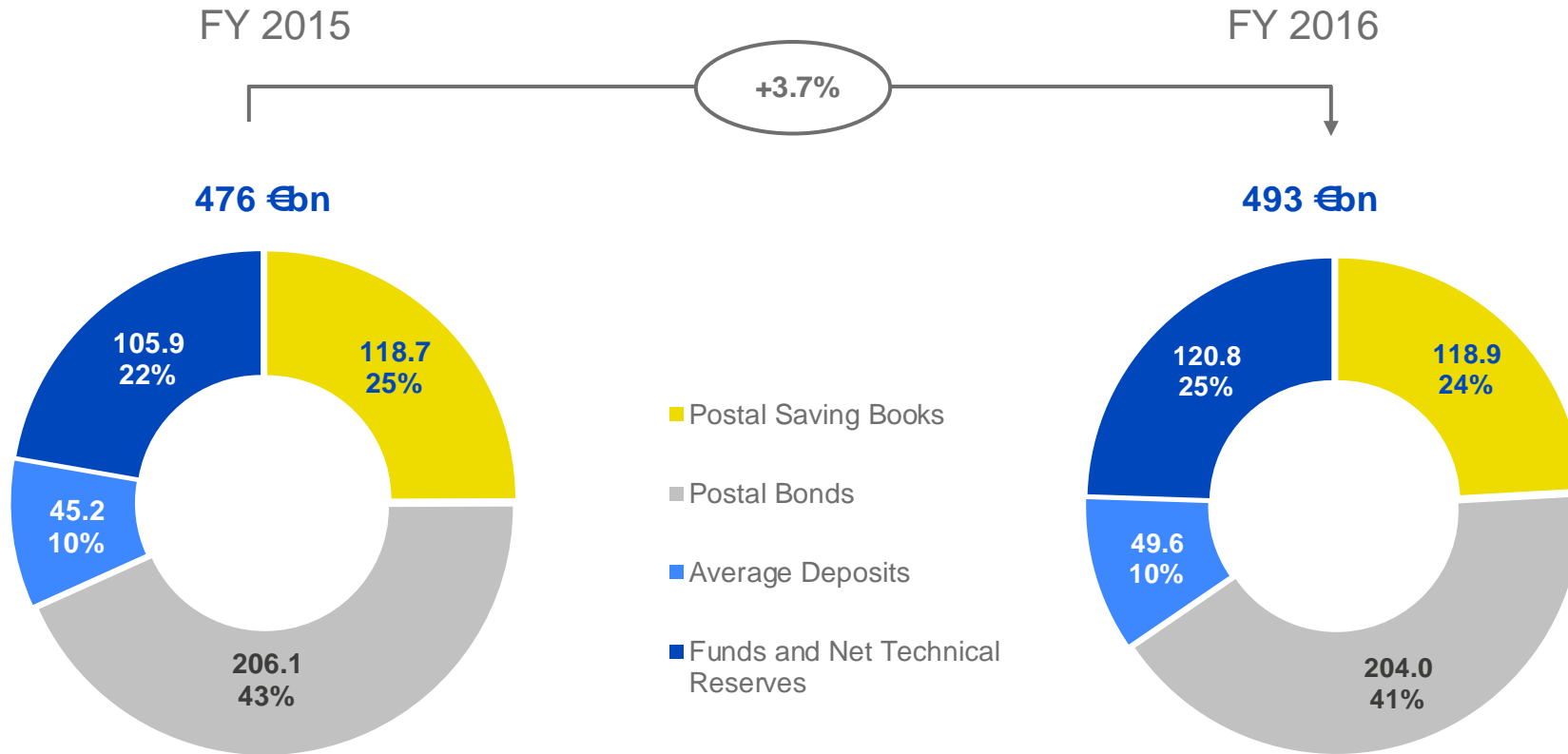


1. Net of intersegment revenues

2. Including other segments (Poste Mobile and 'Consorzio Telefonía Mobile')

# TOTAL ASSETS UNDER MANAGEMENT/ADMINISTRATION

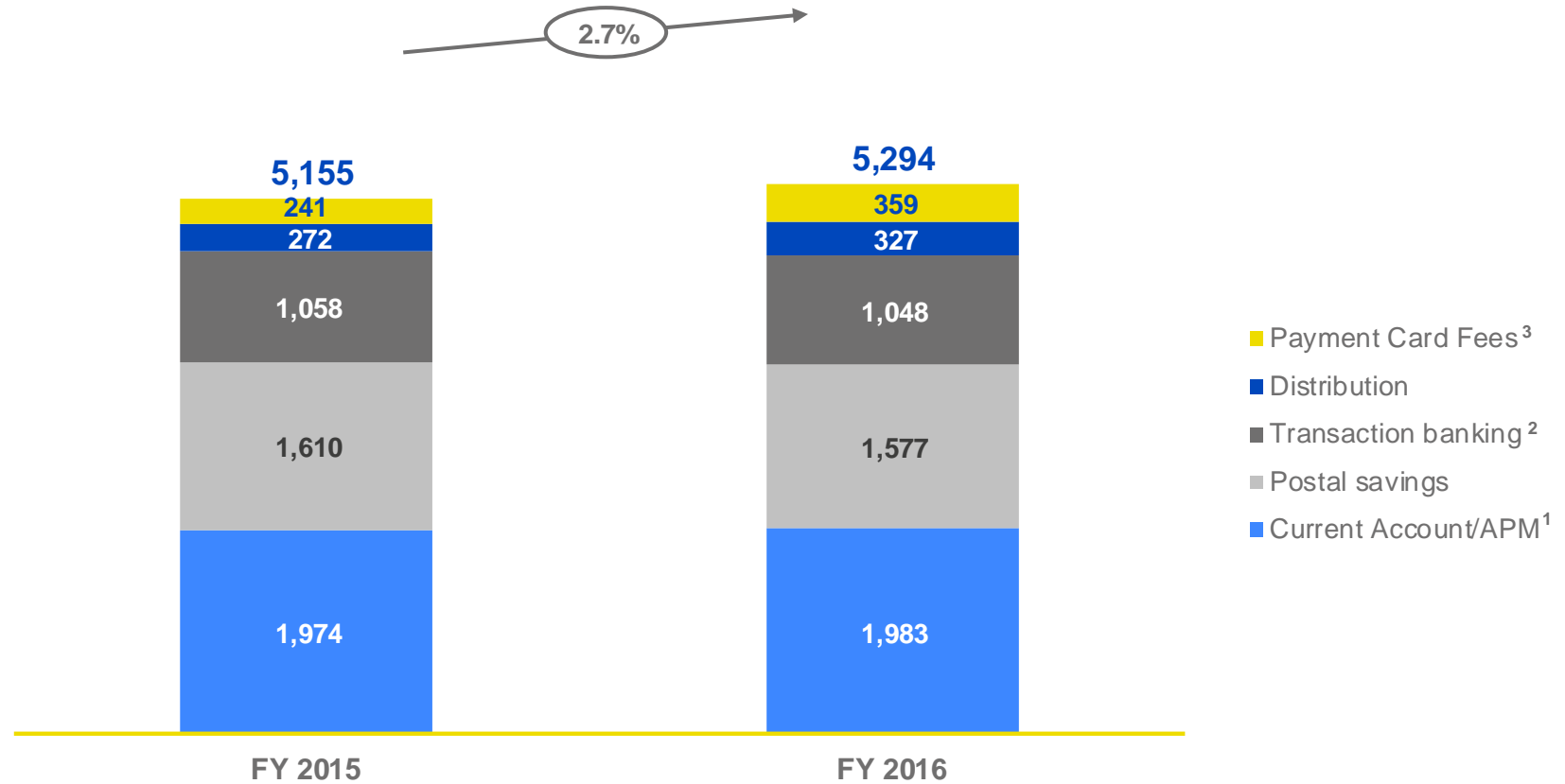
(€bn)



# FOCUS ON FINANCIAL SERVICES (1/3)

## REVENUES EVOLUTION

(€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
3. Payment Card Fees includes a one-off capital gain of €121 million related to the acquisition and merger of Visa Europe Ltd with the US-registered company, Visa Incorporated

# FOCUS ON FINANCIAL SERVICES (2/3)

## REVENUES BREAKDOWN

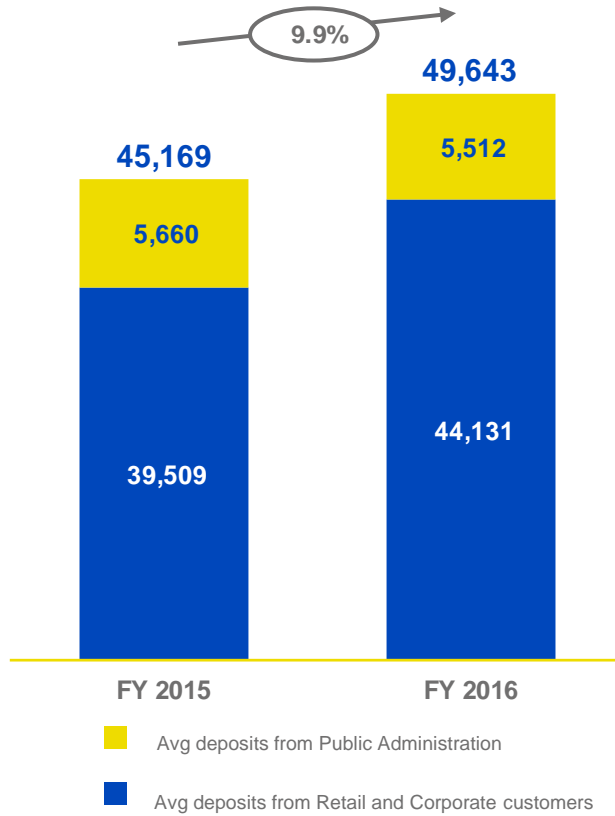
	FY 2016 €m FY 16 vs FY 15 (var.%)	Rationale
Return on Current Account Deposits	1,983 +0.5%	Increase mainly due to higher capital gains compensated by lower interest income
Fees from Postal Savings Collection	1,577 -2.0%	Lower fees related to lower recognized commercial costs
Fees from Transaction Banking	1,048 -0.9%	Lower revenues from delegated services partially offset by higher revenues from payments slips and tax return forms
Distribution Fees	327 20.2%	Increase mainly due to a better performance on personal loans
Payment Card Fees	359 +49.0%	Includes a one-off capital gain from VISA Europe and higher revenues from Postepay Evolution offset by lower fees from debt/prepaid cards
<b>Total Revenues</b>	<b>5,294</b> <b>+2.7%</b>	

# FOCUS ON FINANCIAL SERVICES (3/3)

## ACTIVE PORTFOLIO MANAGEMENT

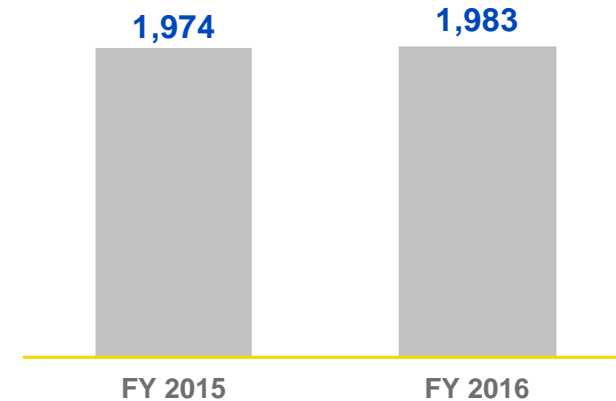
(€m)

### AVERAGE DEPOSITS<sup>1</sup>



### ACTIVE PORTFOLIO MANAGEMENT<sup>2</sup>

Average return <sup>3</sup> (%)	4.4%	4.0%
Unrealized gains (€m)	5,434	2,881
Portfolio duration (years)	5.6	5.5



→ Entirely invested in floating rate deposit c/o MEF

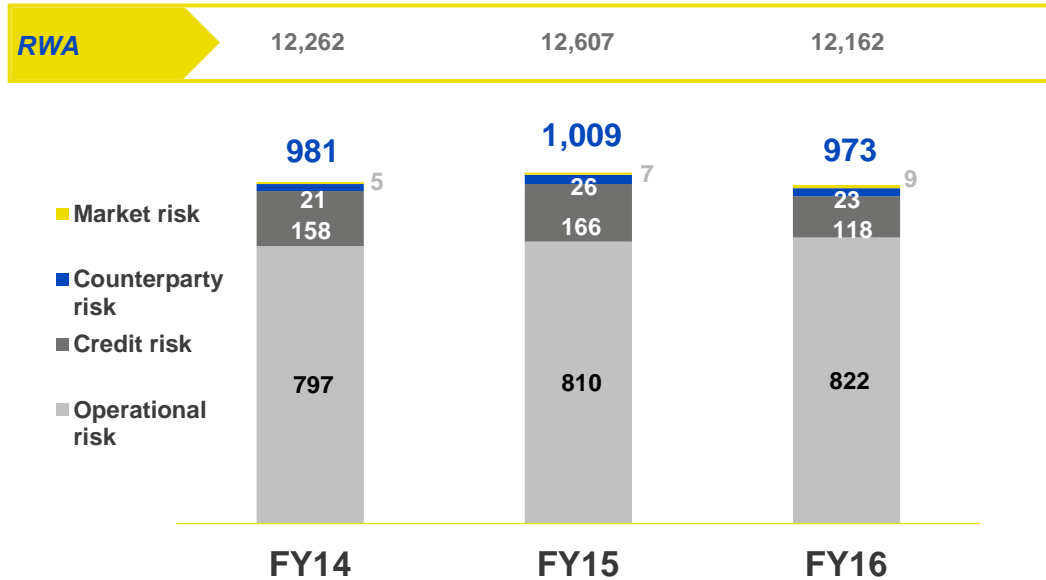
→ Entirely invested in Italian Government bonds

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

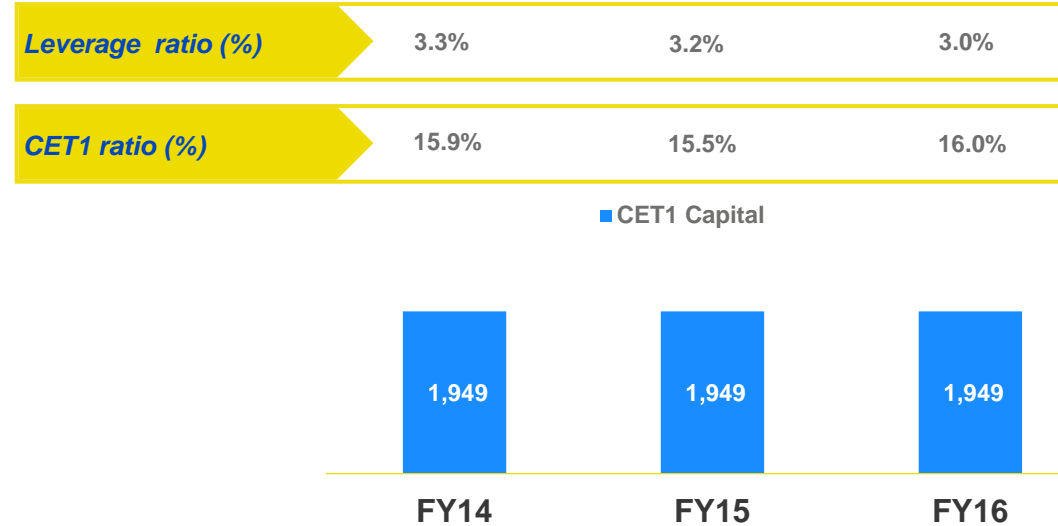
# BANCOPOSTA REGULATORY FRAMEWORK AND CAPITAL POSITION

(€m)

## CAPITAL REQUIREMENTS



## CAPITAL POSITION



Key regulatory constraints /standards: 8% min. CET1 ratio<sup>1</sup> / 3% min. leverage ratio

Increasing business volumes (customer deposits) lowered leverage ratio in FY16

ROE<sup>2</sup> @ 29% (vs. 30% in FY15)

1. 10.50% Min. CET1 ratio required to distribute earnings (9.25% from 1<sup>st</sup> January 2017)

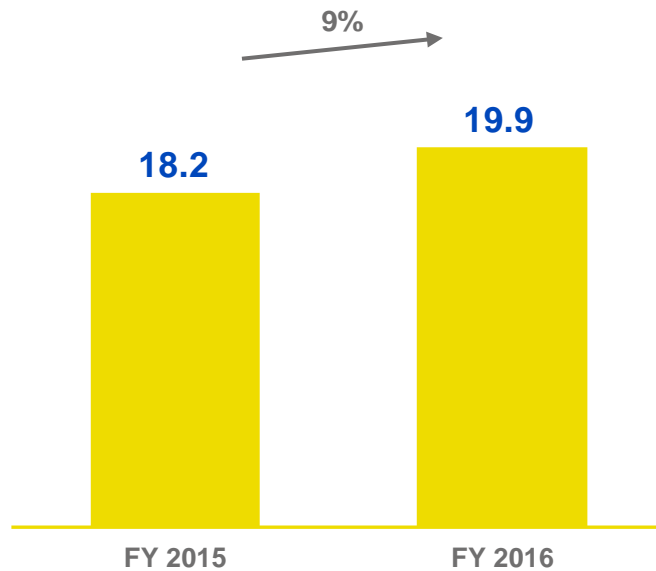
2. ROE defined as net earnings/CET 1 capital (excluding valuation reserves)



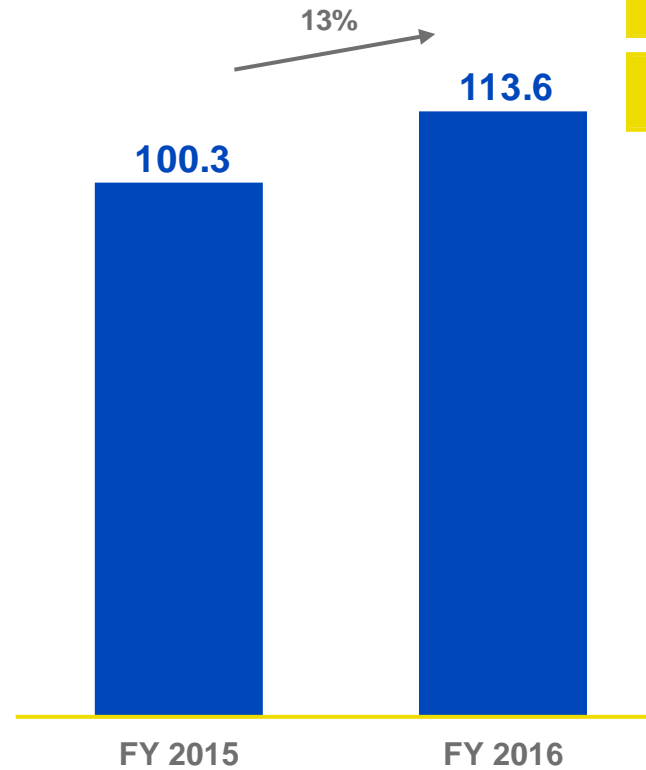
# FOCUS ON INSURANCE & ASSET MANAGEMENT

## GROUP GWP AND TECHNICAL RESERVES EVOLUTION

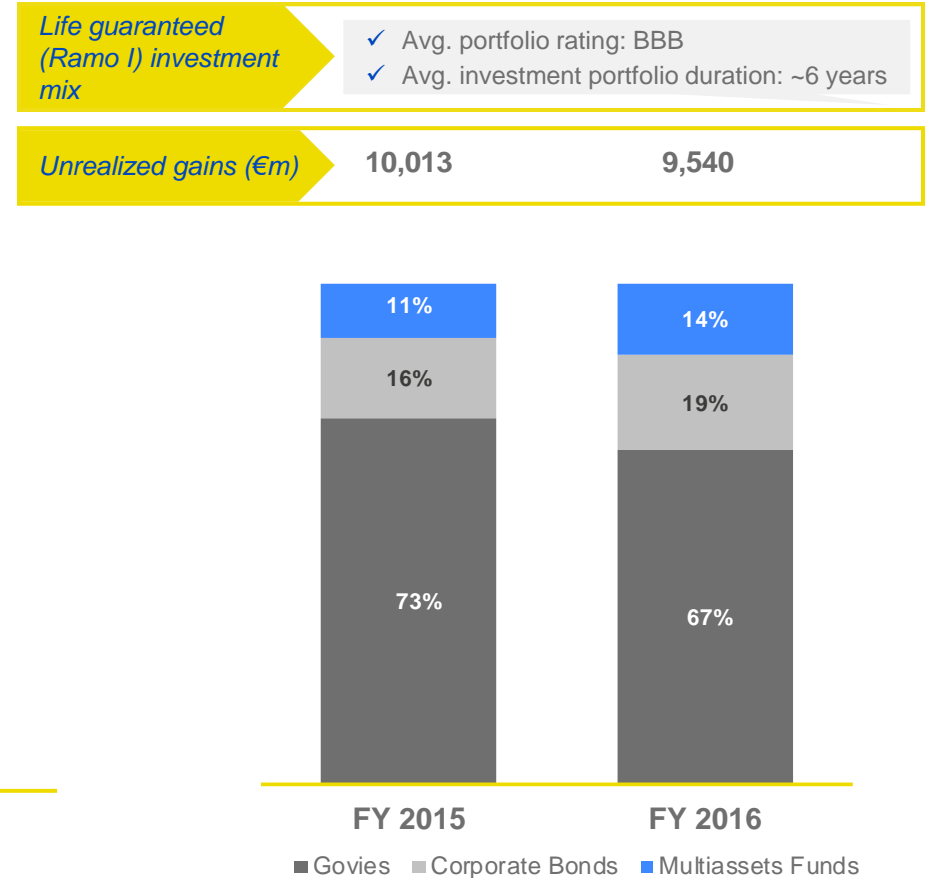
GROUP GWP EVOLUTION (€Bn)



GROUP NET TECHNICAL RESERVES EVOLUTION (€Bn)<sup>1</sup>



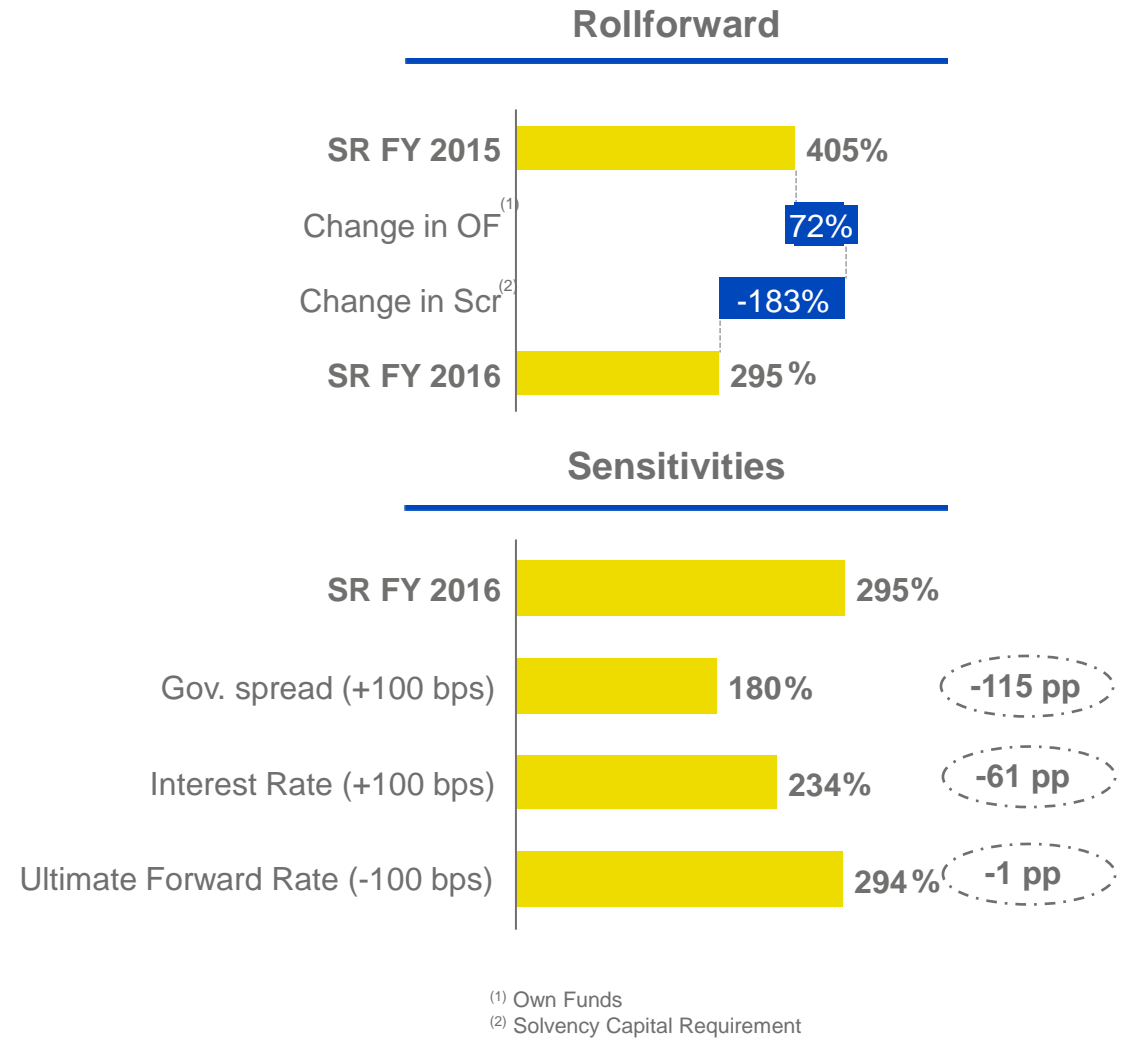
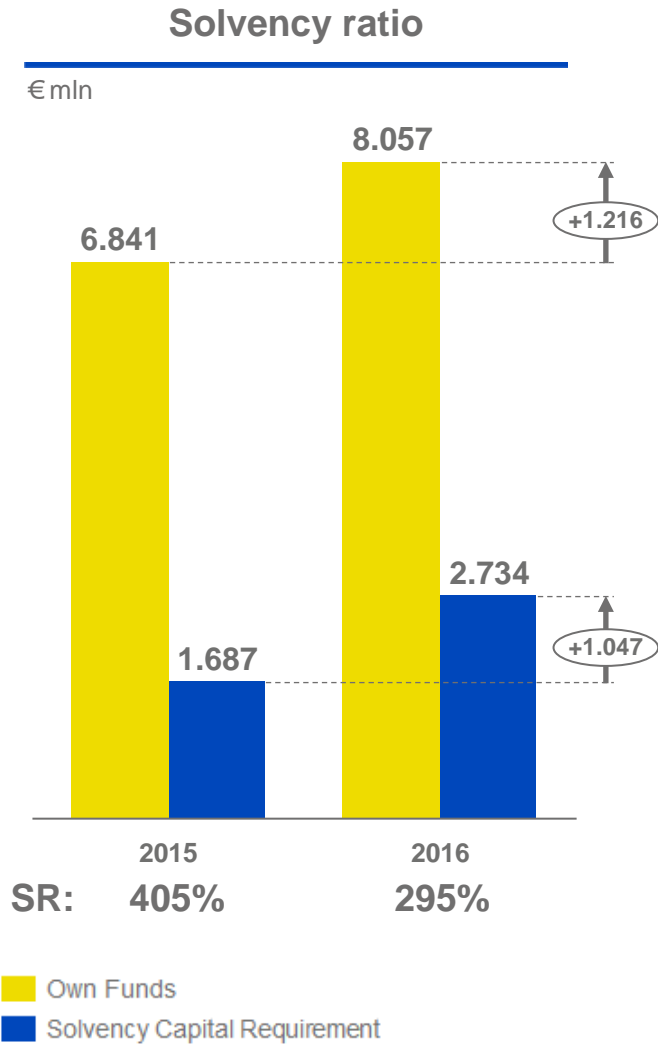
INVESTMENT PORTFOLIO BREAKDOWN



1. Including non-life technical reserves and net of re-insurance reserves

# STRONG SOLVENCY II UNDER OUR APPROVED STANDARD MODEL

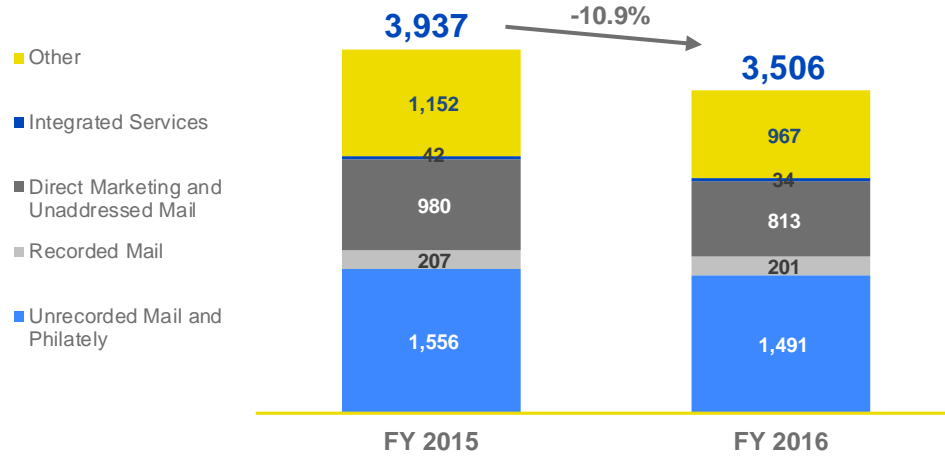
POSTE VITA



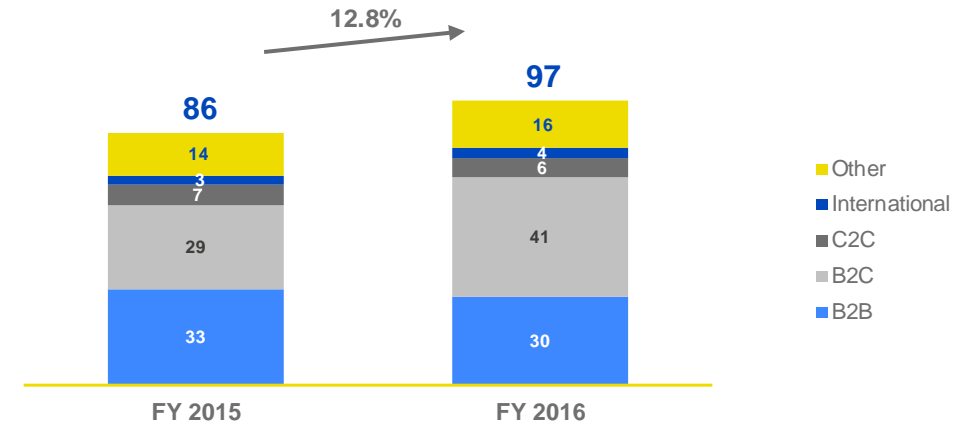
# FOCUS ON MAIL & PARCELS

## VOLUMES AND MARKET REVENUES EVOLUTION

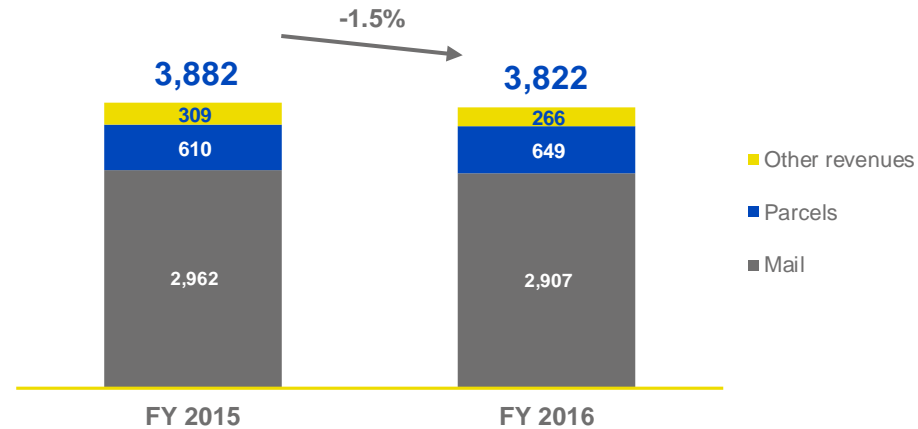
Volumes - Mail (m)



Volumes - Parcels (m)



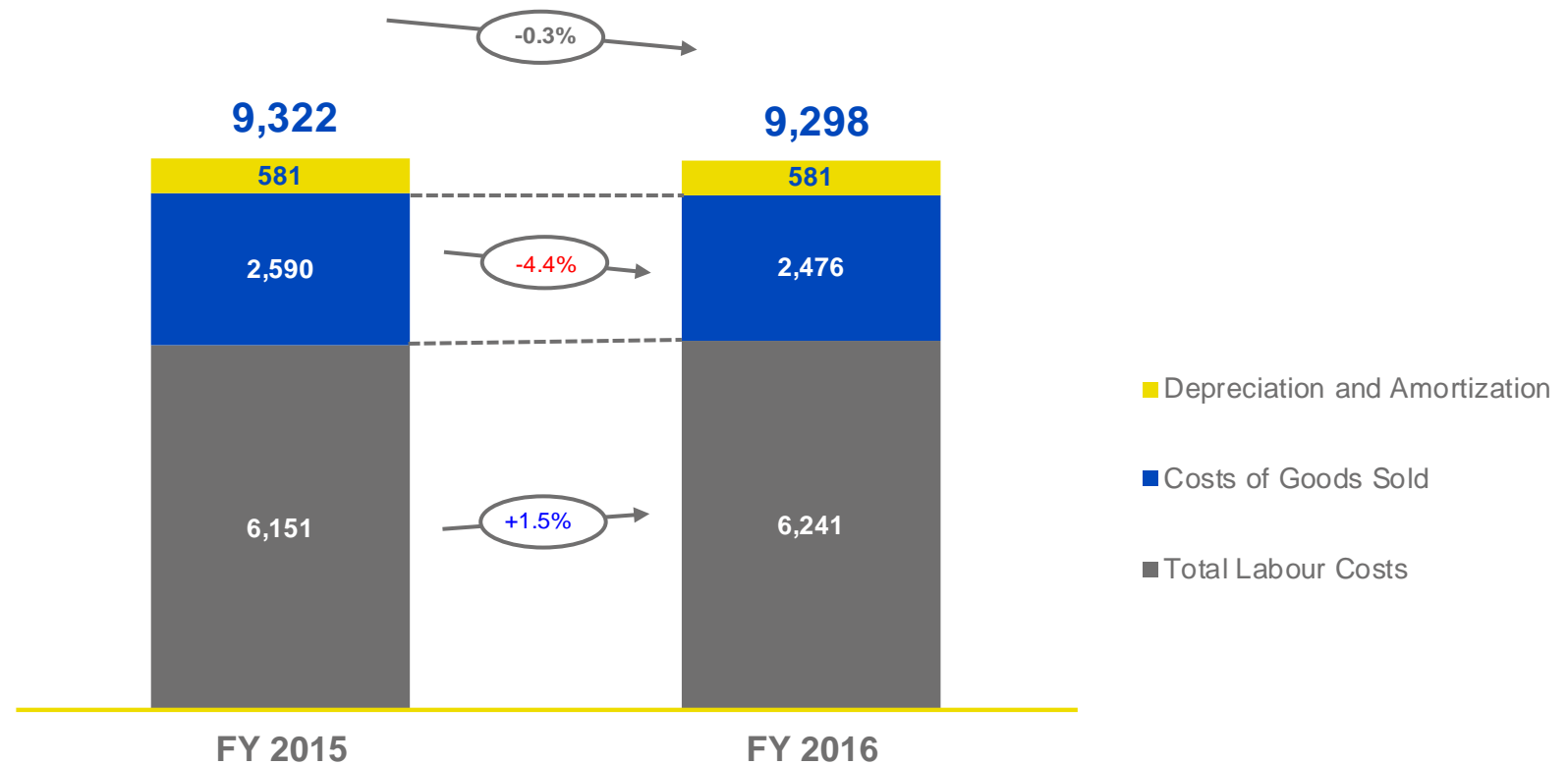
Revenues - Mail & Parcels (€m)



# TOTAL GROUP OPERATING COSTS EVOLUTION

(€m)

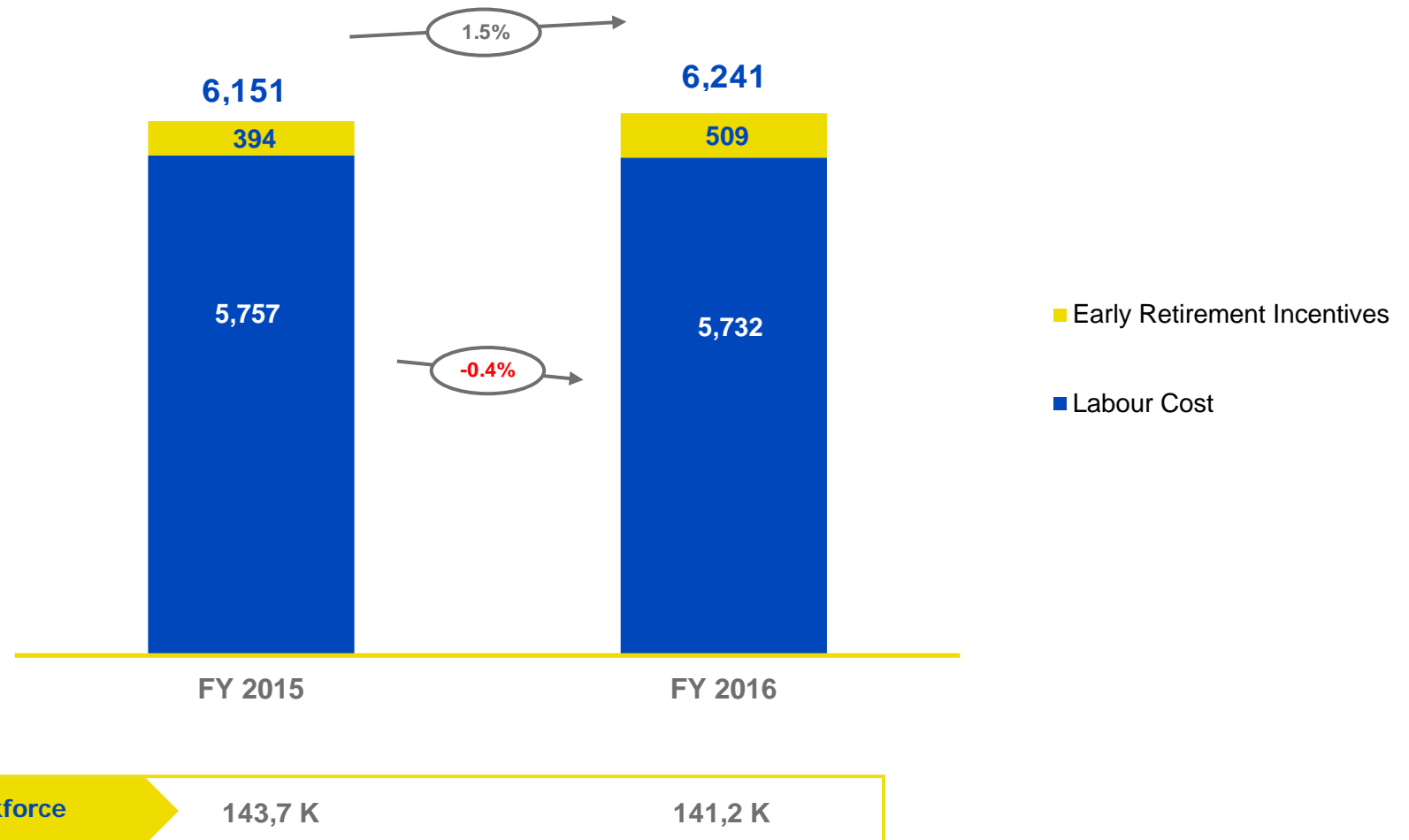
## Group Operating Costs



# COST STRUCTURE AT CONSOLIDATED LEVEL

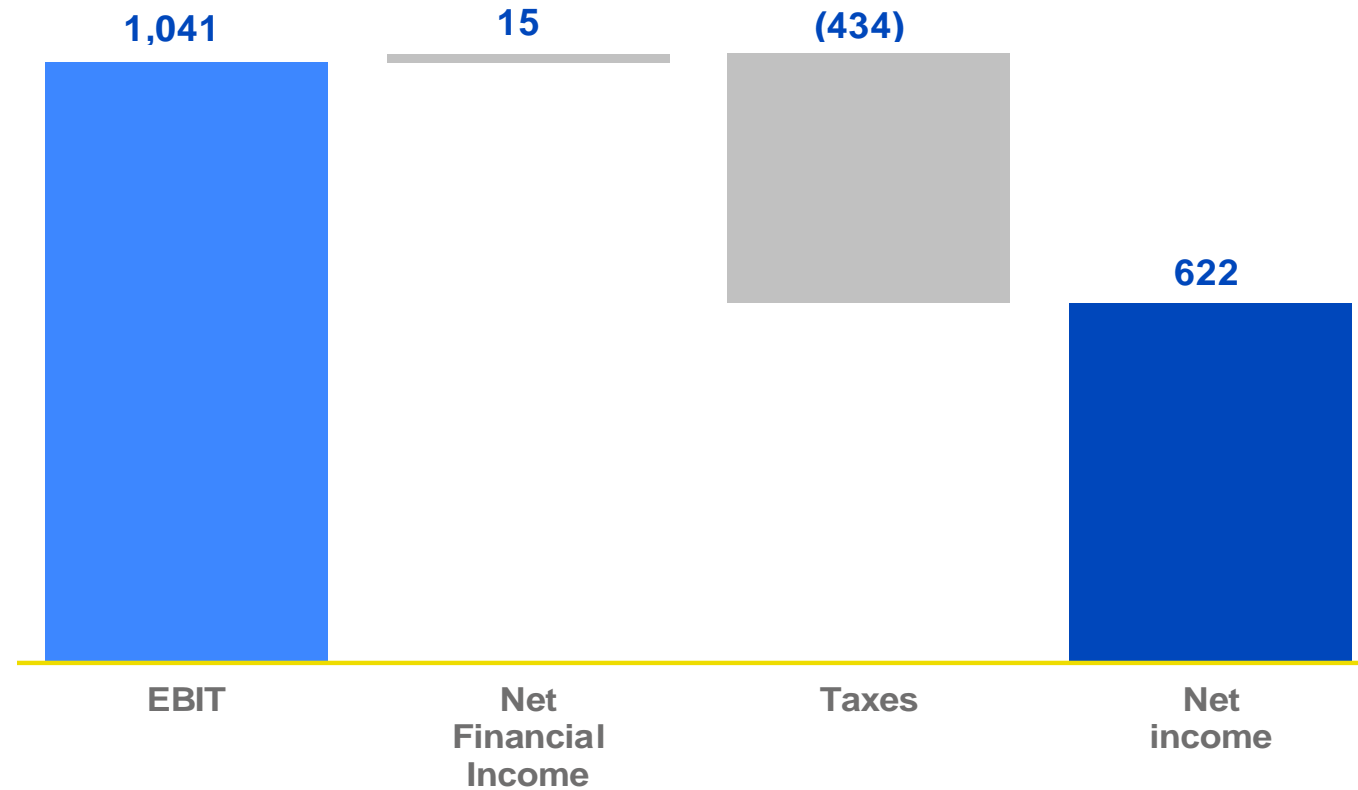
## FOCUS ON LABOUR COSTS

(€m)



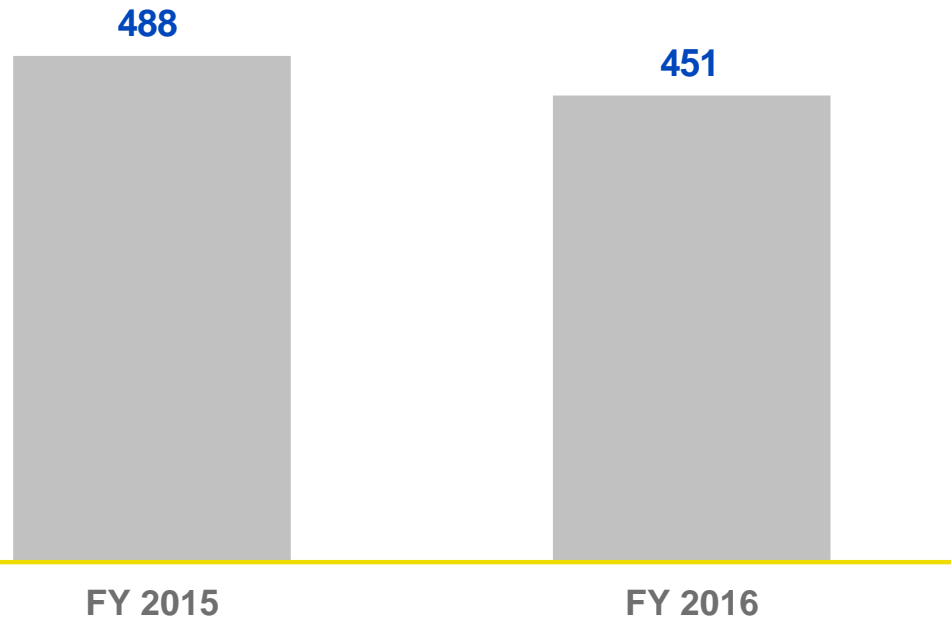
# FROM GROUP EBIT TO NET INCOME

(€m)

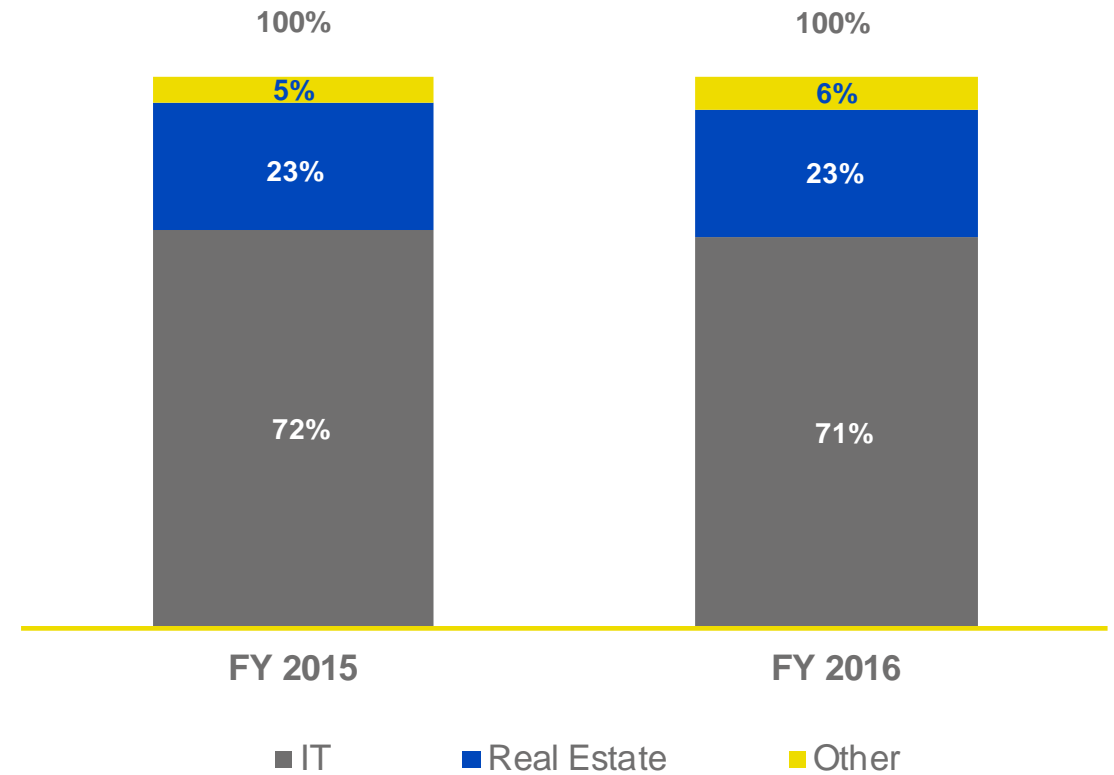


# GROUP CAPITAL EXPENDITURES

Capex evolution (€m)

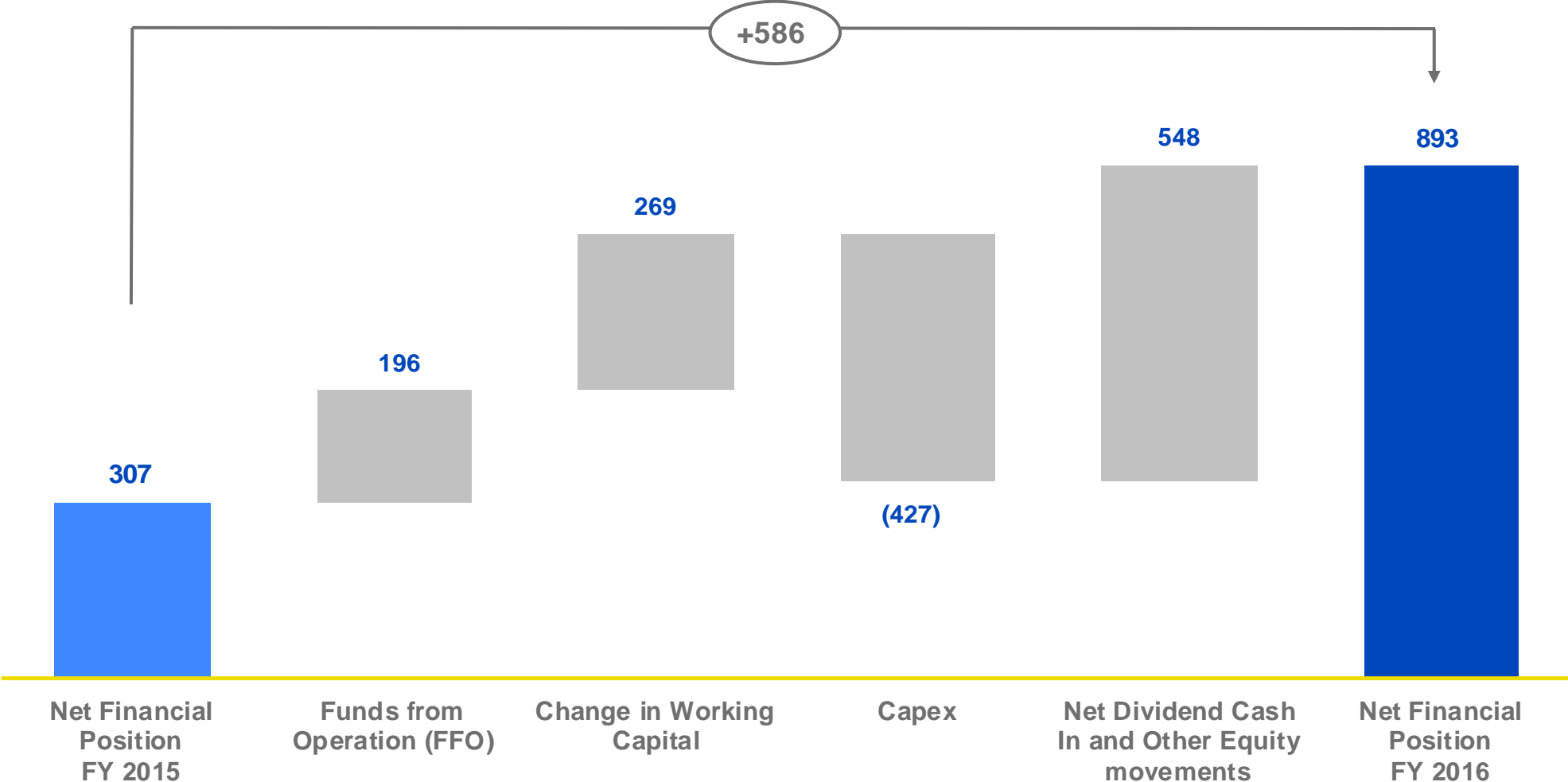


Capex Breakdown by Division (%)



# INDUSTRIAL NET FINANCIAL POSITION

(€m)





# PLAN EXECUTION (1/3)

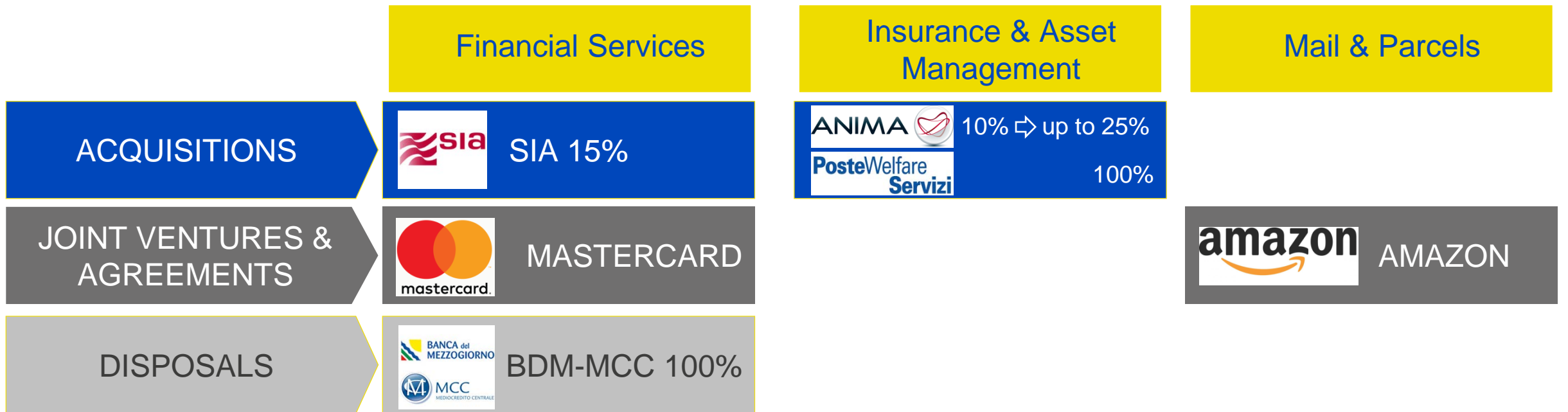
## DELIVERING RESULTS

	FY 2014	FY 2015	FY 2016	CAGR (2016 vs 2014)
Revenues (€m)	28,512	30,739	33,112	7.8%
EBIT (€m)	691	880	1,041	22.7%
Net Profit (€m)	212	552	622	71.3%
Capex (€m)	437	488	451	1.6%
Clients' Assets (€bn)	462	476	493	3.3%
DPS (€)	0.19	0.34	0.39	43.3%

Three years of solid growth in revenues, earnings and dividends

# PLAN EXECUTION (2/3)

## DELIVERING GROUP'S ASSETS OPTIMIZATION



RATIONALIZATIONS OF 10 LEGAL ENTITIES INSIDE THE GROUP

Simplified Group structure

Focus on acquisitions towards strategic priorities

# PLAN EXECUTION (3/3)

## OUR CHALLENGES GOING FORWARD



A cash generative service infrastructure

Large loyal customer base

Significant earnings growth potential



# APPENDIX

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# GROUP PROFIT & LOSS STATEMENT

FY 2016

€m	FY 2015	FY 2016	Var.%
Revenue from sales and services	8,809	8,743	(0.8%)
Insurance premium revenue	18,197	19,884	9.3%
Other income from financial and insurance activities	3,657	4,421	20.9%
Other operating income	75	64	(14.7%)
<b>Sales</b>	<b>30,739</b>	<b>33,112</b>	<b>7.7%</b>
Personnel costs	(6,151)	(6,241)	1.5%
Other operating expenses	(3,444)	(3,292)	(4.4%)
Net change in technical provisions for insurance business and other claims expenses	(19,683)	(21,958)	11.6%
Depreciation & amortization	(581)	(581)	n.m.
<b>EBIT</b>	<b>880</b>	<b>1,041</b>	<b>18.3%</b>
Net interest income / (Expense)	53	15	(71.4%)
<b>Profit before tax</b>	<b>933</b>	<b>1,056</b>	<b>13.2%</b>
Tax	(381)	(434)	13.9%
<b>Net income</b>	<b>552</b>	<b>622</b>	<b>12.7%</b>

# GROUP KEY BALANCE SHEET ITEMS

FY 2016

€m	FY 2015	FY 2016	Var.%
Cash & Equivalents	3,142	3,902	24.2%
BancoPosta related Cash	3,161	2,494	(21.1%)
Receivables & Inventory	2,158	2,073	(3.9%)
Financial Assets	160,090	174,362	8.9%
Tangible and Intangible Assets	2,796	2,649	(5.3%)
Other	4,489	5,005	11.5%
<b>Non-current assets and groups of assets held for sale</b>	<b>0</b>	<b>2,720</b>	<b>n.m.</b>
<b>Total Assets</b>	<b>175,836</b>	<b>193,205</b>	<b>9.9%</b>
Trade Payables	1,453	1,506	3.6%
Financial liabilities	57,478	60,921	6.0%
Technical Reserves	100,314	113,678	13.3%
Other	6,933	6,906	(0.4%)
<b>Liabilities related to assets held for sale</b>	<b>0</b>	<b>2,060</b>	<b>n.m.</b>
<b>Total Liabilities</b>	<b>166,178</b>	<b>185,071</b>	<b>11.4%</b>
Shareholders capital	1,306	1,306	-
Reserves	8,352	6,828	(18.2%)
<b>Totale Equity</b>	<b>9,658</b>	<b>8,134</b>	<b>(15.8%)</b>
<b>Total Liabilities &amp; Equity</b>	<b>175,836</b>	<b>193,205</b>	<b>9.9%</b>

# GROUP CASH FLOW STATEMENT

FY 2016

€m	FY 2015	FY 2016	Var.%
Net income	552	622	12.7%
Depreciation and amortization	581	581	-
Net provisions for risks and charges	454	563	24.0%
(Use of Provisions for risks and charges)	(392)	(448)	14.3%
Net change in employee termination benefits and pension plans	(65)	(81)	24.6%
(Gains) / Losses on disposals	0	3	n.m.
Other	(31)	74	n.m.
<b>FFO</b>	<b>1,099</b>	<b>1,314</b>	<b>19.6%</b>
Change in working capital	2,162	40	(98.1%)
<b>Cash flow from operations</b>	<b>3,261</b>	<b>1,354</b>	<b>(58.5%)</b>
Capital expenditures	(488)	(451)	(7.6%)
Net change in subsidiaries and associates	(211)	(1)	(99.5%)
Disposals	5	5	-
<b>Cash flow from investments</b>	<b>(694)</b>	<b>(447)</b>	<b>(35.6%)</b>
Dividend paid	(250)	(444)	77.6%
Cancellation of MEF receivables (CE 16/07/08)	535	0	n.m.
Cash Flow from financial assets and liabilities	(1,414)	387	n.m.
<b>Cash flow from financing</b>	<b>(1,129)</b>	<b>(57)</b>	<b>(95.0%)</b>
<b>Net change in cash</b>	<b>1,438</b>	<b>850</b>	<b>(40.9%)</b>
Net change in cash related to assets held for sale	0	(90)	n.m.
<b>Total Net change in cash</b>	<b>1,438</b>	<b>760</b>	<b>(47.1%)</b>

# GROUP WORKING CAPITAL

FY 2016

€m	FY 2015	FY 2016	Var.%
<b>Working Capital</b>			
Trade receivables	2,346	2,172	(7.4%)
Inventories	134	137	2.2%
Other receivables and assets	3,200	3,671	14.7%
Current tax receivables	72	15	(79.2%)
Trade payables	(1,453)	(1,506)	3.6%
Other liabilities	(2,945)	(3,218)	9.3%
Current tax liabilities	(53)	(88)	66.0%
<b>Working Capital</b>	<b>1,301</b>	<b>1,183</b>	<b>(9.1%)</b>
Deferred tax asset	623	799	28.3%
Deferred tax liabilities	(1,177)	(746)	(36.6%)
<b>Working Capital and deferred taxes</b>	<b>747</b>	<b>1,236</b>	<b>65.5%</b>
Working capital related to net asset held for sale	0	96	n.m.
Net deferred taxes related to net asset held for sale	0	11	n.m.
<b>Working capital and deferred taxes related to net asset held for sale</b>	<b>0</b>	<b>107</b>	<b>n.m.</b>
<b>Working Capital and deferred taxes including net asset held for sale</b>	<b>747</b>	<b>1,343</b>	<b>79.8%</b>



# CHANGE IN GROUP WORKING CAPITAL

FY 2016

€m	FY 2015	FY 2016	Var.%
Trade receivables	1,415	174	(87.7%)
Inventories	5	(3)	n.m.
Other receivables and assets	286	(471)	n.m.
Current tax receivables	587	57	(90.3%)
Trade payables	31	53	71.0%
Other liabilities	287	273	(4.9%)
Current tax liabilities	29	35	20.7%
Deferred tax assets	79	(176)	n.m.
Deferred tax liabilities	130	(431)	n.m.
Working capital and deferred taxes related to net asset held for sale	0	(107)	n.m.
<b>Total Change in Working capital and deferred taxes including net asset held for sale</b>	<b>2,849</b>	<b>(596)</b>	<b>n.m.</b>
Financial Income on discounted receivables	16	7	(56.3%)
Net write-downs and loss on receivables	42	(22)	n.m.
Deferred tax on fair value changes and TFR actuarial income	(210)	645	n.m.
Cancellation of MEF receivables (CE 16/07/08)	(535)	6	n.m.
<b>Adjustments (non monetary items and shareholders' transactions)</b>	<b>(687)</b>	<b>636</b>	<b>n.m.</b>
<b>Change in Working Capital and deferred taxes as per cash flow statement</b>	<b>2,162</b>	<b>40</b>	<b>(98.1%)</b>

# MAIL & PARCELS KEY BALANCE SHEET ITEMS

FY 2016

€m

## Assets

Property, plant and equipment	2,062
Investment property	56
Intangible assets	430
Investments*	1,877
Financial assets	1,102
Trade receivables	4
Deferred tax assets	422
Other receivables and assets	139
<b>Total Non-current assets</b>	<b>6,092</b>
Inventories	133
Trade receivables	1,878
Current tax assets	12
Other receivables and assets	368
Financial assets	134
Cash and cash equivalents	1,556
<b>Total Current assets</b>	<b>4,081</b>
<b>Total Assets</b>	<b>10,173</b>

## Equity and Liabilities

<b>Totale Equity</b>	<b>2,758</b>
Provisions for risks and charges	254
Employee termination benefits and pension plans	1,324
Financial liabilities	1,246
Deferred tax liabilities	25
Other liabilities	68
<b>Total Non-current liabilities</b>	<b>2,917</b>
Provisions for risks and charges	775
Trade payables	1,374
Current tax liabilities	73
Other liabilities	1,575
Financial liabilities	701
<b>Total Current liabilities</b>	<b>4,498</b>
<b>Totale Equity and Liabilities</b>	<b>10,173</b>

\* It includes investments accounted for at cost in financial and insurance sectors

# MAIL & PARCELS AND OTHER SERVICES NET DEBT BREAKDOWN

## FY 2016

€m	FY 2015**	FY 2016	Var.%
<b>Cash and Cash Equivalents</b>	<b>1,331</b>	<b>1,577</b>	<b>18.5%</b>
<b>Current Financial Assets</b>	<b>169</b>	<b>63</b>	<b>(62.7%)</b>
Short term debt	(515)	(2)	(99.6%)
Current part of long term debt	(16)	(14)	(12.5%)
Other current financial liabilities	(20)	(22)	10.0%
<b>Current Financial Position</b>	<b>(551)</b>	<b>(38)</b>	<b>(93.1%)</b>
<b>Current Net Financial Position</b>	<b>949</b>	<b>1,602</b>	<b>68.8%</b>
Long term debt	(400)	(400)	-
Bonds	(797)	(798)	0.1%
Other non current financial liabilities	(57)	(50)	(12.3%)
<b>Non Current Financial Position</b>	<b>(1,254)</b>	<b>(1,248)</b>	<b>(0.5%)</b>
<b>Net Financial Position</b>	<b>(305)</b>	<b>354</b>	<b>n.m.</b>
Non current financial assets	553	651	17.7%
<b>Net Financial Position - Mail &amp; Parcel and Other Services</b>	<b>248</b>	<b>1,005</b>	<b>n.m.</b>
Intersegment financial receivables	674	522	(22.6%)
Intersegment financial payables	(615)	(634)	3.1%
<b>Net Financial Position (net of intersegments) *</b>	<b>307</b>	<b>893</b>	<b>n.m.</b>

\* Including a Net Financial Position of Other Services (€48m in 2016 and €38m in 2015)

\*\*Poste Tributi previously included in Mail & Parcel sector has been reclassified to Financial services

# FINANCIAL SERVICES

## PROFIT & LOSS

€m	FY 2015	FY 2016	Var.%
Total revenue	5,646	5,837	3.4%
o/w Market revenue	5,155	5,294	2.7%
o/w Intercompany revenue	491	543	10.7%
Personnel costs	(124)	(126)	2.0%
Other operating expenses	(4,614)	(4,896)	6.1%
<b>EBITDA</b>	<b>908</b>	<b>815</b>	<b>(10.3%)</b>
<i>EBITDA margin</i>	16.1%	14.0%	
Depreciation and amortisation	(2)	(1)	(21.0%)
<b>EBIT</b>	<b>907</b>	<b>813</b>	<b>(10.4%)</b>
<i>EBIT margin</i>	16.1%	13.9%	

# INSURANCE AND ASSET MANAGEMENT

## PROFIT & LOSS

€m	FY 2015	FY 2016	Var.%
Total revenue	21,459	23,773	10.8%
o/w Market revenue	21,459	23,772	10.8%
o/w Intercompany revenue	0	1	n.m.
Personnel costs	(32)	(39)	22.5%
Other operating expenses	(20,906)	(23,084)	10.4%
<b>EBITDA</b>	<b>521</b>	<b>650</b>	<b>24.8%</b>
<i>EBITDA margin</i>	2.4%	2.7%	
Depreciation and amortisation	(11)	(14)	35.0%
<b>EBIT</b>	<b>510</b>	<b>636</b>	<b>24.7%</b>
<i>EBIT margin</i>	2.4%	2.7%	

# MAIL & PARCELS

## PROFIT & LOSS

€m	FY 2015	FY 2016	Var.%
Total revenue	8,213	8,362	1.8%
o/w Market revenue	3,882	3,822	(1.5%)
o/w Intercompany revenue	4,331	4,540	4.8%
Personnel costs	(5,974)	(6,059)	(1.4%)
Other operating expenses	(2,277)	(2,204)	(3.2%)
<b>EBITDA</b>	<b>(37)</b>	<b>99</b>	<b>365.4%</b>
<i>EBITDA margin</i>	-0.5%	1.2%	
Depreciation and amortisation	(530)	(536)	1.1%
<b>EBIT</b>	<b>(568)</b>	<b>(436)</b>	<b>(23.2%)</b>
<i>EBIT margin</i>	-6.9%	-5.2%	

# OTHER SERVICES

## POSTE MOBILE KEY FINANCIALS

€m	FY 2015	FY 2016	Var.%
<b>P&amp;L</b>			
Total revenue	334	268	(19.7%)
o/w Market revenue	242	224	(7.7%)
o/w Intercompany revenue	91	44	(51.7%)
Personnel costs	(22)	(17)	(21.6%)
Other operating expenses	(242)	(193)	(20.5%)
EBITDA	70	58	(16.7%)
EBITDA margin	20.9%	21.7%	
Depreciation and amortisation	(39)	(30)	(22.9%)
<b>EBIT</b>	<b>31</b>	<b>28</b>	<b>(8.9%)</b>
EBIT margin	9.3%	10.6%	
Non-operating income/(expenses)	(1)	(1)	10.9%
<b>Profit before taxes</b>	<b>30</b>	<b>27</b>	<b>(9.5%)</b>
Taxes	(11)	(9)	(17.9%)
<b>Profit after taxes</b>	<b>19</b>	<b>18</b>	<b>(4.4%)</b>

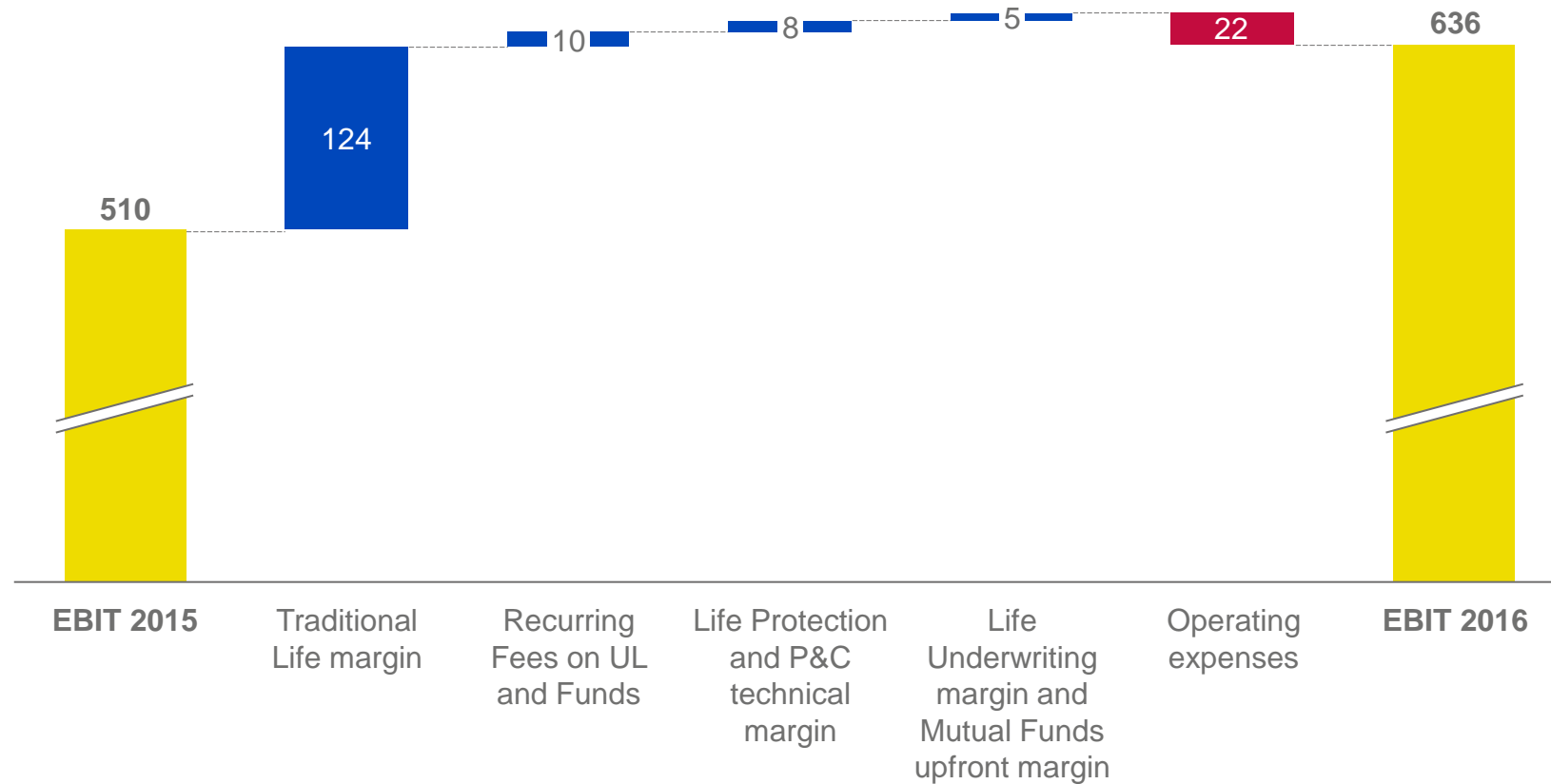
€m	FY 2015	FY 2016	Var.%
<b>Cash flow statement</b>			
FFO	55.5	47.2	(15.0%)
Cash flow from investments	(28.8)	17.2	159.7%
Net change in cash	1.1	4.8	321.9%
<b>Other key data</b>			
Average number of users (sim cards -#k)	3,471	3,643	4.9%
ARPU (€) <sup>1</sup>	5.2	4.7	(9.3%)

1. calculated on total sim cards (active and non active sim cards)

# INSURANCE AND ASSET MANAGEMENT

## EBIT 2015-2016 ROLLFORWARD

(€m)





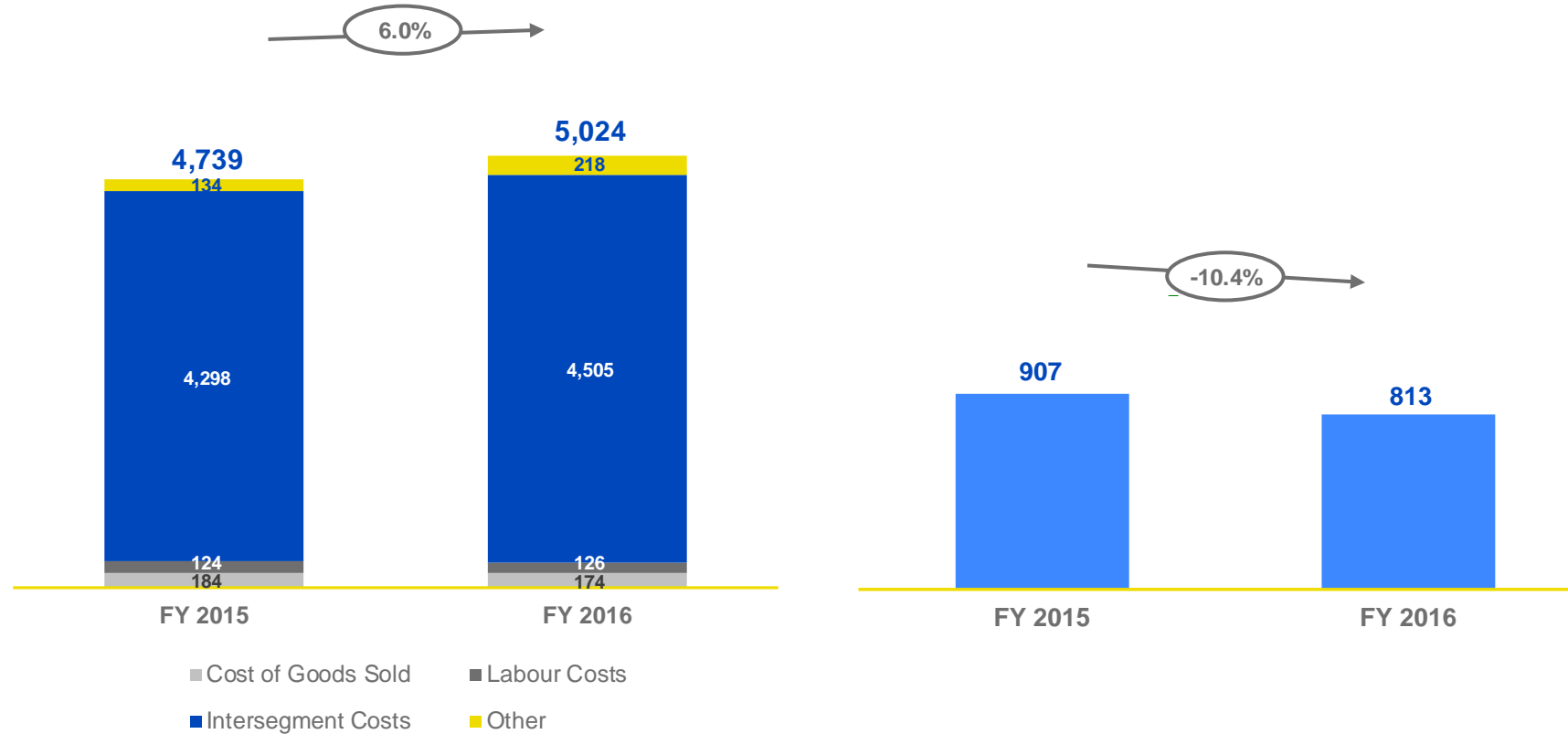
# FINANCIAL SERVICES

## COST STRUCTURE AND PROFITABILITY AT DIVISIONAL LEVEL

(€m)

### Operating Costs

### Operating Profit<sup>1</sup>

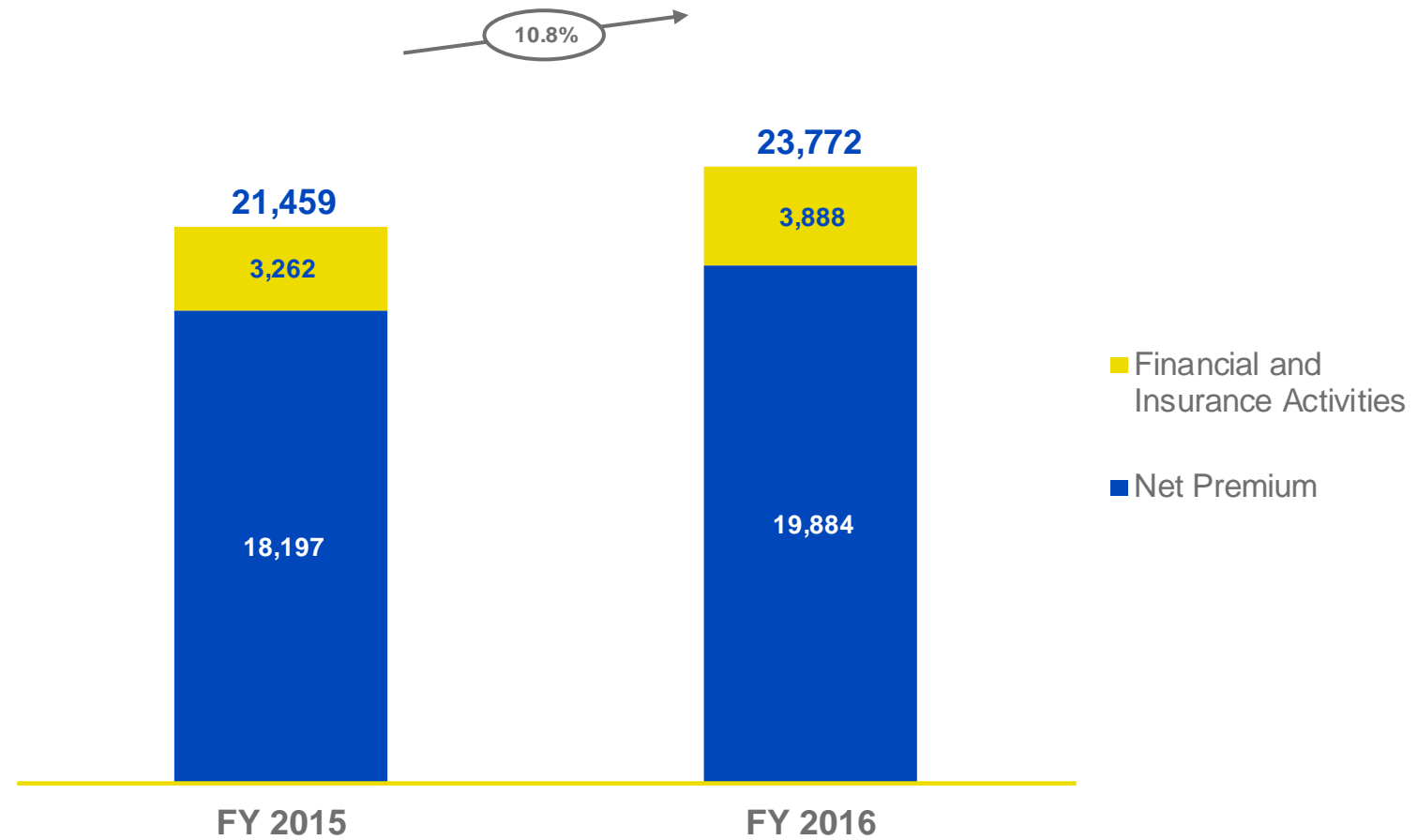


1. Includes intersegment revenues

# FOCUS ON INSURANCE AND ASSET MANAGEMENT

## REVENUES BREAKDOWN

(€m)



# INSURANCE AND ASSET MANAGEMENT

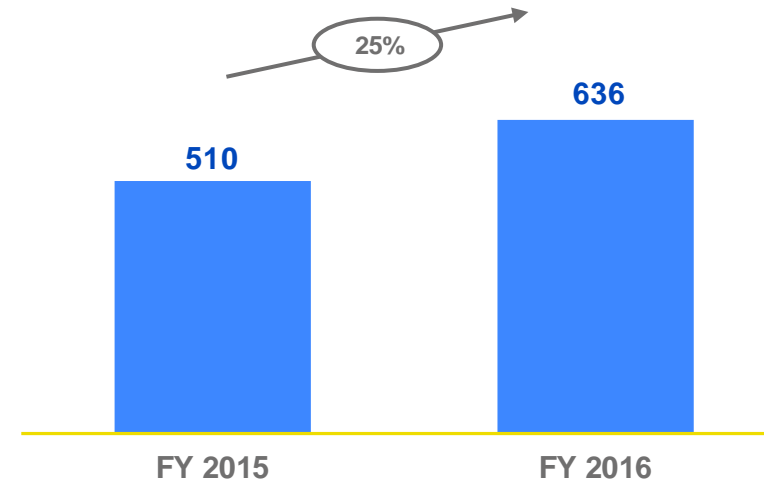
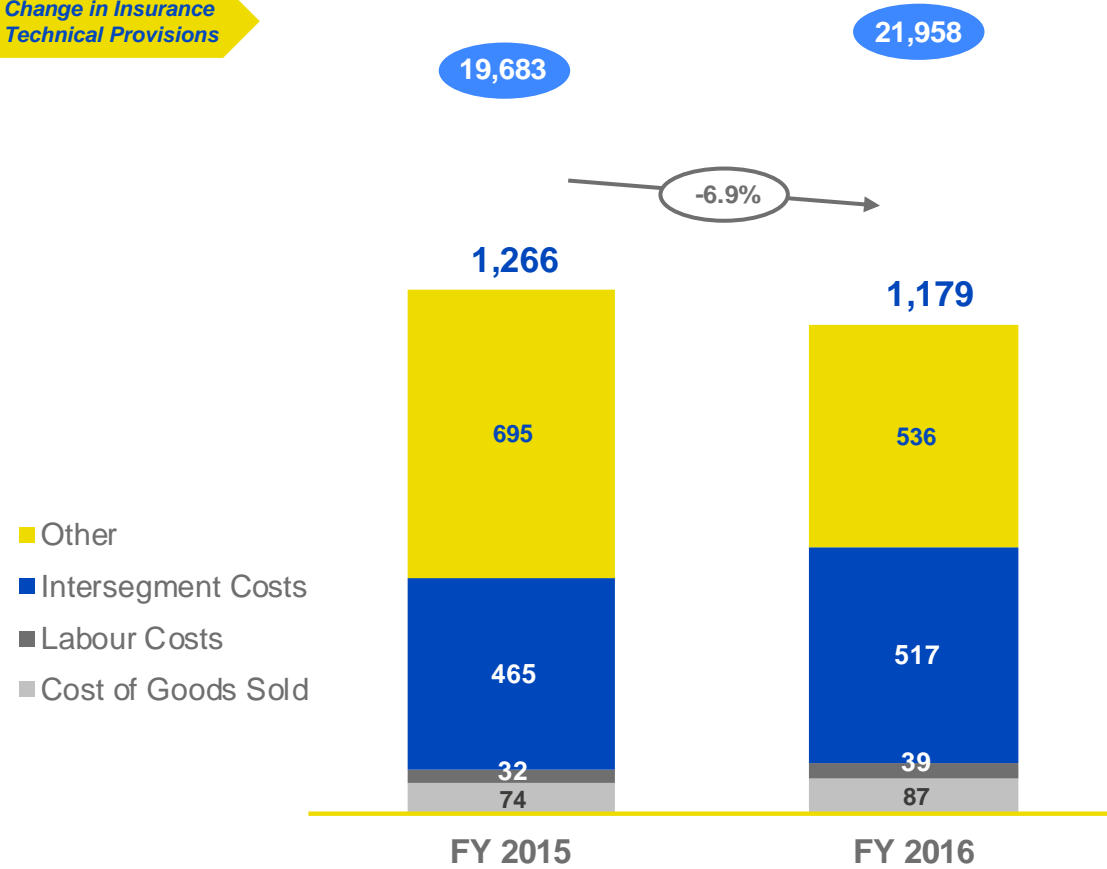
## COST STRUCTURE AND PROFITABILITY AT DIVISIONAL LEVEL

(€m)

### Operating Costs

### Operating Profit<sup>1</sup>

Change in Insurance  
Technical Provisions



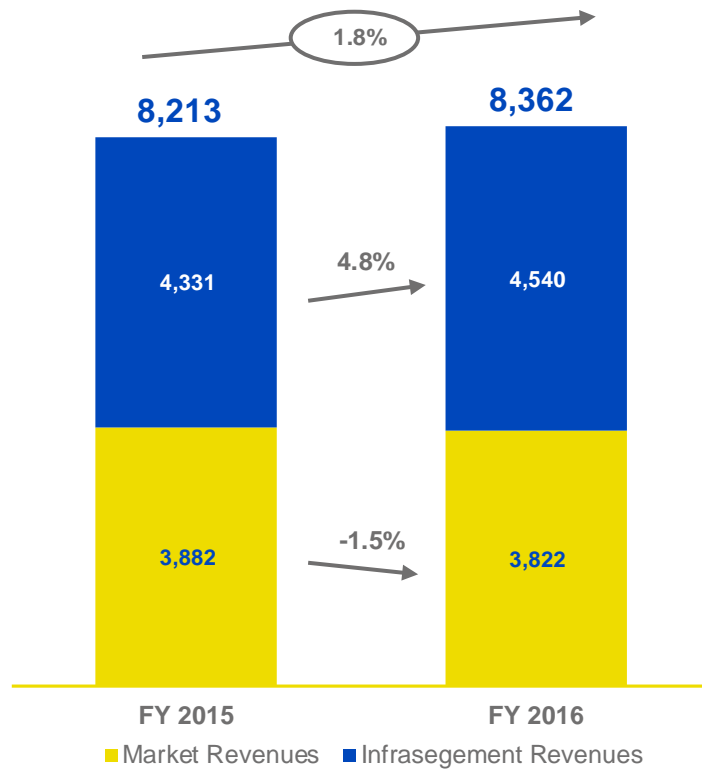
1. Includes intersegment revenues

# FOCUS ON MAIL & PARCELS

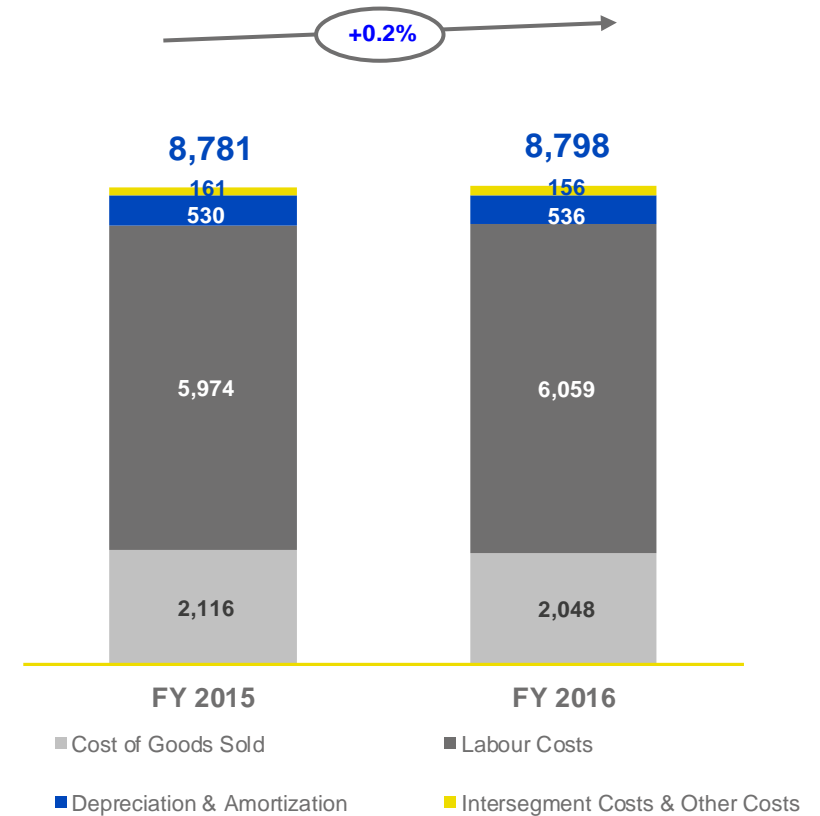
## TOTAL REVENUES AND COST STRUCTURE

(€m)

### Total Revenues



### Operating Costs



# SEGMENT FLOW DESCRIPTION

FY 2016

(€m)

	Mail & Parcels Including Network	Financial Services	Insurance and Asset Management	Poste Italiane Group <sup>2</sup>
Market Revenues	3,822	5,294	23,772	33,112
Intersegment Revenues	4,540	543	1	0
<b>Totale Revenues</b>	<b>8,362</b>	<b>5,837</b>	<b>23,773</b>	<b>33,112</b>
Personnel Costs	(6,059)	(126)	(39)	(6,241)
Other operating costs <sup>1</sup>	(2,655)	(392)	(623)	(3,873)
Net change in Technical Provisions	0	0	(21,958)	(21,958)
Intersegment Costs	(85)	(4,506)	(517)	0
<b>Operating Costs</b>	<b>8,798</b>	<b>(5,024)</b>	<b>(23,137)</b>	<b>32,071</b>
<b>Operating Profit (Loss)</b>	<b>(436)</b>	<b>813</b>	<b>636</b>	<b>1,041</b>

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

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