



# FY 2017 Preliminary Results

Rome, 19 February 2018

# DOUBLE DIGIT GROWTH OF NET PROFIT IN 2017 REACHING 689€M. DIVIDEND PAYOUT OF C.80% CORRESPONDING TO 0.42 € DPS

(€m)

	FY 2016	2017P	Var.	Var. %
<b>Revenues</b>	33,112	33,441	+328	+1.0%
<b>EBIT</b> EBIT Margin	1,041 3.1%	1,123 3.4%	+82	+7.8%
<b>Normalized<sup>1</sup> EBIT</b> EBIT Margin	922 2.8%	1,110 3.4%	+188	+20.4%
<b>Net Profit</b> Net Profit Margin	622 1.9%	689 2.1%	+67	+10.8%
<b>Normalized<sup>1</sup> Net Profit</b> Net Profit Margin	510 1.6%	722 2.2%	+212	+41.6%
<b>DPS (€)</b>	0.39	0.42	+0.03	+7.7%

**Payout ratio of about 80% on 2017 preliminary net profit, corresponding to a dividend of 0.42 € p.s., up by 7.7% vs. 2016**

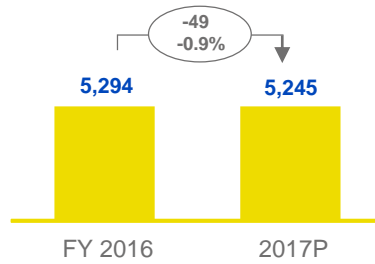
1. 2017 non recurring items: capital gains investment portfolio (-532m), capital gain Mastercard stake disposal (-91m), early retirements incentives (+499m), real estate funds provisions (+113m) and write-offs of Alitalia stake (+82m, no impact on EBIT); tax effect on one-offs equal to -37m.  
2016 non recurring items: capital gains from investment portfolio (-467m), capital gain on VISA stake disposal (-121m) early retirements incentives (+509m), real estate funds provisions (+68m), one-off revenues from USO (-108m); tax effect on one-offs equal to +6m.

# PRELIMINARY RESULTS 2017: SEGMENTS HIGHLIGHTS

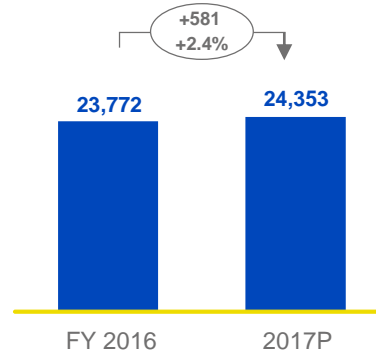
(€m)

MARKET REVENUES

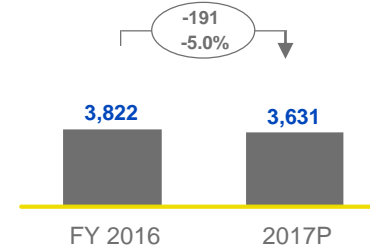
## FINANCIAL SERVICES



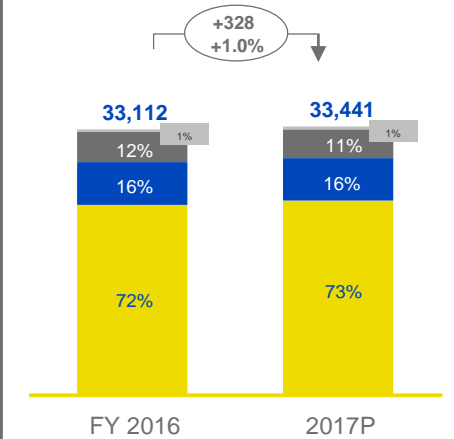
## INSURANCE & ASSET MANAGEMENT



## MAIL & PARCELS

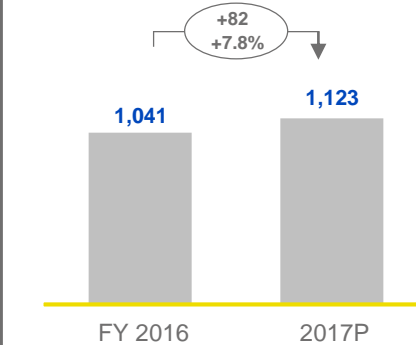
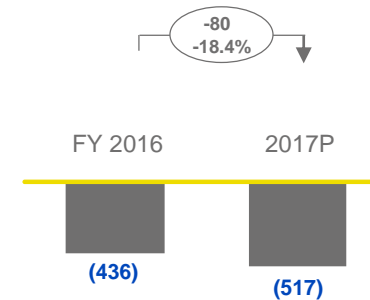
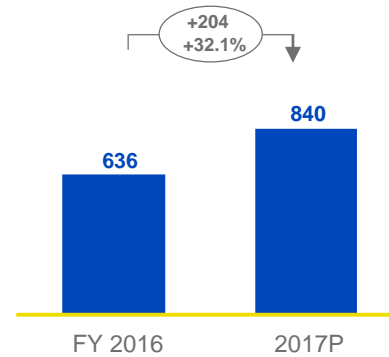
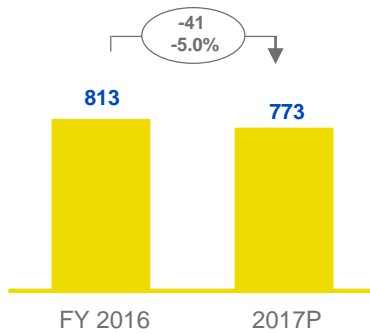


## POSTE ITALIANE GROUP



■ Insurance & AM ■ Financial Services  
■ Mail & Parcels ■ Other

EBIT

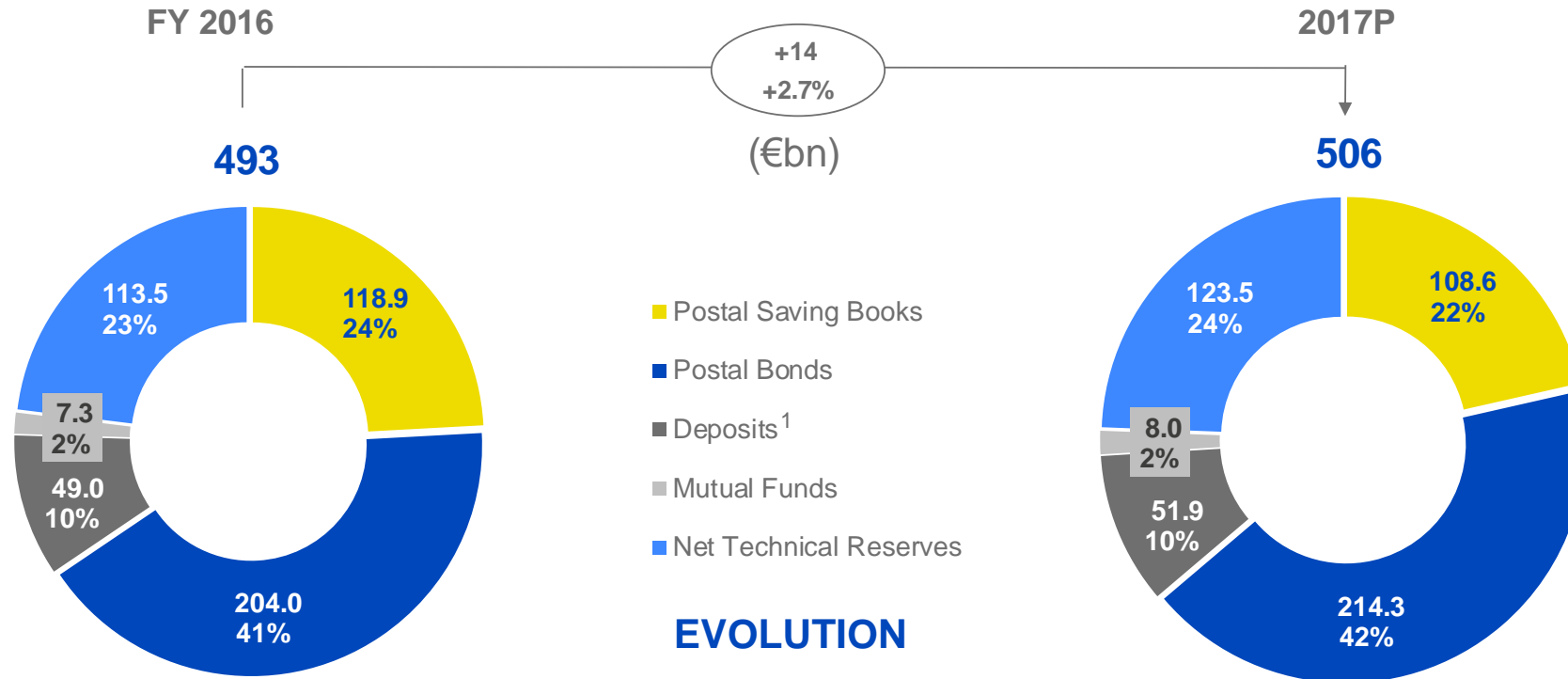


**Strong performance of Insurance business**

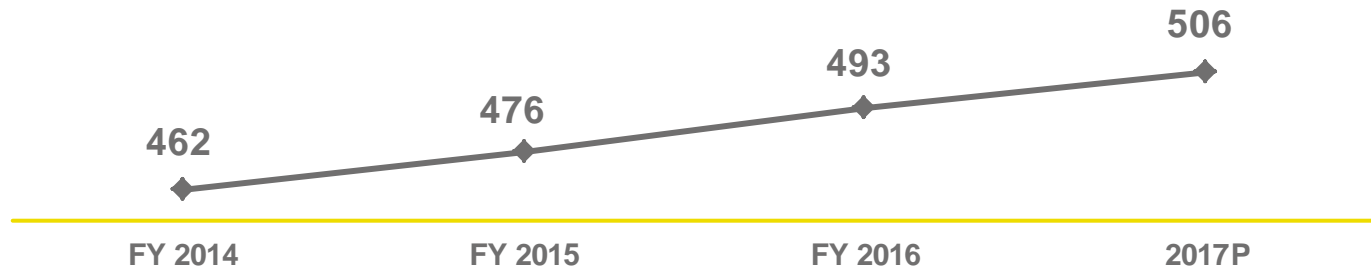
**Mail and parcels impacted by 108 €m one-off revenue in 4Q 2016 and 23 €m one-off cost in 4Q2017**

# TOTAL FINANCIAL ASSETS

## BREAKDOWN



## EVOLUTION



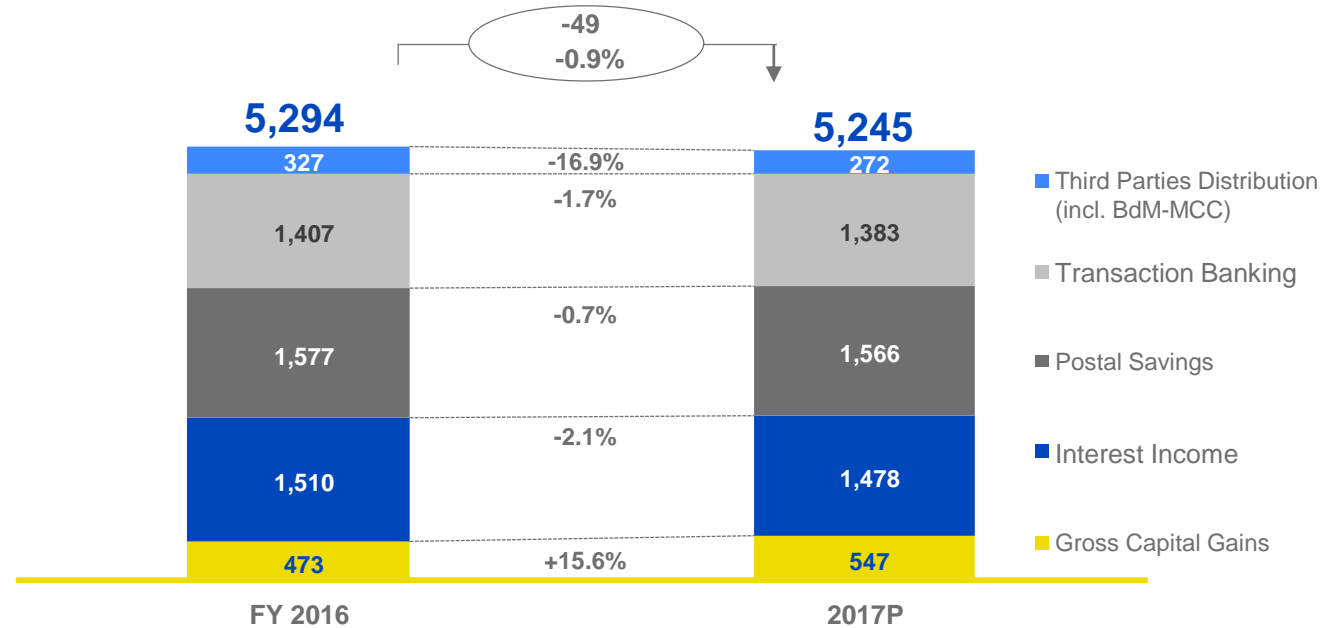
1. Deposits do not include Repo and Poste Italiane liquidity

# FOCUS ON FINANCIAL SERVICES

## OVERVIEW OF MARKET REVENUES

(€m)

### REVENUES EVOLUTION



2016 embedding higher revenues from BdM-MCC for 54€m (stake disposed of in 2017)

BancoPosta has no credit risk typical of the banking sector

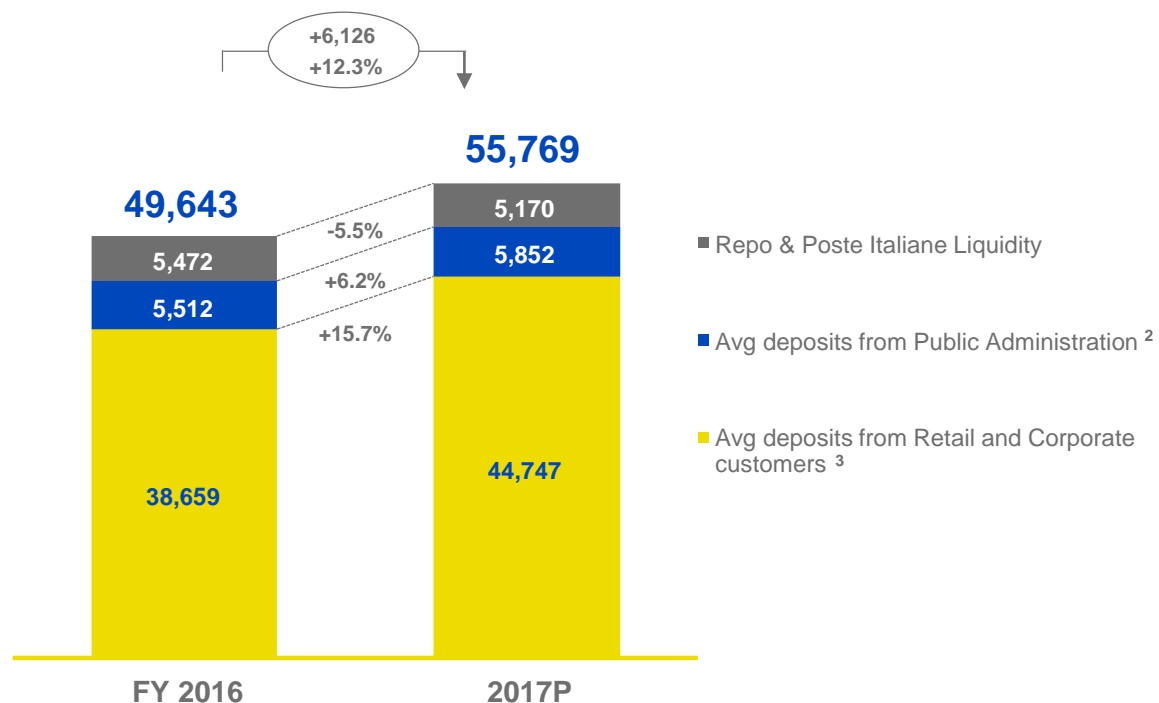
Capital Light and Fee based Business Model

# FOCUS ON FINANCIAL SERVICES

## CURRENT ACCOUNTS

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

(€m)



# of current accounts from Public Administration

57 K

56 K

# of current accounts from Retail & Corporate

6.3 M

6.3 M

- Including current accounts, time deposits and repurchase agreements
- Entirely invested in floating rate deposits c/o MEF
- Entirely invested in Italian Government bonds
- It only refers to Incomes
- Average yield calculated as interest income and realized capital gains on total average financial assets

### ACTIVE PORTFOLIO MANAGEMENT

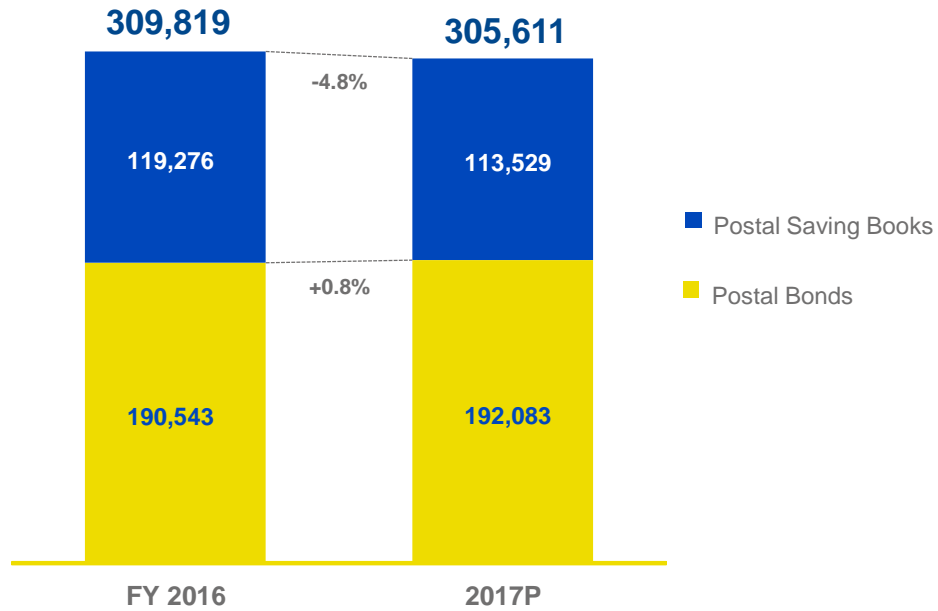
	FY 2016	2017P	Var.	Var. %
Interests Income	1,510	1,478	-32	-2.1%
Gross Capital Gains <sup>4</sup>	473	547	+74	+15.6%
<b>Total</b>	<b>1.983</b>	<b>2.025</b>	<b>+41</b>	<b>+2.1%</b>
Average return (%) <sup>5</sup>	4.0%	3.6%	-36 bps	
Average return without Capital gains (%)	3.1%	2.7%	-40 bps	
Unrealized gains	2,881	1,615	-1,267	-44.0%
Portfolio duration (years)	5.5	5.2	-0.3	-5.4%

# FOCUS ON FINANCIAL SERVICES

## POSTAL SAVINGS

### AVERAGE POSTAL SAVINGS DEPOSITS

(€m)



# of Postal Savings Books

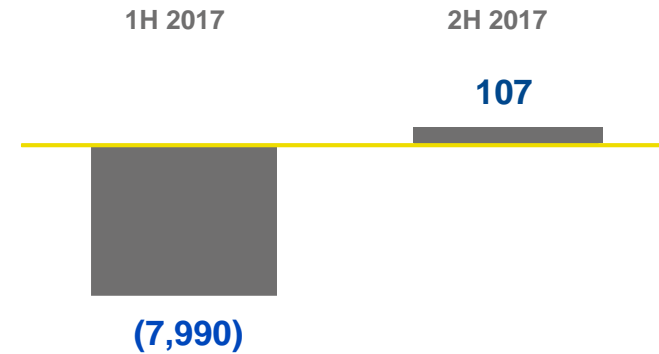
30.3 M

30.3 M

### FEES FROM POSTAL SAVINGS COLLECTION

	FY 2016	2017P	Var.	Var. %
<b>Fees</b>	1,577	1,566	-11	-0.7%

### POSTAL SAVINGS NET INFLOWS



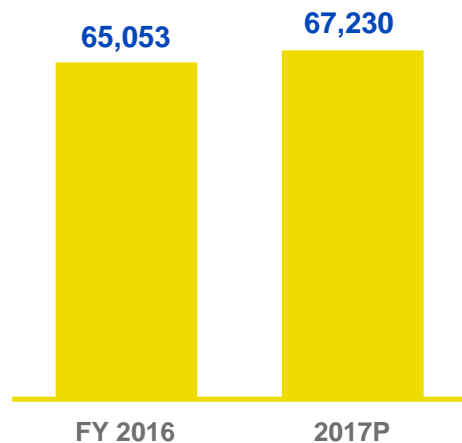
**New Agreement with CDP to boost Postal Savings Fees in 2018**

# FOCUS ON FINANCIAL SERVICES

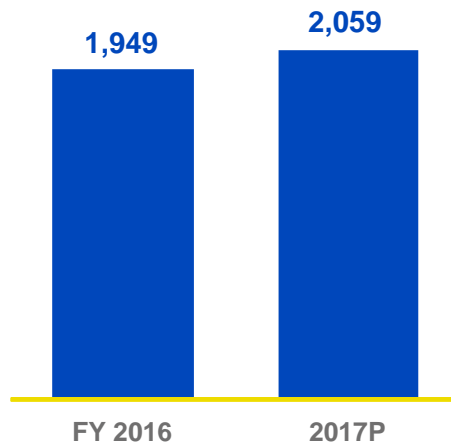
## BANCOPOSTA REGULATORY FRAMEWORK AND CAPITAL POSITION

(€m)

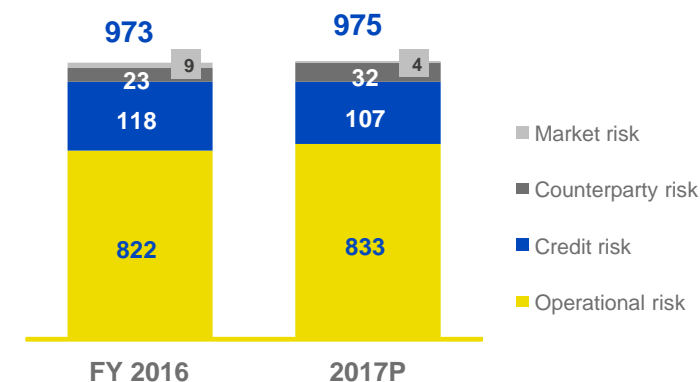
### TOTAL ASSETS



### CET1 Capital



### CAPITAL REQUIREMENT



RWA 12,162 12,191

Capital increase	0	110
Leverage ratio (%)	3.0%	3.1%
CET1 ratio <sup>1</sup> (%)	16.0%	16.9%
ROE <sup>2</sup>	29.2%	28.4%

1. 10.50% Min. CET1 ratio required to distribute earnings (transitionally reduced to 9.25% in 2017)

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



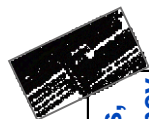
# FOCUS ON FINANCIAL SERVICES

## TRANSACTION BANKING - REVENUES

(€m)



Cards &  
Acquiring



Payments,  
Bank & Money  
Transfer



Other  
Banking  
Services

	FY 2016	2017P	Var.	Var. %
Cards	223	269	+46.9	+21.1%
Acquiring	4	5	+1.7	+45.2%
VISA/Mastercard Capital Gains	121	91	-29.6	-24.5%
<b>Subtotal</b>	<b>347</b>	<b>366</b>	<b>+19.0</b>	<b>5.5%</b>
Payment Slips	619	572	-46.1	-7.5%
Bank & Money Transfer	75	75	-0.5	-0.6%
<b>Subtotal</b>	<b>694</b>	<b>647</b>	<b>-46.6</b>	<b>-6.7%</b>
Current Accounts fees	210	212	+1.9	+0.9%
Other Revenues	156	157	+1.4	+0.9%
<b>Subtotal</b>	<b>366</b>	<b>369</b>	<b>+3.3</b>	<b>0.9%</b>
<b>Total</b>	<b>1,407</b>	<b>1,383</b>	<b>-24.4</b>	<b>-1.7%</b>

# FOCUS ON FINANCIAL SERVICES

## TRANSACTION BANKING - VOLUMES



Cards & Acquiring



Payments,  
Bank & Money  
Transfer

			FY 2016	2017P	Var.	Var. %
<b>Pre-Paid cards</b>	# of cards	(m)	16.1	17.7	+1.6	+9.7%
	Transaction Value	(€m)	8,095	10,164	+2,068	+25.6%
<b>Debit Cards</b>	# of cards	(m)	7.0	7.1	+0.1	+1.5%
	Transaction Value	(€m)	11,457	12,643	+1,185	+10.3%
<b>Credit Cards</b>	# of cards	(m)	0.40	0.40	n.m.	+1.3%
	Transaction Value	(€m)	1,045	1,073	+28	+2.7%
<b>Acquiring</b>	# POS <sup>1</sup>	(m)	0.10	0.09	n.m.	-3.1%
	Transaction Value <sup>1</sup>	(€m)	11,800	12,650	+850.0	+7.2%
<b>Payments Slips</b>	# of payments <sup>2</sup>	(m)	404.6	387.7	-16.9	-4.2%
<b>Bank &amp; Money Transfer</b>	# of transactions	(m)	19.1	20.1	+1.0	+5.0%

**Strong growth in electronic payments replacing traditional payment systems**

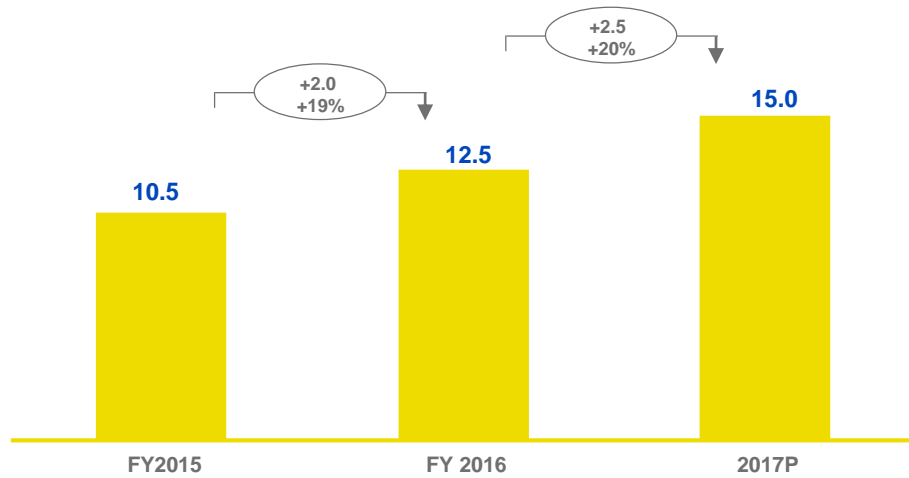
1. Including POS and transaction value from Postal Offices

2. Including F23/F24

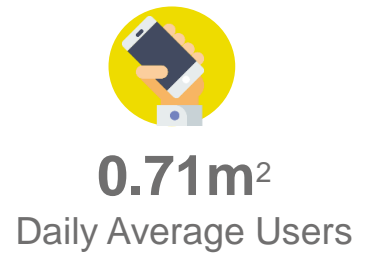
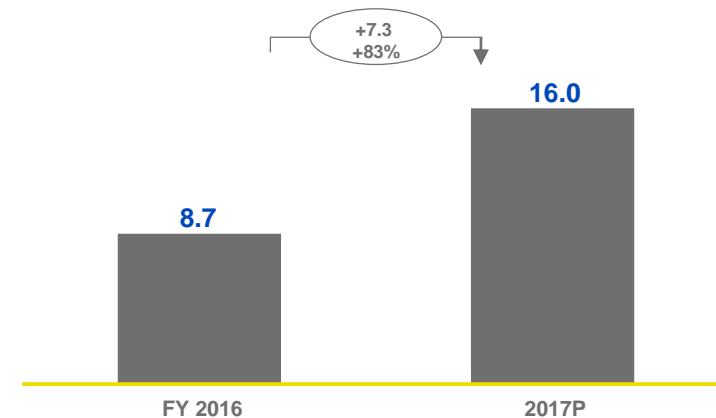
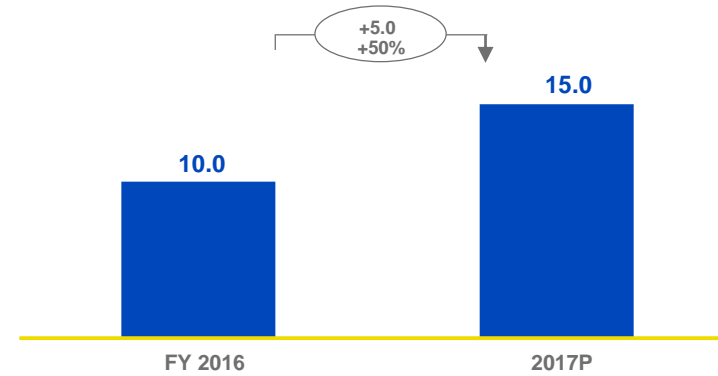
# FOCUS ON FINANCIAL SERVICES

## TRANSACTION BANKING DIGITALIZATION PROGRESS

### WEB - POSTE.IT



### MOBILE APPs



1. Registration includes both web and Apps

2. Related to 4Q 2017

# FOCUS ON INSURANCE & ASSET MANAGEMENT

## KEY METRICS

(€m)	FY 2016	2017P	Var.	Var. %
Subscription fees	402	397	-4.9	-1.2%
Management fees	757	942	+184.8	+24.4%
<b>Life</b>	<b>1,159</b>	<b>1,339</b>	<b>+179.8</b>	<b>+15.5%</b>
Subscription fees	23	25	+2.2	+9.6%
Management fees	26	53	+27.1	+104.4%
Other Incomes	57	-2	-58.7	n. m.
<b>Private Pension Plan</b>	<b>106</b>	<b>76</b>	<b>-29.3</b>	<b>-27.7%</b>
Technical Margin <sup>1</sup>	63	78	+14.6	+23.2%
<b>P&amp;C</b>	<b>63</b>	<b>78</b>	<b>+14.6</b>	<b>+23.2%</b>
Subscription fees	4	12	+7.6	+183.0%
Management fees	56	73	+17.8	+31.9%
<b>ASSET MANAGEMENT</b>	<b>60</b>	<b>85</b>	<b>+25.4</b>	<b>+42.4%</b>
Acquisition costs	495	523	+28.1	+5.7%
Labour cost	36	38	+1.9	+5.3%
Operating costs	83	85	+1.7	+2.0%
Other costs (mainly evaluation of liabilities)	138	93	-45.3	-32.9%
<b>TOTAL COSTS</b>	<b>752</b>	<b>738</b>	<b>-13.7</b>	<b>-1.8%</b>
<b>EBIT Insurance &amp; AM Services</b>	<b>636</b>	<b>840</b>	<b>+204.2</b>	<b>+32.1%</b>

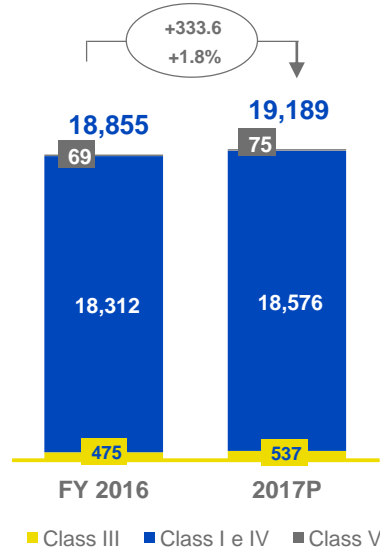
1. Includes EBIT from Poste Welfare Servizi

# FOCUS ON INSURANCE & ASSET MANAGEMENT

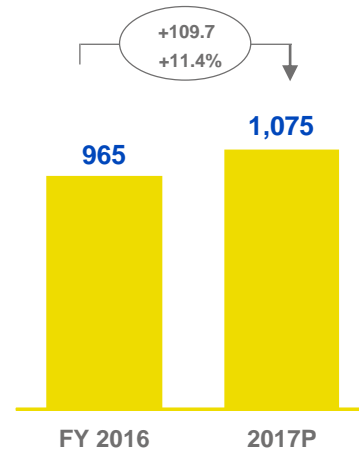
## GROUP GROSS WRITTEN PREMIUM

(€m)

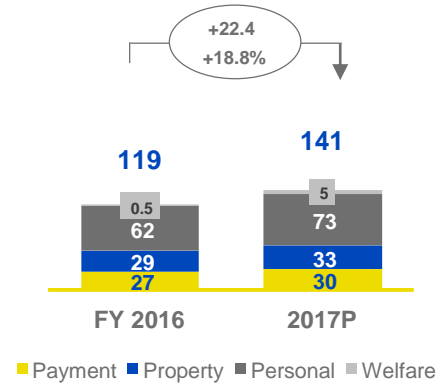
### LIFE



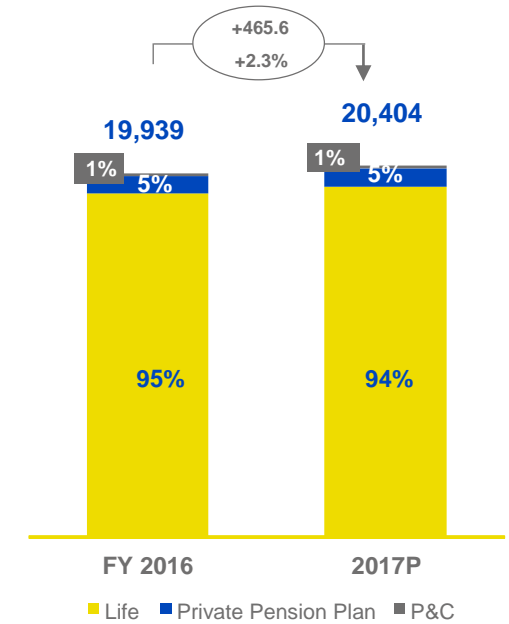
### PRIVATE PENSION PLAN



### P&C



### TOTAL



Var.

Customer base 3,490 K 3,633 K 143 K

Var.

Customer base 874 K 940 K 66 K

Var.

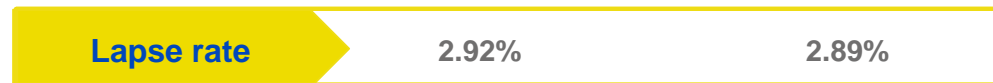
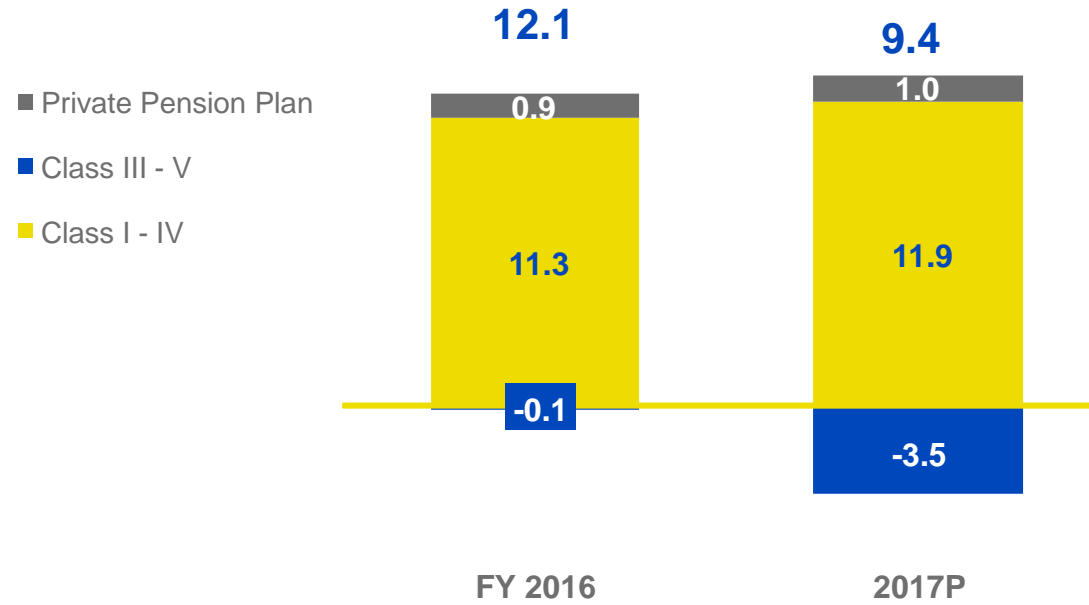
Customer base 932 K 993 K 61 K

Combined Ratio 76.2% 56.4%

# FOCUS ON INSURANCE & ASSET MANAGEMENT

## LIFE PREMIUMS NET INFLOWS

(€bn)

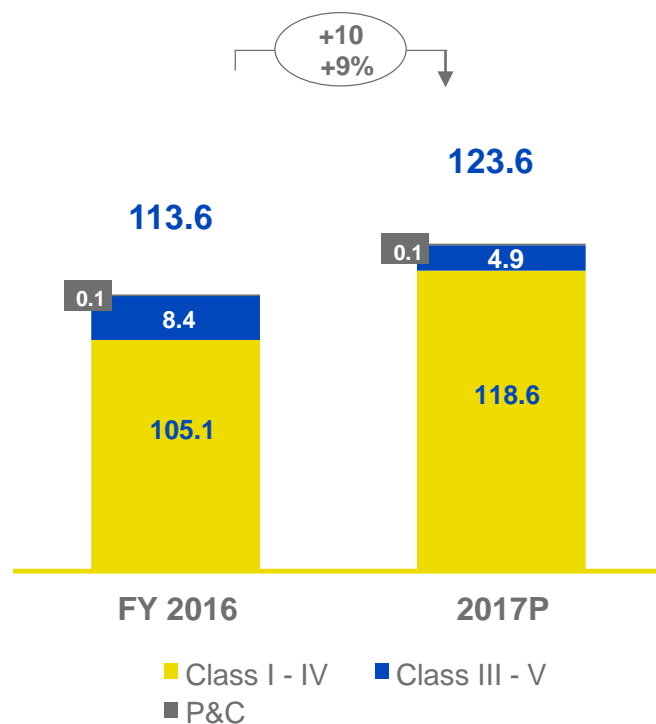


**Solid net inflows of Class I insurance mitigating maturities of Class III policies**

# FOCUS ON INSURANCE & ASSET MANAGEMENT

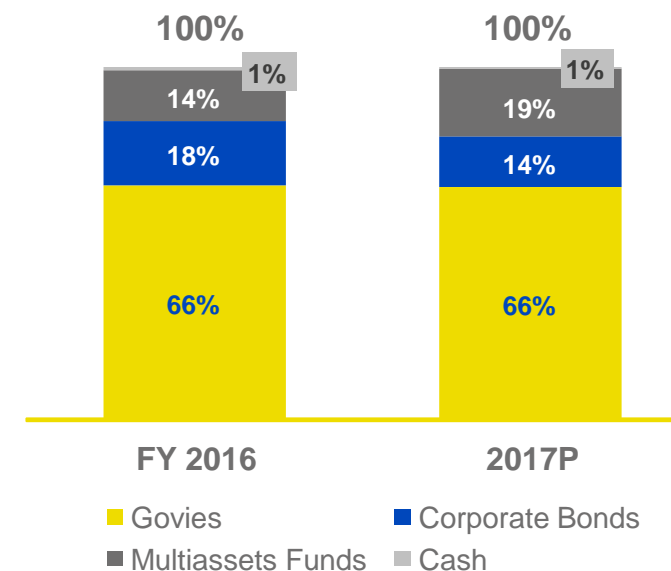
## TECHNICAL RESERVES EVOLUTION

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



### INVESTMENT PORTFOLIO BREAKDOWN

	FY 2016	2017P
Unrealized Gains (€m)	9,281	8,225
Average minimum guaranteed return (Class I)	1.00%	0.88%
Life return	3.03%	3.03%
Private pension plans return	4.04%	3.53%



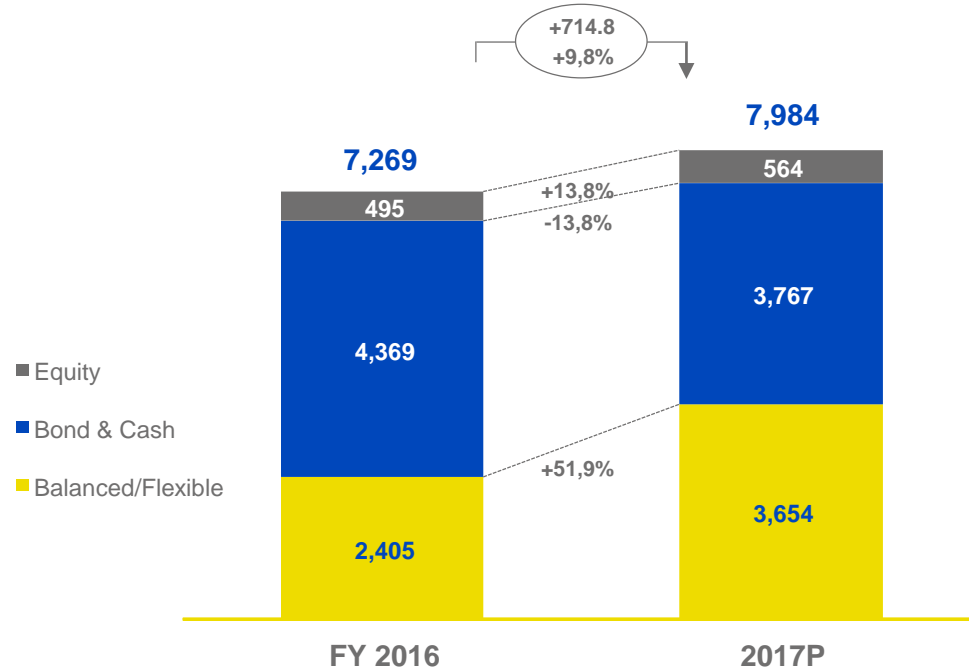
1. Including non-life technical reserves and net of re-insurance reserves

# FOCUS ON INSURANCE & ASSET MANAGEMENT

## ASSET MANAGEMENT

(€m)

### ASSET UNDER MANAGEMENT



Agreement with Anima supporting wealth management strategy of Poste Italiane

Mifid II fully implemented across the network

			Var.
Customer base	545 K	665 K	120 K

Continued Growth in Asset Management thanks to Equity and Balanced products

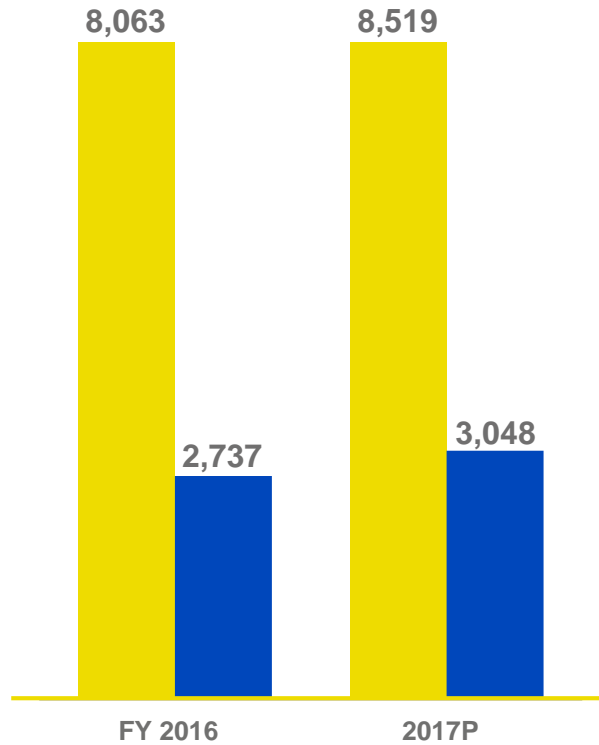


# FOCUS ON INSURANCE & ASSET MANAGEMENT

## STRONG SOLVENCY RATIO

(€m)

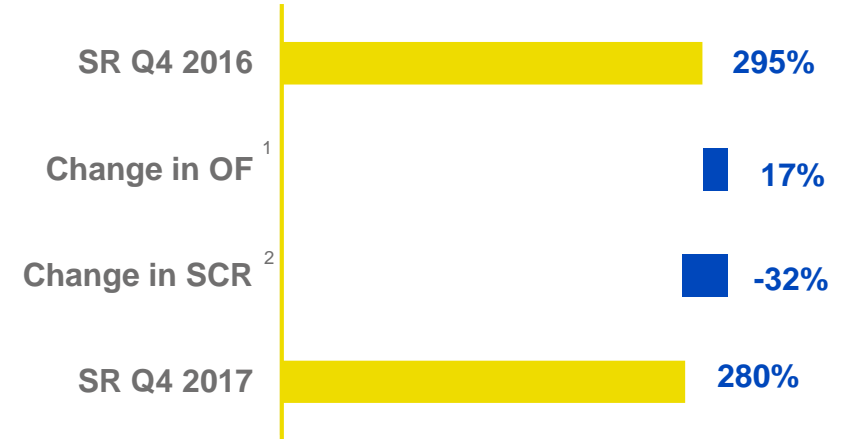
### SOLVENCY RATIO



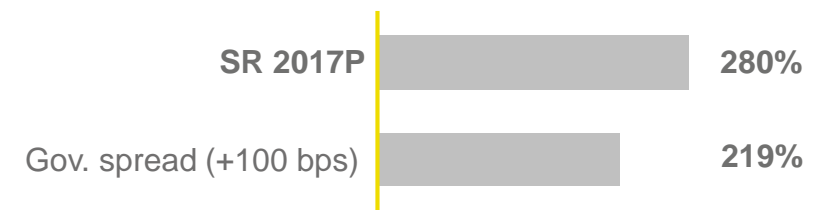
SR: 295%      280%

Own Funds  
Solvency Capital Requirement

### SOLVENCY RATIO EVOLUTION



### SENSITIVITIES



NB: Figures refer to Poste Vita SpA

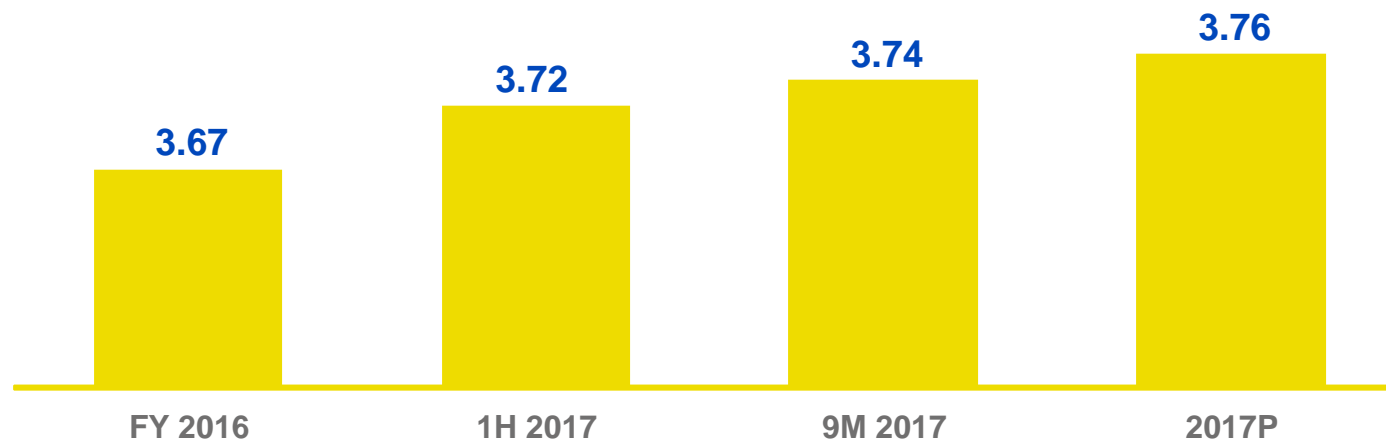
1. Own Funds

2. Solvency Capital Requirement

# FOCUS ON CUSTOMERS BASE

## RETAIL CUSTOMERS CROSS-SELLING

### AVERAGE NUMBER OF PRODUCTS HELD BY RETAIL CUSTOMERS



#### Products included:

- Financial Services
- Insurance Services
- Asset Management

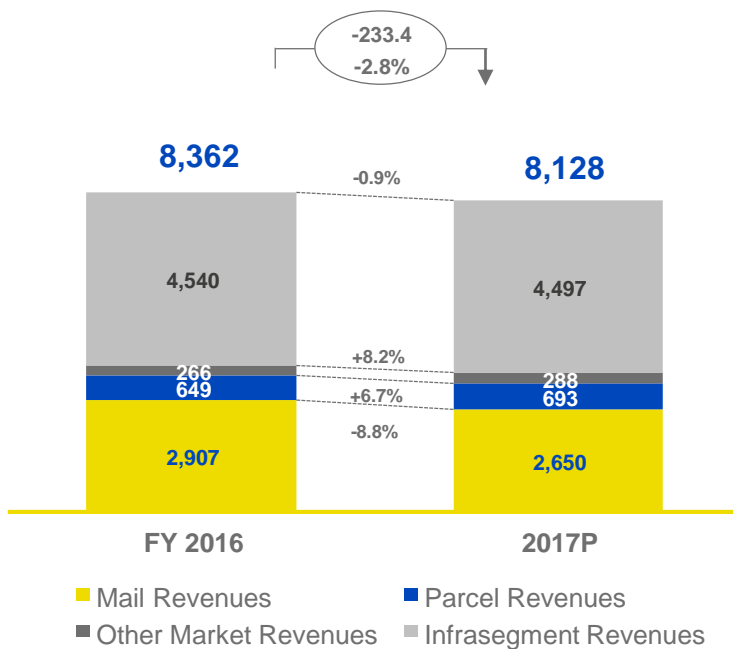
Steady increase of cross-selling overtime

# FOCUS ON MAIL & PARCELS

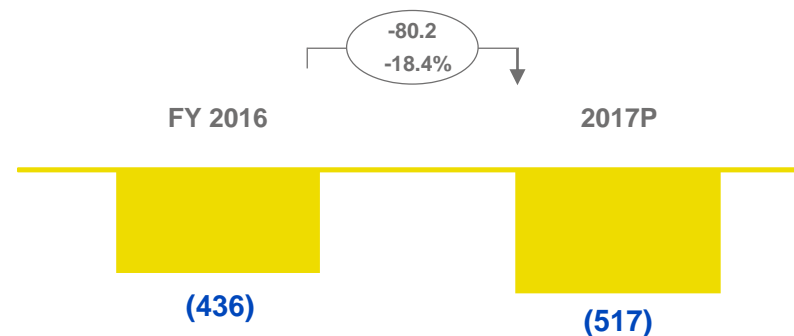
## TOTAL REVENUES & EBIT

(€m)

### REVENUES



### EBIT



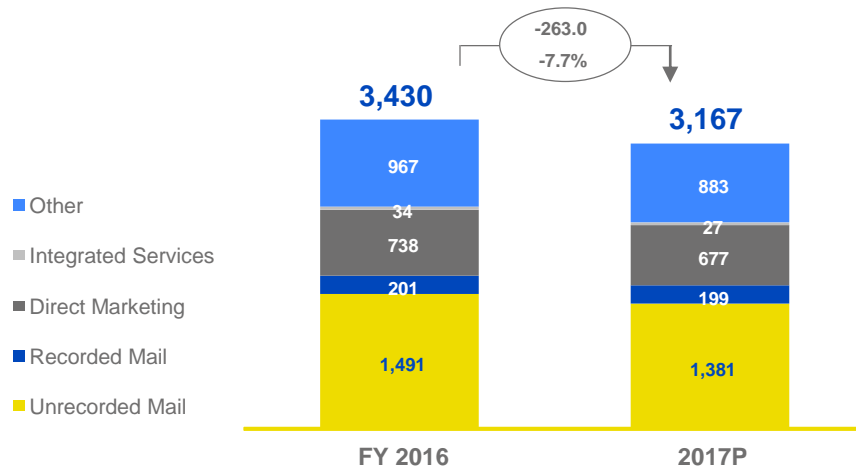
**Parcel business growth mitigating mail decline**

**Operating Profit improving by net of one-off revenue in FY 2016 (108 €m for USO) and one-off cost in 2017 (23 €m fine)**

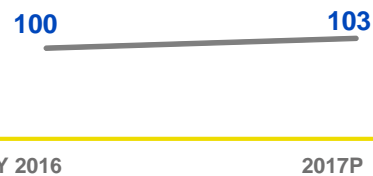
# FOCUS ON MAIL & PARCELS

## VOLUMES AND MARKET PRICE

### VOLUMES – MAIL (m)<sup>1</sup>

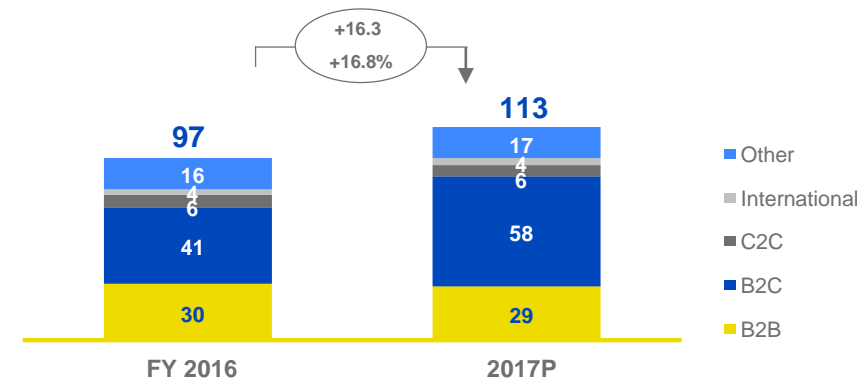


### AVERAGE PRICE INDEX – MAIL

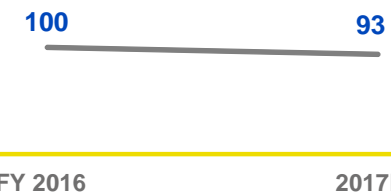


Volumes decline in mail mitigated by repricing

### VOLUMES – PARCELS (m)



### AVERAGE PRICE INDEX – PARCELS



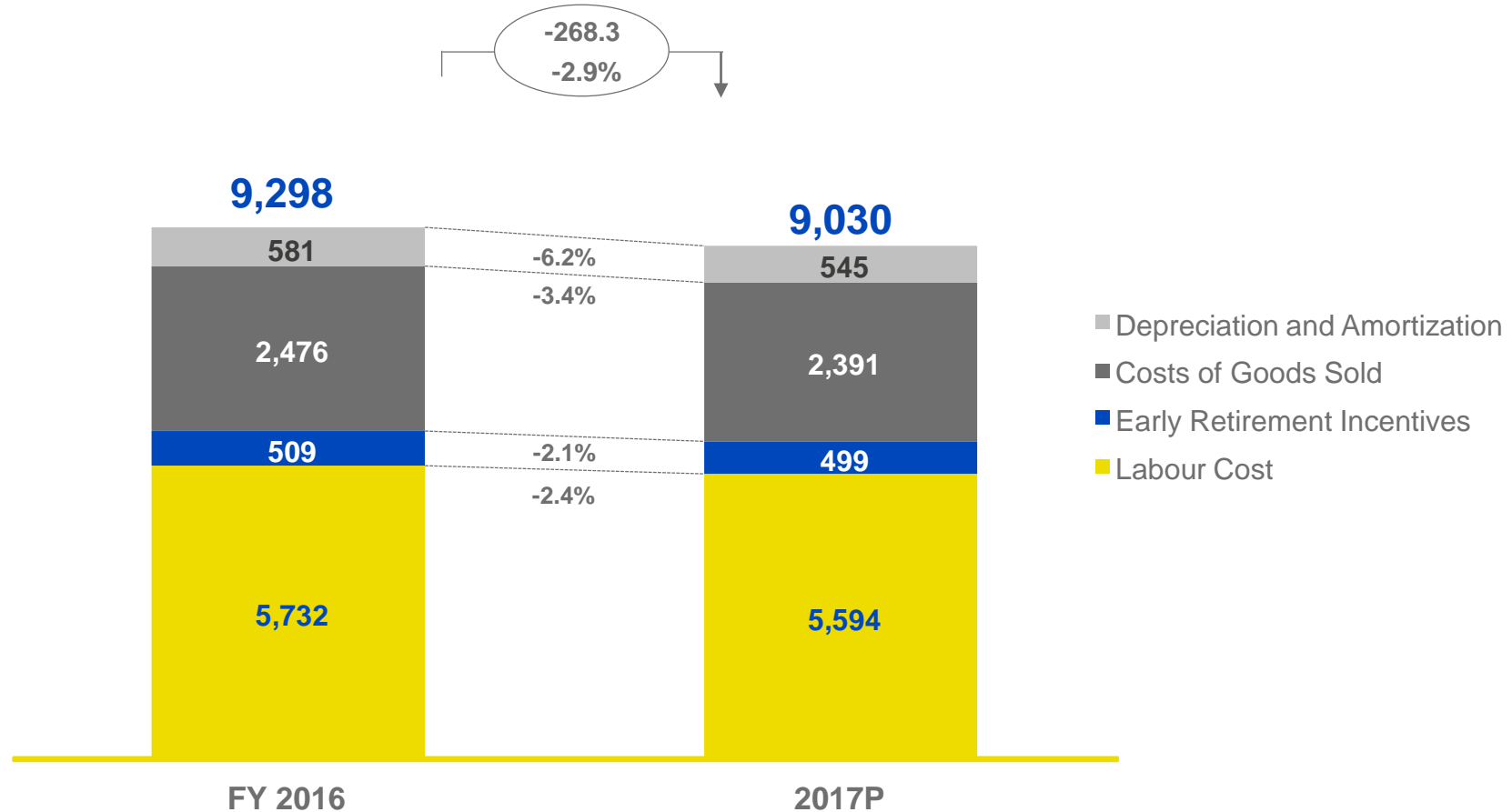
One out of three ecommerce parcels is delivered by Poste Italiane

Steady increase in parcel volumes and different mix of prices delivering a successful strategy

1. Net of Unaddressed Mail Volumes in 2016

# TOTAL GROUP OPERATING COSTS

(€m)

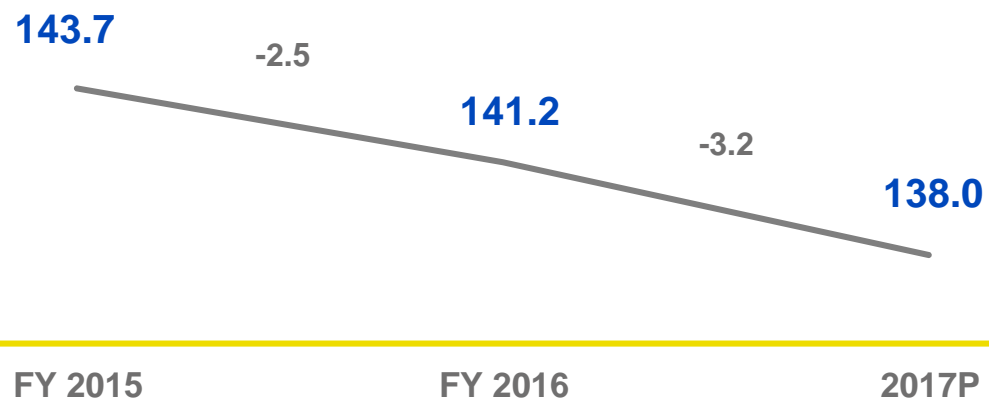


**Strong discipline in cost management**

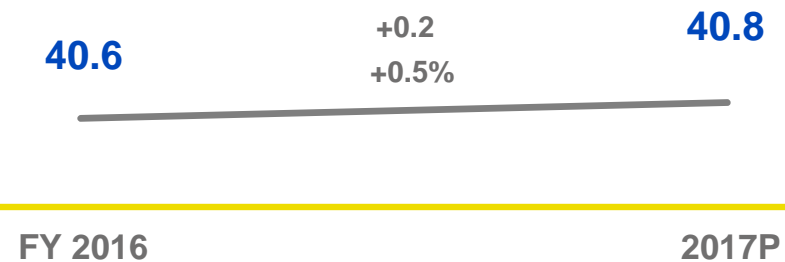
# TOTAL GROUP OPERATING COSTS

## FOCUS ON LABOUR COSTS

### AVERAGE FTE (K)



### LABOUR COSTS / FTE (€K)

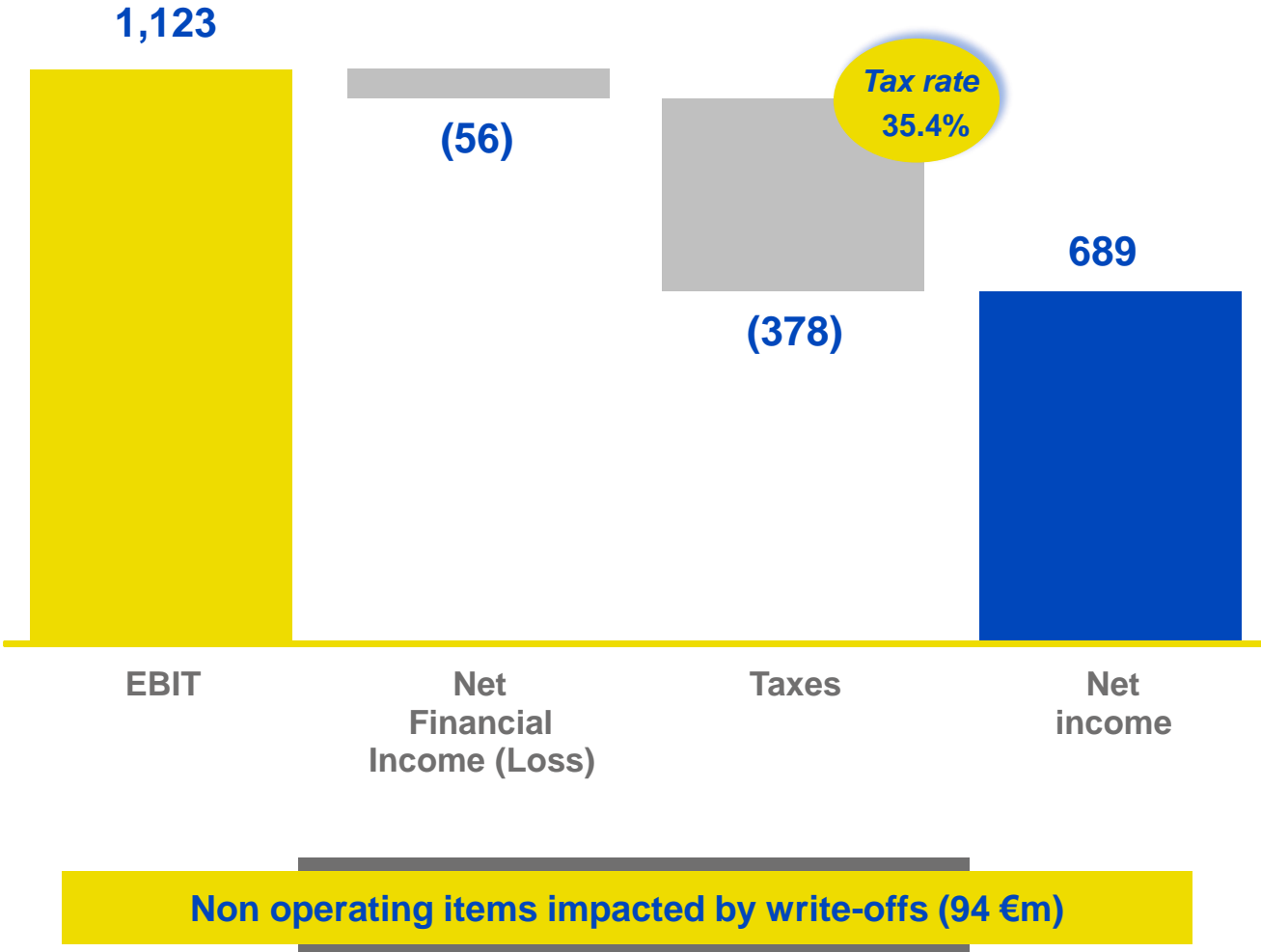


Successful track record to reduce FTE

# FROM GROUP EBIT TO NET INCOME

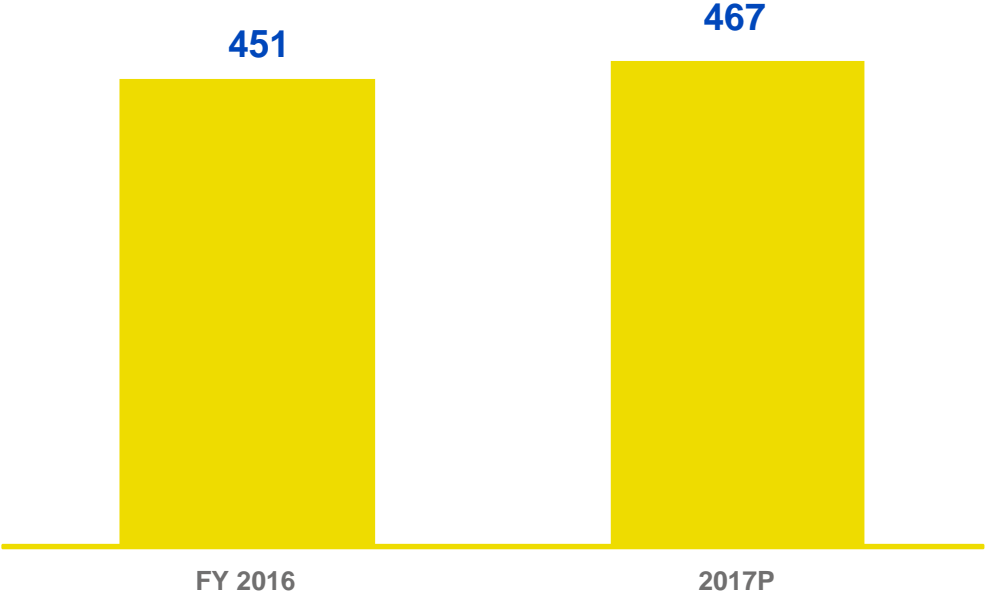
2017P

(€m)

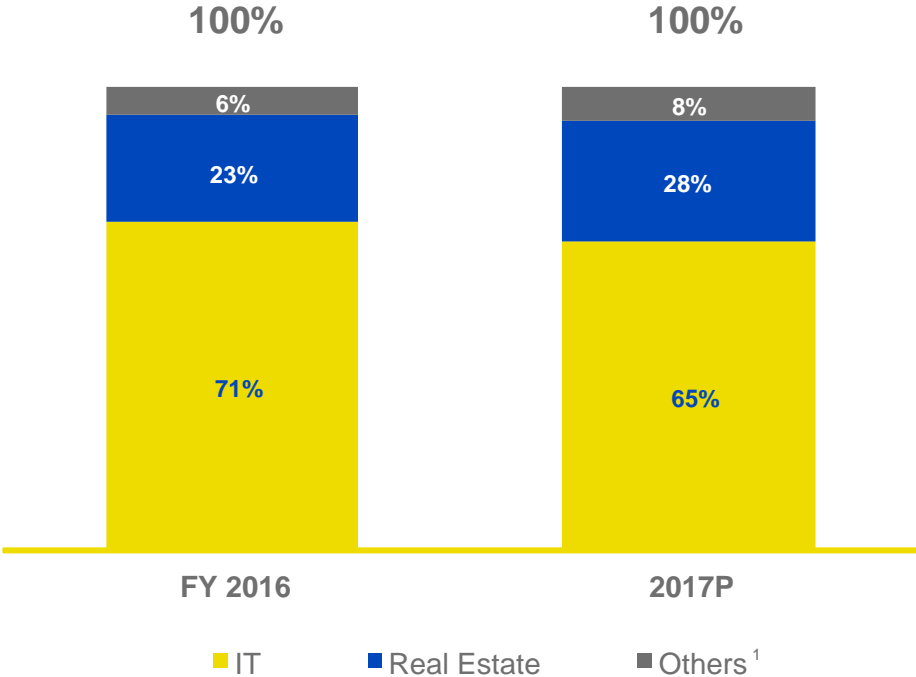


# GROUP CAPITAL EXPENDITURES

### CAPEX EVOLUTION (€m)



### CAPEX BREAKDOWN BY CATEGORY (%)



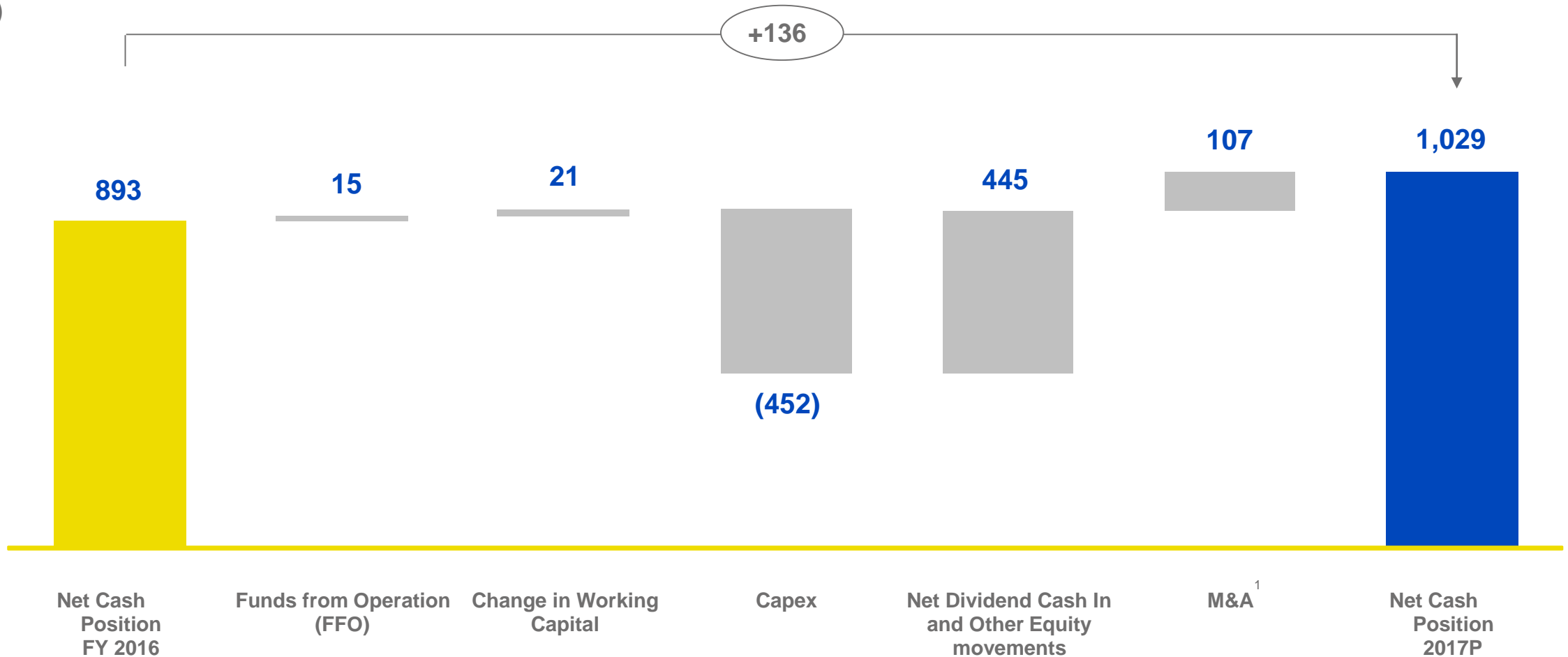
**Increased capex to support business transformation**

1. Other includes infrastructure to support delivery and logistics integration



# INDUSTRIAL NET CASH POSITION

(€m)



**Sound Net Financial position**

1. Cash in for disposal of Bdm-MCC and cash out for acquisition of participation in SIA



# NEW SEGMENTS HIGHLIGHTS

---

# PERIMETER CHANGES AHEAD OF CMD

## CURRENT REVENUES SPLIT

1

### Financial Services

- Transaction Banking
- Current Accounts
- Postal Savings
- Third Parties Distribution Products

2

### Insurance & Asset Management

- Life
- Private Pension Plan
- P&C
- Asset Management

3

### Mail & Parcels

- Mail Services
- Parcels Services
- Other Services
- Distribution & Captive Services

4

### Other Services

- Telecommunication Services

## NEW REVENUES SPLIT

- Current Accounts
- Postal Saving
- Asset Management
- Third Parties Distribution Products

### Financial Services

1

- Life
- Private Pension Plan
- P&C

### Insurance Services

2

- Mail Services
- Parcels Services
- Other Services
- Distribution & Captive Services

### Mail, Parcels & Distributions

3

- Telecommunication Services
- Cards & Acquiring Services
- Money Transfer & Payments

### Payments, Mobile & Digital

4

# PERIMETER CHANGES AHEAD OF CMD

## INSURANCE PREMIUMS TO BE PRESENTED ON A NET BASIS

(€bn)

### CURRENT REPORTING RULES

2017P

### NEW REPORTING RULES

#### Revenues

Gross Written Premiums 20.35

Other Financial and Insurance Incomes 3.92

**24.27**

#### Costs

Net Change in Technical Reserves 22.34

Other Expenses 0.48

**22.81**



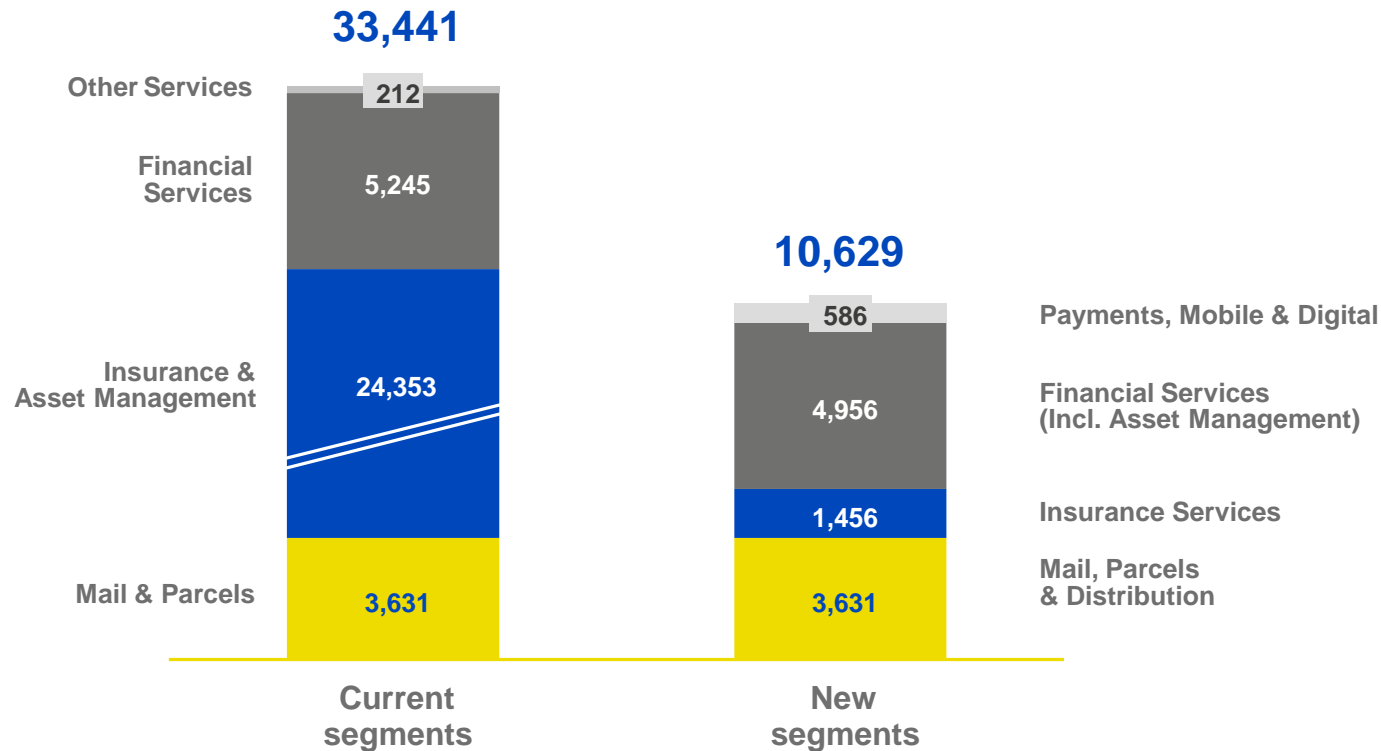
Premiums and Financial Income,  
net of Technical Reserves and  
Other Expenses **1.46**

# POSTE ITALIANE SEGMENT REORGANIZATION

## NEW SEGMENT REPORTING: REVENUES BREAKDOWN

(€m)

### REVENUES BREAKDOWN (year 2017)



### KEY HIGHLIGHTS

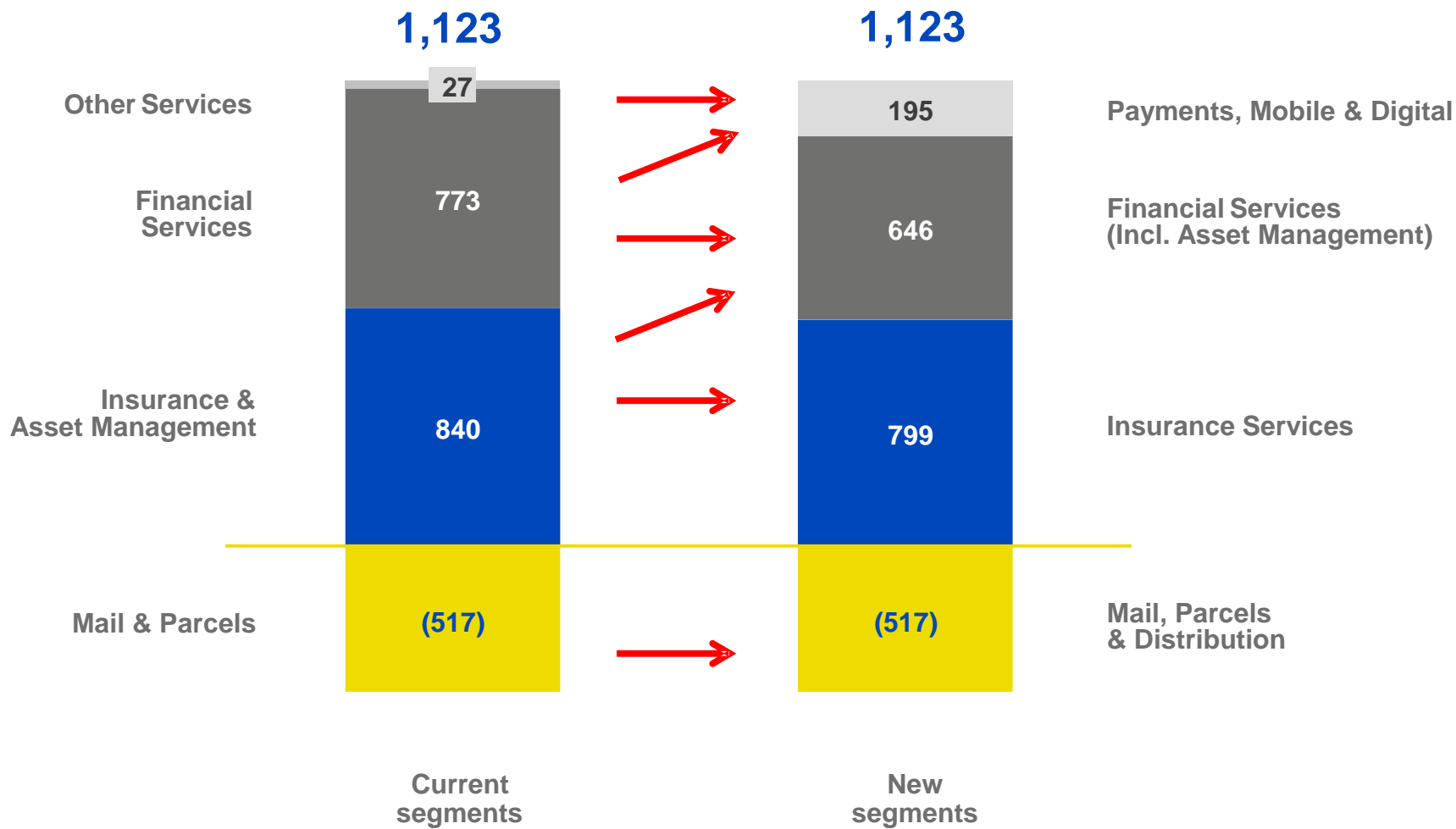
- **Financial Services:**
  - Includes **Asset Management**, previously reported within the Insurance Services
  - Spin-off of asset now included within **Payments, Mobile and Digital** segment
- **Insurance Service reported** net of changes in Technical Reserves
- New Segment **Payments, Mobile & Digital**
- **Mail, Parcels & Distribution:** unchanged

# POSTE ITALIANE SEGMENT REORGANIZATION

## NEW SEGMENT REPORTING: EBIT BREAKDOWN

(€m)

2017P



## OUR FOCUS NOW



**2017 IS THE BASELINE FOR OUR STRATEGIC VISION GOING FORWARD**



**DELIVERY ALREADY STARTED: CDP, ANIMA, UNIONS AGREEMENTS AND ONGOING RESTRUCTURING OF MAIL & PARCELS**



**CUSTOMER DELIVERY 2.2 TO BE PRESENTED 27 FEBRUARY IN MILAN**





# APPENDIX

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# GROUP PROFIT & LOSS STATEMENT

€m	FY 2016	2017P	Var.	Var.%
Revenue from sales and services	8,743	8,463	(280)	(3.2%)
Insurance premium revenue	19,884	20,343	459	2.3%
Other income from financial and insurance activities	4,421	4,560	139	3.1%
Other operating income	64	75	10	16.0%
<b>Sales</b>	<b>33,112</b>	<b>33,441</b>	<b>328</b>	<b>1.0%</b>
Personnel costs	(6,241)	(6,093)	148	2.4%
Other operating expenses	(3,292)	(3,345)	(54)	(1.6%)
Net change in technical provisions for insurance business and other claims expenses	(21,958)	(22,335)	(377)	(1.7%)
Depreciation & amortization	(581)	(545)	36	6.2%
<b>EBIT</b>	<b>1,041</b>	<b>1,123</b>	<b>82</b>	<b>7.8%</b>
Net interest income / (Expense)	15	(56)	(70)	(462.5%)
<b>Profit before tax</b>	<b>1,056</b>	<b>1,067</b>	<b>11</b>	<b>1.1%</b>
Tax	(434)	(378)	56	12.9%
<b>Net income</b>	<b>622</b>	<b>689</b>	<b>67</b>	<b>10.8%</b>

# FINANCIAL SERVICES

## PROFIT & LOSS

€m	FY 2016	2017P	Var.	Var.%
Total revenues	5,837	5,810	(27)	(0.5%)
o/w Market revenues	5,294	5,246	(49)	(0.9%)
o/w Intercompany revenues	543	565	22	4.0%
Personnel costs	(126)	(109)	17	13.3%
Other operating expenses	(4,896)	(4,927)	(30)	(0.6%)
<b>EBITDA</b>	<b>815</b>	<b>773</b>	<b>(41)</b>	<b>(5.0%)</b>
<i>EBITDA margin</i>	14.0%	13.3%	-0.6%	
Depreciation and amortisation	(1)	(1)	(0.3)	(106.6%)
<b>EBIT</b>	<b>813</b>	<b>773</b>	<b>(41)</b>	<b>(5.0%)</b>
<i>EBIT margin</i>	13.9%	13.3%		
<i>Net interest income / (Expense)</i>	(7)	1	8	111.4%
<b>PROFIT BEFORE TAX</b>	<b>806</b>	<b>773</b>	<b>(33)</b>	<b>(4.0%)</b>
<i>Tax</i>	(246)	(188)	58	23.7%
<b>NET INCOME</b>	<b>560</b>	<b>586</b>	<b>26</b>	<b>4.6%</b>

# INSURANCE AND ASSET MANAGEMENT

## PROFIT & LOSS

€m	FY 2016	2017P	Var.	Var.%
Total revenues	23,773	24,354	581	2.4%
o/w Market revenues	23,772	24,353	581	2.4%
o/w Intercompany revenues	1	1	0	13.5%
Personnel costs	(39)	(41)	(2)	(5.4%)
Other operating expenses	(23,084)	(23,455)	(371)	(1.6%)
<b>EBITDA</b>	<b>650</b>	<b>857</b>	<b>207</b>	<b>31.9%</b>
<i>EBITDA margin</i>	2.7%	3.5%	0.8%	
Depreciation and amortisation	(14)	(17)	(3)	(23.0%)
<b>EBIT</b>	<b>636</b>	<b>840</b>	<b>204</b>	<b>32.1%</b>
<i>EBIT margin</i>	2.7%	3.4%		
<i>Net interest income / (Expense)</i>	49	57	7	14.9%
<b>PROFIT BEFORE TAX</b>	<b>685</b>	<b>896</b>	<b>211</b>	<b>30.9%</b>
<i>Tax</i>	(262)	(311)	(49)	(18.6%)
<b>NET INCOME</b>	<b>423</b>	<b>586</b>	<b>163</b>	<b>38.5%</b>

# MAIL & PARCELS

## PROFIT & LOSS

€m	FY 2016	2017P	Var.	Var.%
Total revenues	8,362	8,129	(233)	(2.8%)
o/w Market revenues	3,822	3,632	(190)	(5.0%)
o/w Intercompany revenues	4,540	4,497	(43)	(0.9%)
Personnel costs	(6,059)	(5,928)	131	2.2%
Other operating expenses	(2,204)	(2,213)	(10)	(0.5%)
<b>EBITDA</b>	<b>99</b>	<b>(12)</b>	<b>(112)</b>	<b>(112.0%)</b>
<i>EBITDA margin</i>	1.2%	-0.1%	-1.3%	
Depreciation and amortisation	(536)	(505)	31	5.8%
<b>EBIT</b>	<b>(436)</b>	<b>(517)</b>	<b>(81)</b>	<b>(18.5%)</b>
<i>EBIT margin</i>	-5.2%	-6.4%		
<i>Net interest income / (Expenses)</i>	(26)	(112)	(86)	(330.4%)
<b>PROFIT BEFORE TAX</b>	<b>(462)</b>	<b>(629)</b>	<b>(167)</b>	<b>(36.1%)</b>
<i>Tax</i>	83	127	44	52.8%
<b>NET INCOME</b>	<b>(379)</b>	<b>(502)</b>	<b>(123)</b>	<b>(32.4%)</b>

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