

# POSTE ITALIANE

# 2Q 2018 FINANCIAL RESULTS

Rome, 2 August, 2018



**EXECUTIVE SUMMARY**

**BUSINESS REVIEW**

**CLOSING REMARKS**

**Q&A**

# EXECUTIVE SUMMARY

Deliver 2022 key initiatives already implemented, 1H results supporting 2018 targets

**Net profit at 250m in 2Q 2018, or 735m in 1H 2018 up +44% YoY**

**All business units focusing on Deliver 2022 implementation**

**Leverage of commercial distribution already bearing fruits**

**Significantly improved product offering for our customers**

**Efficiencies achieved across all segments**

# STRONG 2Q RESULTS

Net profit progressing thanks to improving underlying profitability and cost efficiency

€m unless otherwise stated

	2Q 2017	2Q 2018	Var.	Var. %	1H 2017	1H 2018	Var.	Var. %
<b>REVENUES</b>	2,665	2,545	-120	-4.5%	5,498	5,429	-69	-1.3%
<b>Total Operating Costs</b>	2,344	2,195	-149	-6.4%	4,651	4,376	-275	-5.9%
<b>EBIT</b> <i>EBIT Margin %</i>	321 12.0%	350 13.8%	+29 +1.7pp	+9.0%	847 15.4%	1,053 19.4%	+206 +4.0pp	+24.3%
<b>EBIT Adjusted<sup>1</sup></b>	<b>247</b>	<b>379</b>	<b>+132</b>	<b>+53.5%</b>	<b>384</b>	<b>710</b>	<b>+326</b>	<b>+84.9%</b>
<b>NET PROFIT</b> <i>EPS (€/share)</i>	159 0.12	250 0.19	+91 +0.07	+57.2%	510 0.39	735 0.56	+225 +0.17	+44.1%

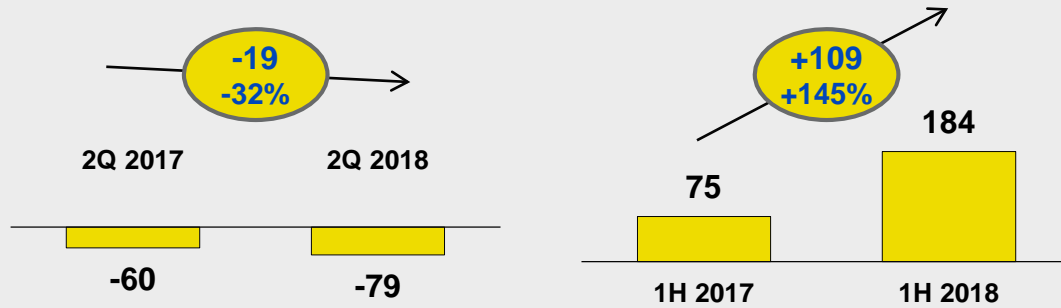
1. Excludes net capital gains on investment portfolio, early retirement incentives and real estate funds provisions.

# OPERATING PROFITABILITY PROGRESSION

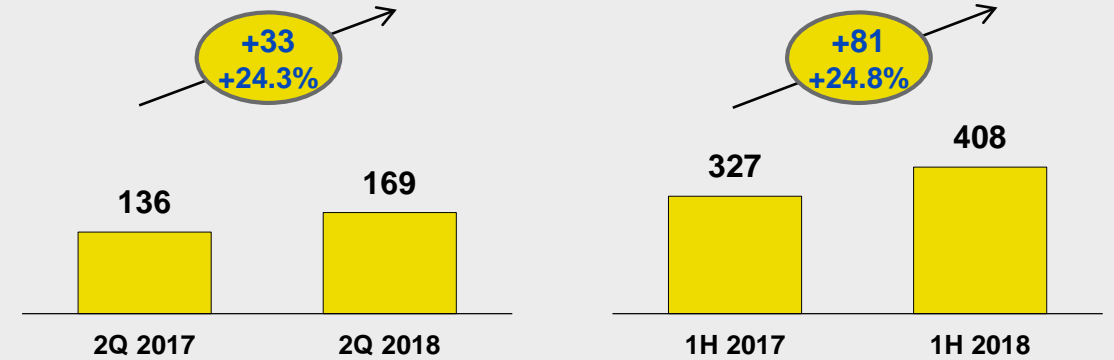
Underlying operating profitability improving across all business units

€m unless otherwise stated

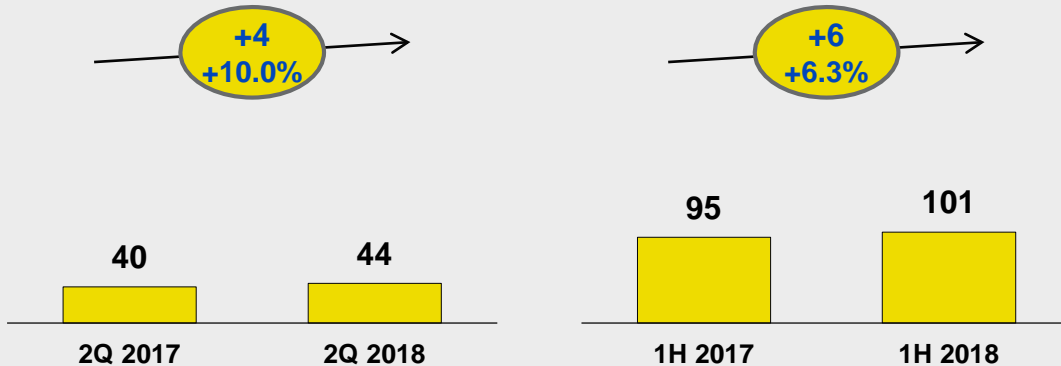
## MAIL, PARCEL & DISTRIBUTION



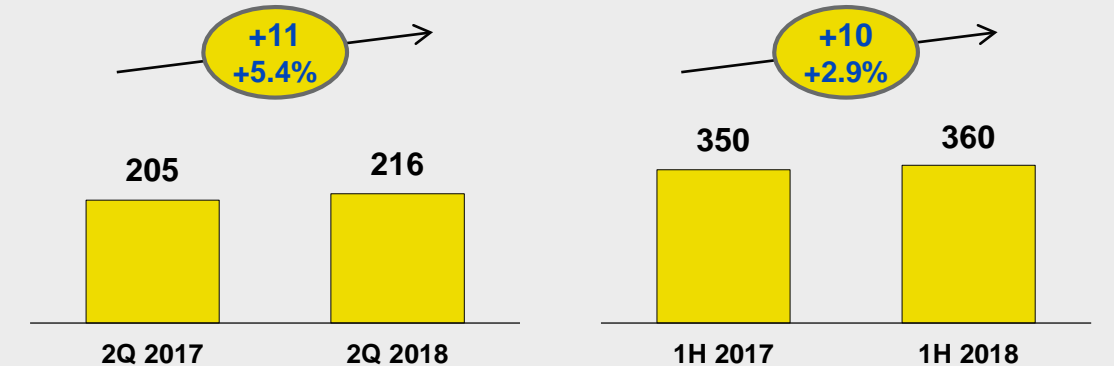
## FINANCIAL



## PAYMENTS, MOBILE & DIGITAL



## INSURANCE



# DELIVER 2022 – PROGRESS UPDATE

All business units focusing on Deliver 2022 implementation

## KEY FOCUS



### MAIL, PARCEL & DISTRIBUTION

- Roll out of innovative joint mail and parcel delivery model
- Investment in fully integrated mail and parcel network



### PAYMENTS, MOBILE & DIGITAL

- Consolidate leadership in payment systems
- Expand mobile offer
- Drive group-wide digital vision



### FINANCIAL SERVICES

- Seize opportunities from market leading physical and digital distribution networks




### INSURANCE SERVICES

- Retain leadership in life
- Develop complete product portfolio



## KEY INITIATIVES





**Joint Delivery Model**      **Territorial areas from 9 to 6**      **Agreement**      **Agreement**

Apr-18
May-18
Jun-18



**Payments Institution (IMEL) authorised by Bank of Italy**

**Agreement**

Apr-18

**New Agreements:**






**Hiring of 500 Relationship Managers**      **Agreement**

Dec-17
Apr-18
Jun-18
Jul-18

- Continuous improvement of product offering (e.g. new class I and multiasset life insurance products, earthquake and natural disasters home insurance)
- Ongoing selection of motor P&C partners

## KEY FINANCIALS

	1H 2018	Targets FY 2018
Segment revenue	1.8 €bn	3.5 €bn
EBIT	0.2 €bn	-0.4 €bn
Segment revenue	0.3 €bn	0.6 €bn
EBITDA & EBIT	0.1 €bn	0.2 €bn
Segment revenue	2.7 €bn	5.1 €bn
Net profit	0.3 €bn	0.7 €bn
Segment revenue	0.7 €bn	1.5 €bn
Net profit	0.3 €bn	0.6 €bn

# MAIL, PARCEL AND DISTRIBUTION KEY INITIATIVES

Deliver 2022 ongoing implementation

## JOINT DELIVERY MODEL

- Execution started **April 16<sup>th</sup>**
- **226 delivery centres** implemented the new model (65% target)
- More than **1,700 municipalities** already reorganized
- **Flawless execution** on track with plan

Large Metro areas (8% of pop., 600 daily items/ km <sup>2</sup> )	Urban areas (68% of pop., 80 daily items/ km <sup>2</sup> )	Rural/ regulated areas (24% of pop., 10 daily items/ km <sup>2</sup> )
<ul style="list-style-type: none"> <li>• <b>Daily morning</b> delivery (standard mail)</li> <li>• <b>Daily additional afternoon</b> delivery (parcels and registered)</li> <li>• <b>Weekend</b> delivery</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Alternate day morning</b> delivery (standard mail)</li> <li>• <b>Daily additional afternoon</b> delivery (parcels and registered)</li> <li>• <b>Weekend</b> delivery</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Alternate day</b> delivery</li> </ul>

## LATEST AGREEMENTS SIGNED

### PARTNER

### KEY ITEMS

### RATIONALE



Mail & Parcel

- E-commerce agreement with FIT<sup>1</sup> POS for parcels and e-commerce services
- Network transformation and business reinforcing ongoing

**Enhance customer access to an enlarged postal network, by offering an extended reach and choice of options**



Parcel

- Offer innovative/ premium services across Italy (evening and Sunday deliveries)
- Offer competitive and efficient services leveraging on Joint Delivery Model, proprietary cargo airline and express courier SDA

**Further strengthen Poste Italiane's positioning to participate in e-commerce growth**

1. Federazione Italiana Tabaccai, association of licensed Italian tobacconists offering a range of services.



EXECUTIVE SUMMARY

**BUSINESS REVIEW**

CLOSING REMARKS

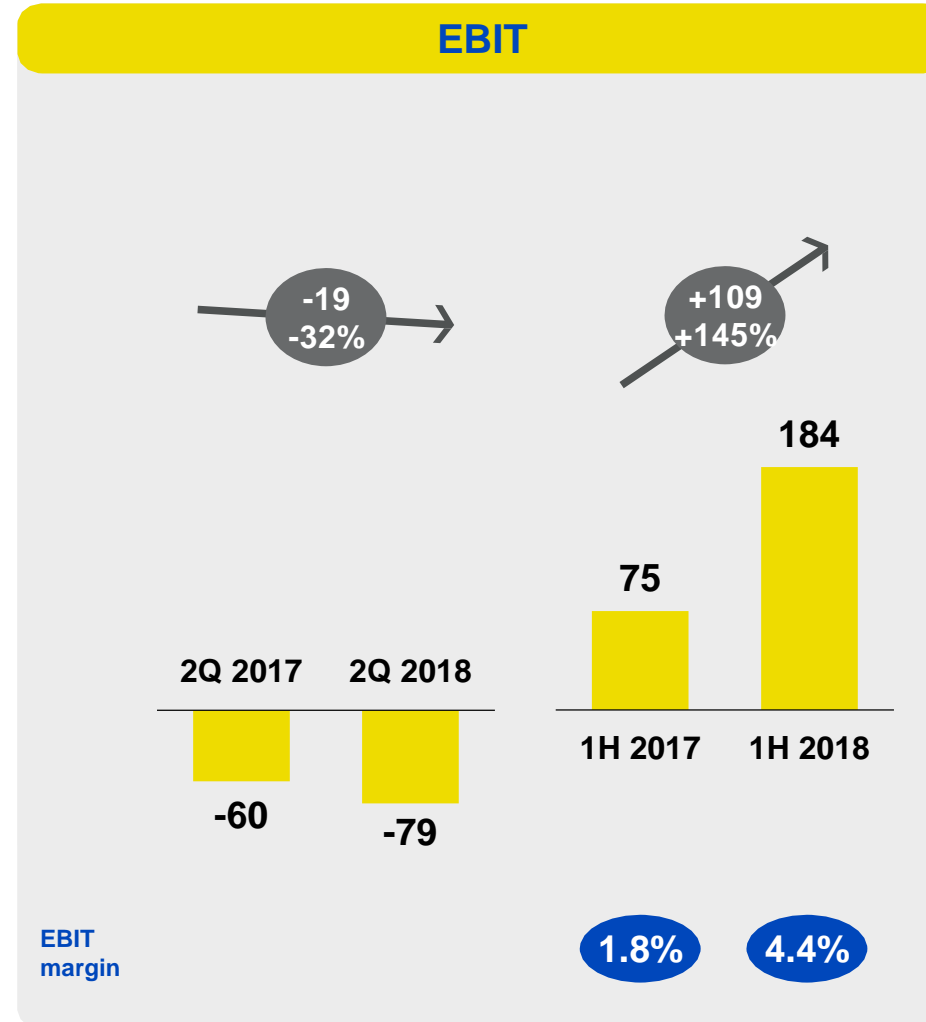
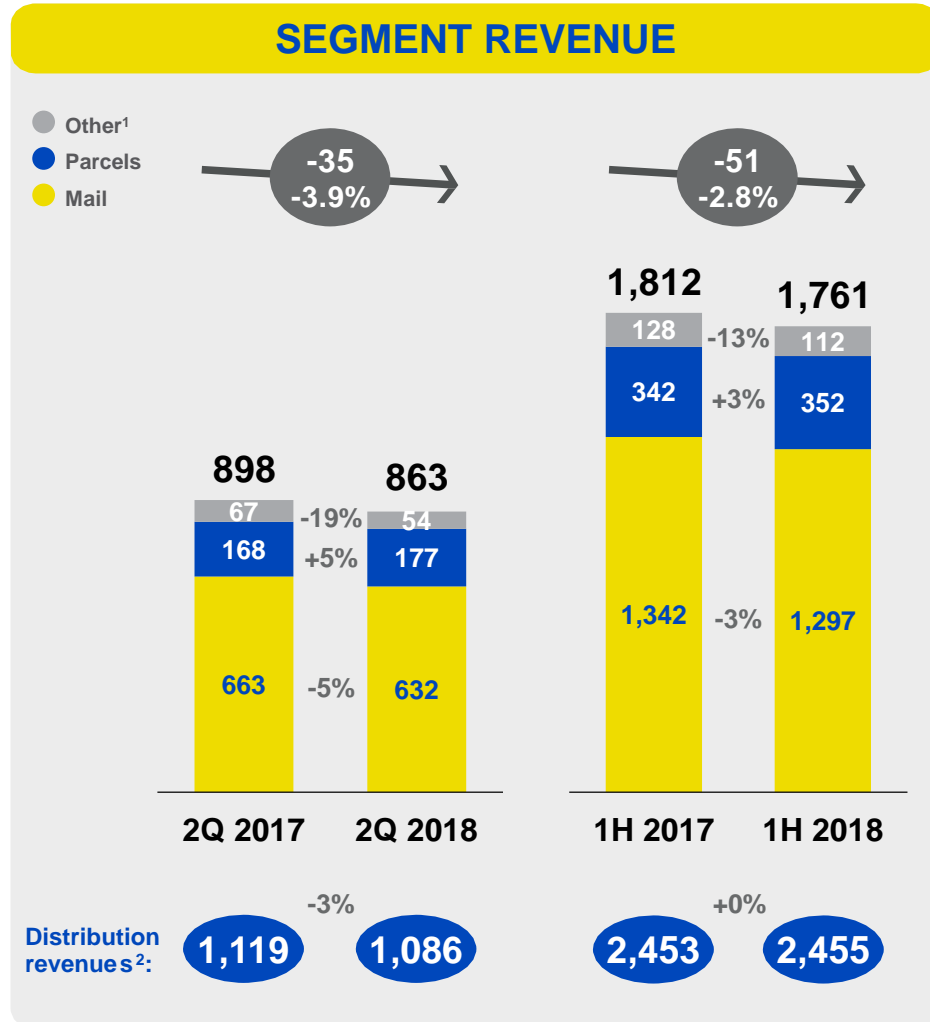
Q&A



# MAIL, PARCEL & DISTRIBUTION ONGOING REFOCUS IN LINE WITH PLAN

Parcel revenues mitigating mail slowdown, profitability supported by efficiencies

€m unless otherwise stated



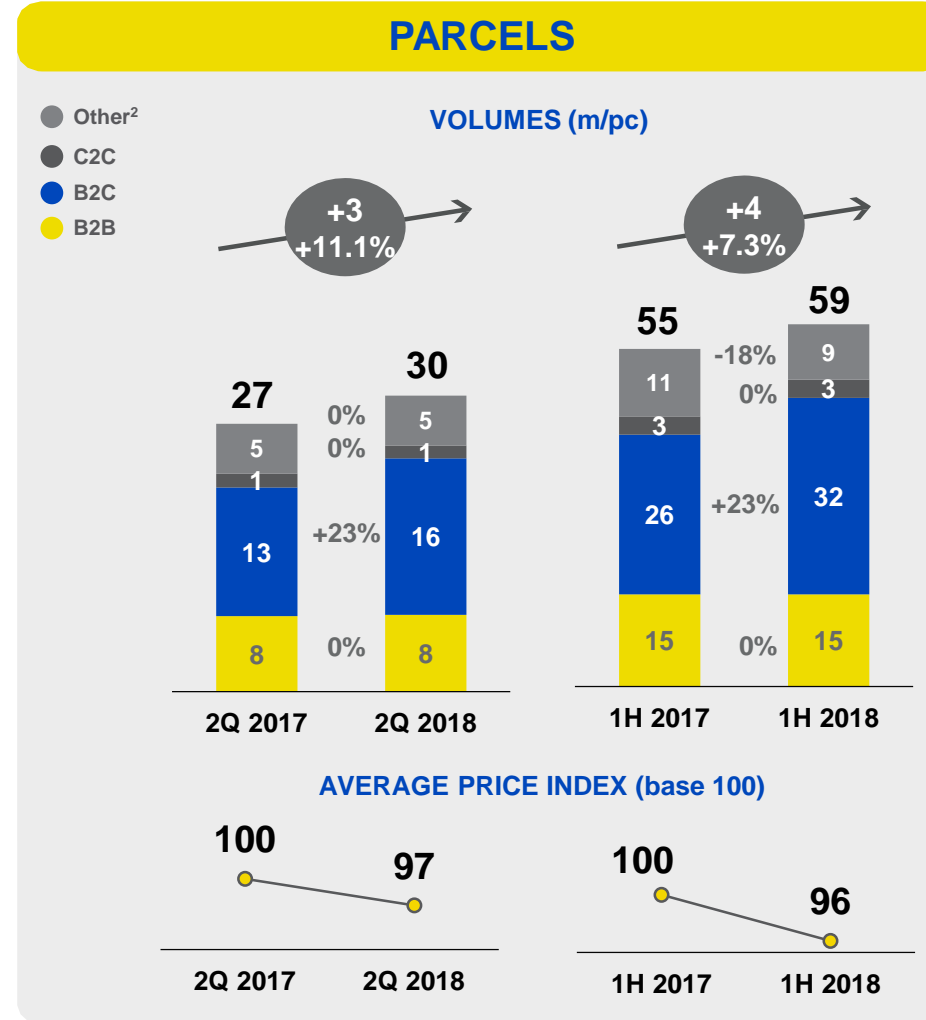
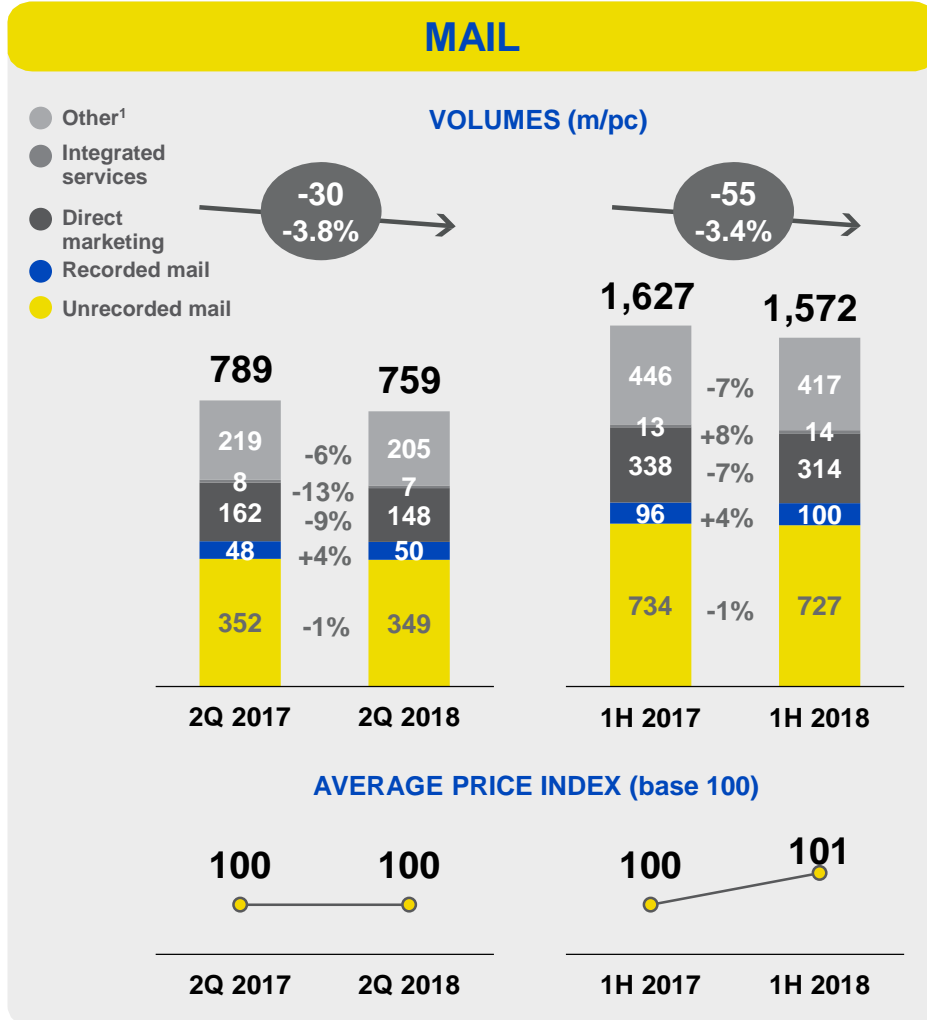
## KEY HIGHLIGHTS

- Operating profitability improving, 2018 targets confirmed
- Parcel revenues up 5% in 2Q driven by strong B2C (+3% in 1H 2018)
- Including international packets booked in Mail business, parcel revenues up 10% in 2Q (+6% in 1H 2018)
- Mail revenues down 5% in 2Q, in line with Plan (-3% in 1H 2018)

1. Includes Philately, Patenti Via Poste, Poste Motori, Mistral Air and other revenues; 2. Includes income received from Other Segments in return for use of the distribution network and Corporate Services.

# MAIL, PARCEL & DISTRIBUTION ONGOING REFOCUS

Continued shift from Mail to Parcels with B2C +40% in 1H 2018 including packets



## KEY HIGHLIGHTS

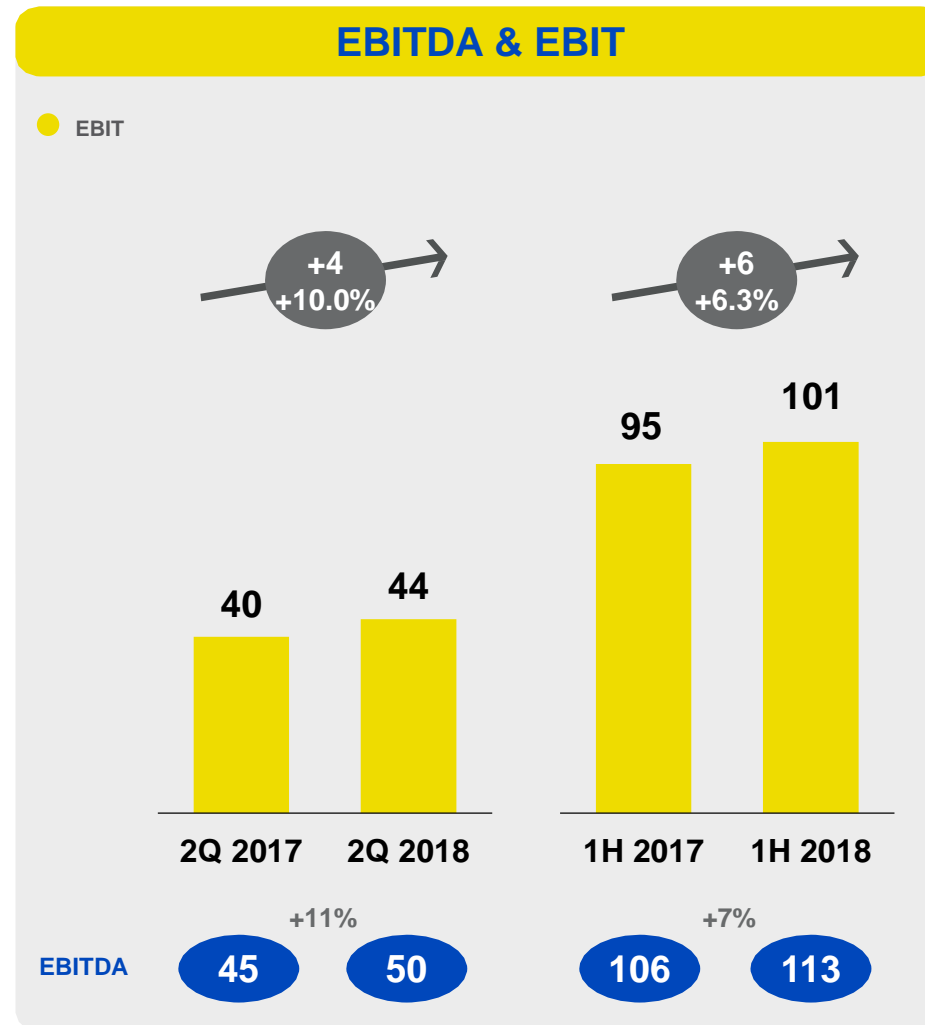
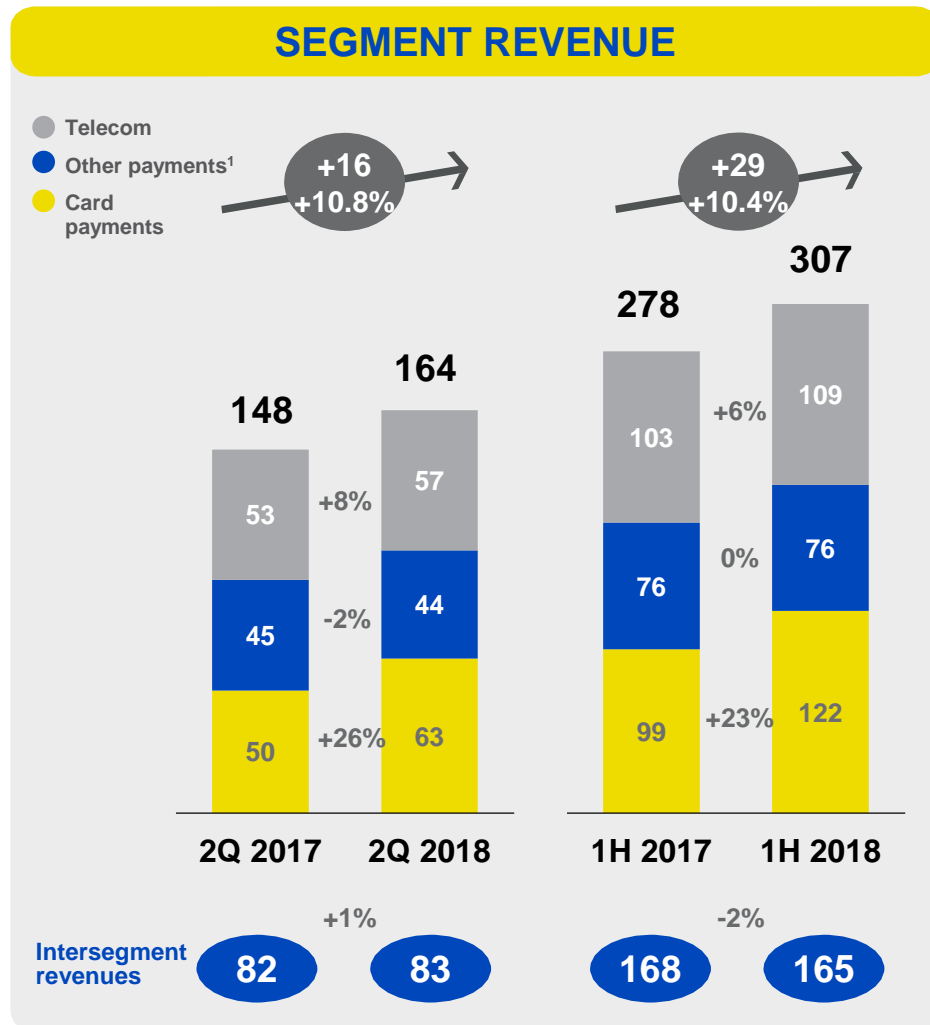
- Mail volumes decrease mainly related to lower margins products (e.g. direct marketing), while average prices increase in 1H 2018 thanks to positive volume mix
- Parcel volumes boosted by 23% increase from B2C
- Including international packets booked in Mail, total parcel volumes up 16% and B2C volumes up 40% in 1H 2018; excluding international packets, mail volumes down 4% in 1H 2018

1. Includes: Multichannel services, Editorial services and Postel volumes; 2. Includes: International parcels and partnership with other logistic operators.

# CONTINUED GROWTH IN PAYMENTS, MOBILE & DIGITAL

Strong progression of revenues and operating profitability

€m unless otherwise stated



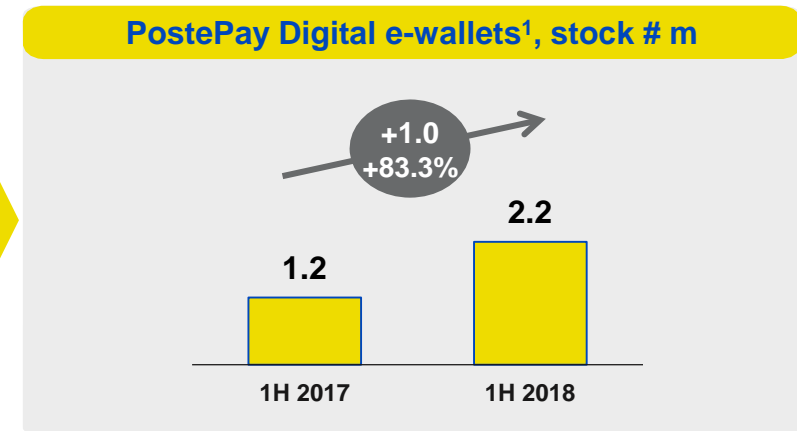
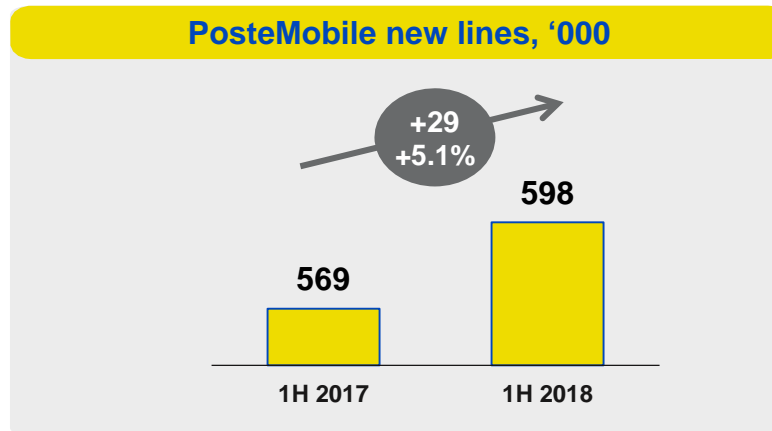
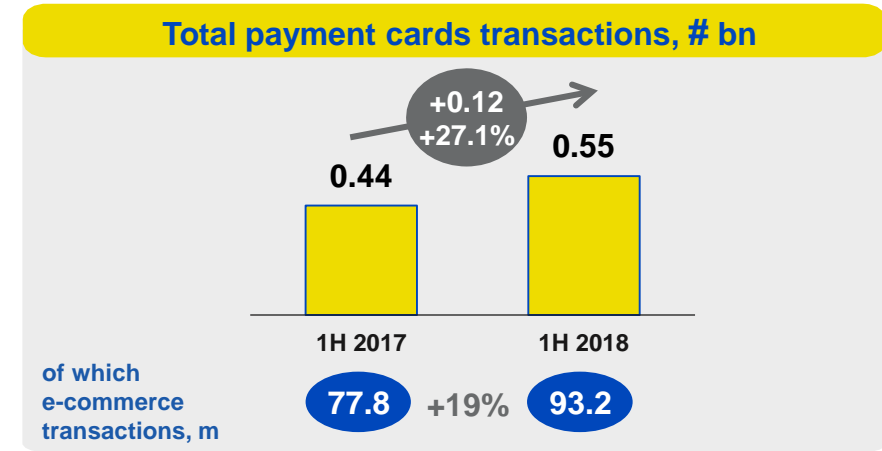
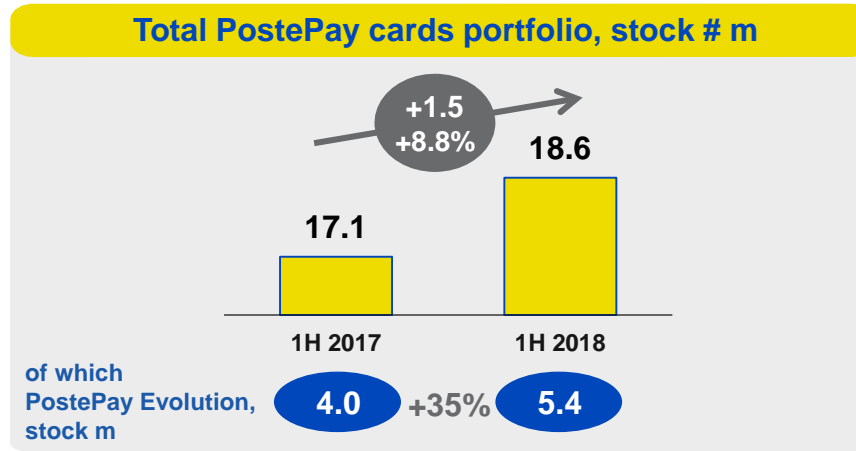
## KEY HIGHLIGHTS

- Operating profit progressing at a sustained pace
- Strong revenues supported by:
  - growth in card payments, up 26% in 2Q, led by increased PostePay cards and transaction volumes
  - Telecom up 8% in 2Q supported by commercial initiatives, increasing mobile and fixed lines
- Other payments<sup>1</sup>, flat 1H 2018, down 2% in 2Q after seasonality in 1Q

1. Includes fees from 'bollettino' cashed-in, tax payments slips and money transfer.

# GROWTH IN PAYMENTS, MOBILE & DIGITAL

Confirmed positive trends of commercial KPIs across all business lines



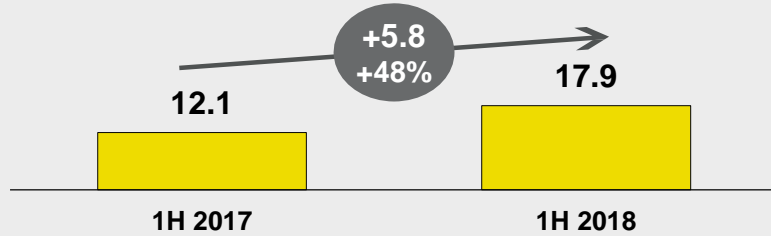
1. An innovative electronic tool associated to a single customer, which is enabled through a mobile app to authorize payment transactions.

# POSTE ITALIANE DIGITAL FOOTPRINT

Robust growth in digital use

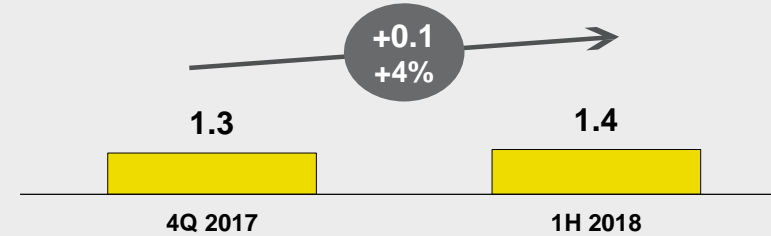
## GROWTH IN CUMULATED APPS DOWNLOADS<sup>1</sup>

# m



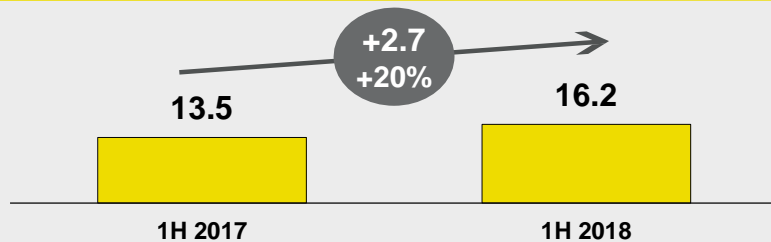
## DAILY ONLINE USERS

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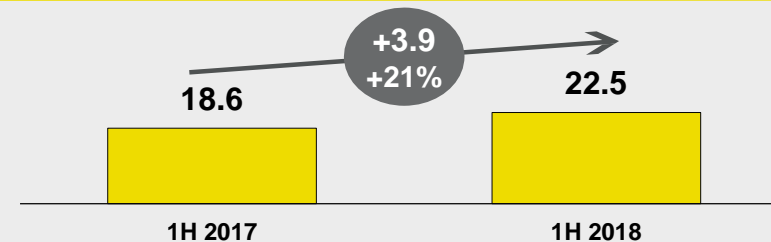
## REGISTERED ONLINE USERS STOCK

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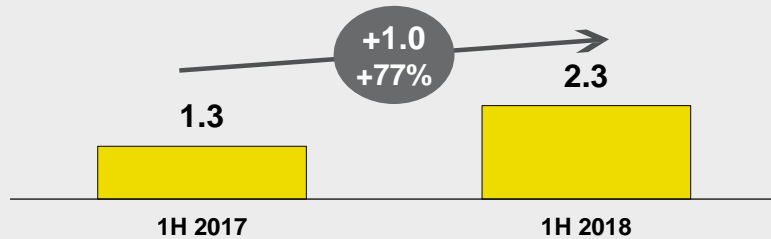
## GROWTH IN CONSUMER FINANCIAL TRANSACTIONS

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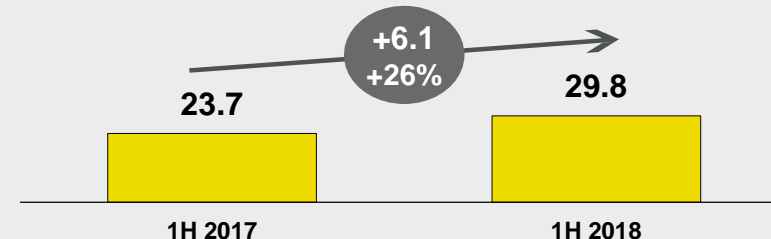
## ELECTRONIC IDENTIFICATION<sup>2</sup> STOCK

# m



## GROWTH IN TRACK&TRACE SEARCHES<sup>3</sup>

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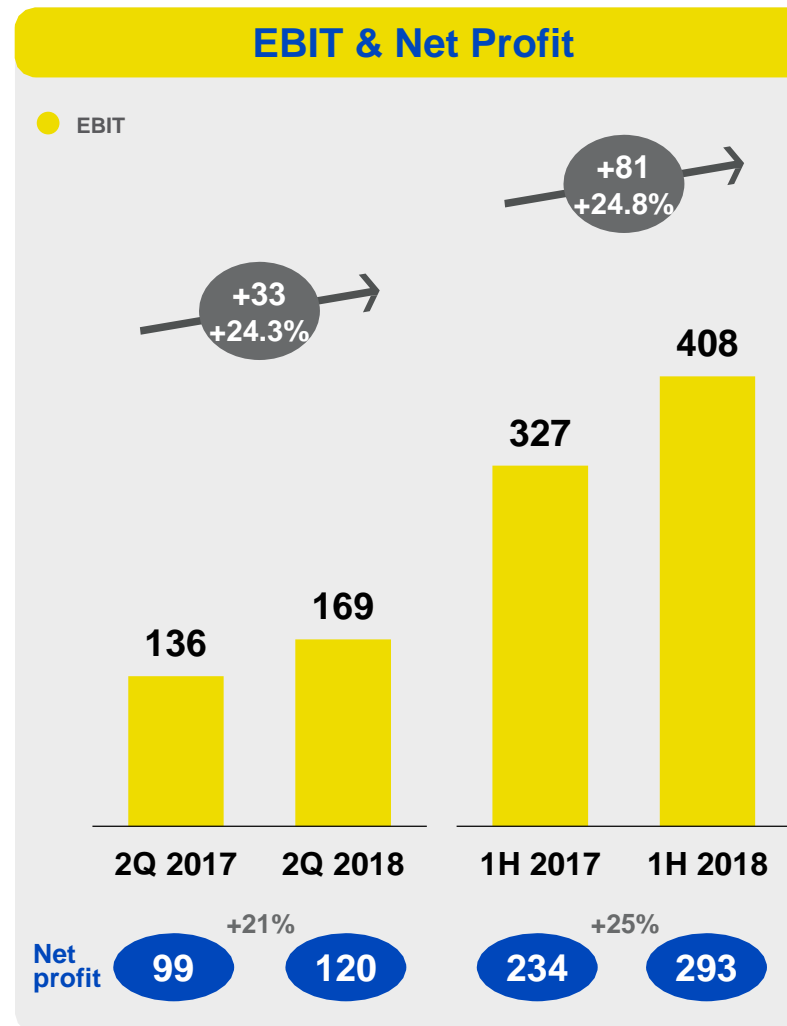
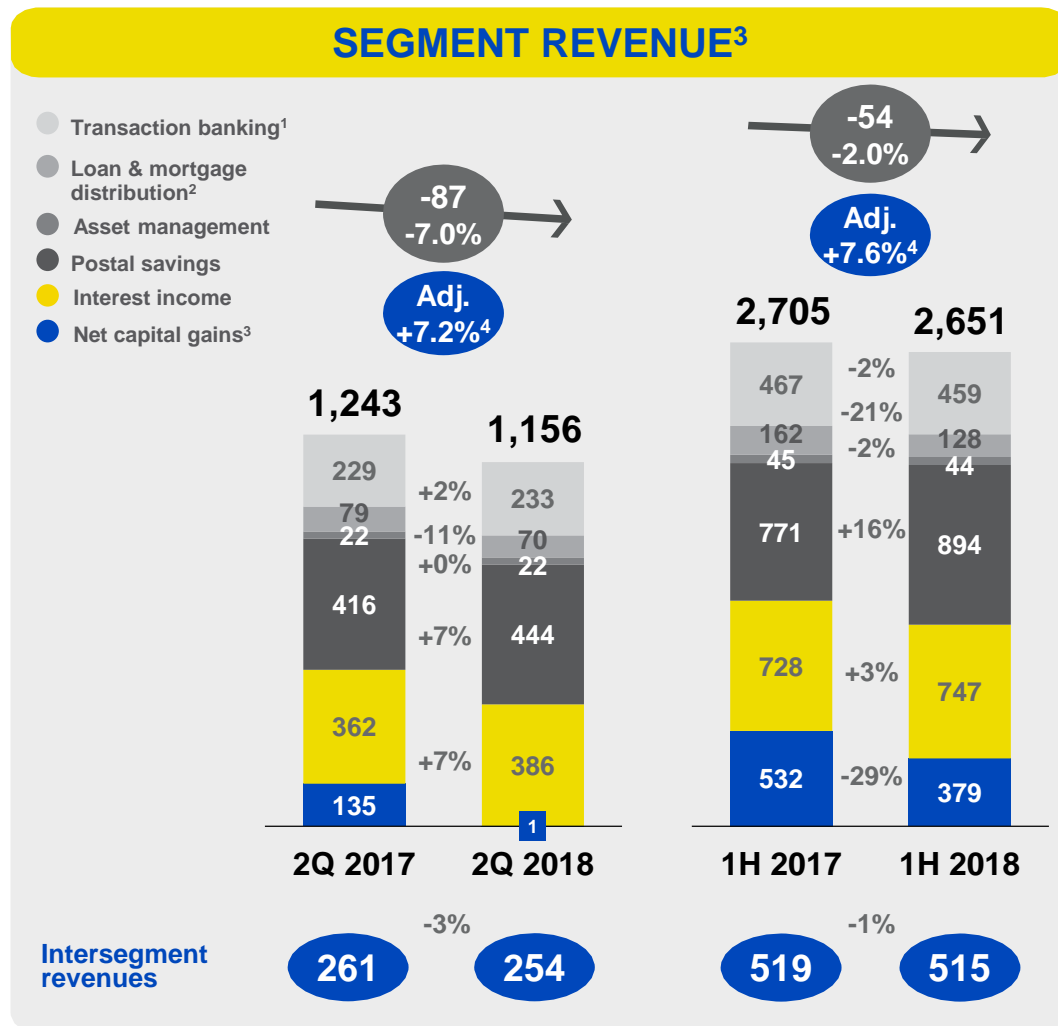


1. Source: App stores (iOS and Android); 2. Electronic identification refers to number of ID outstanding; 3. Digital system to monitor parcels' delivery.

# FINANCIAL SERVICES IMPROVING IN LINE WITH PLAN

Sustainable revenues mitigating lower capital gains

€m unless otherwise stated



## KEY HIGHLIGHTS

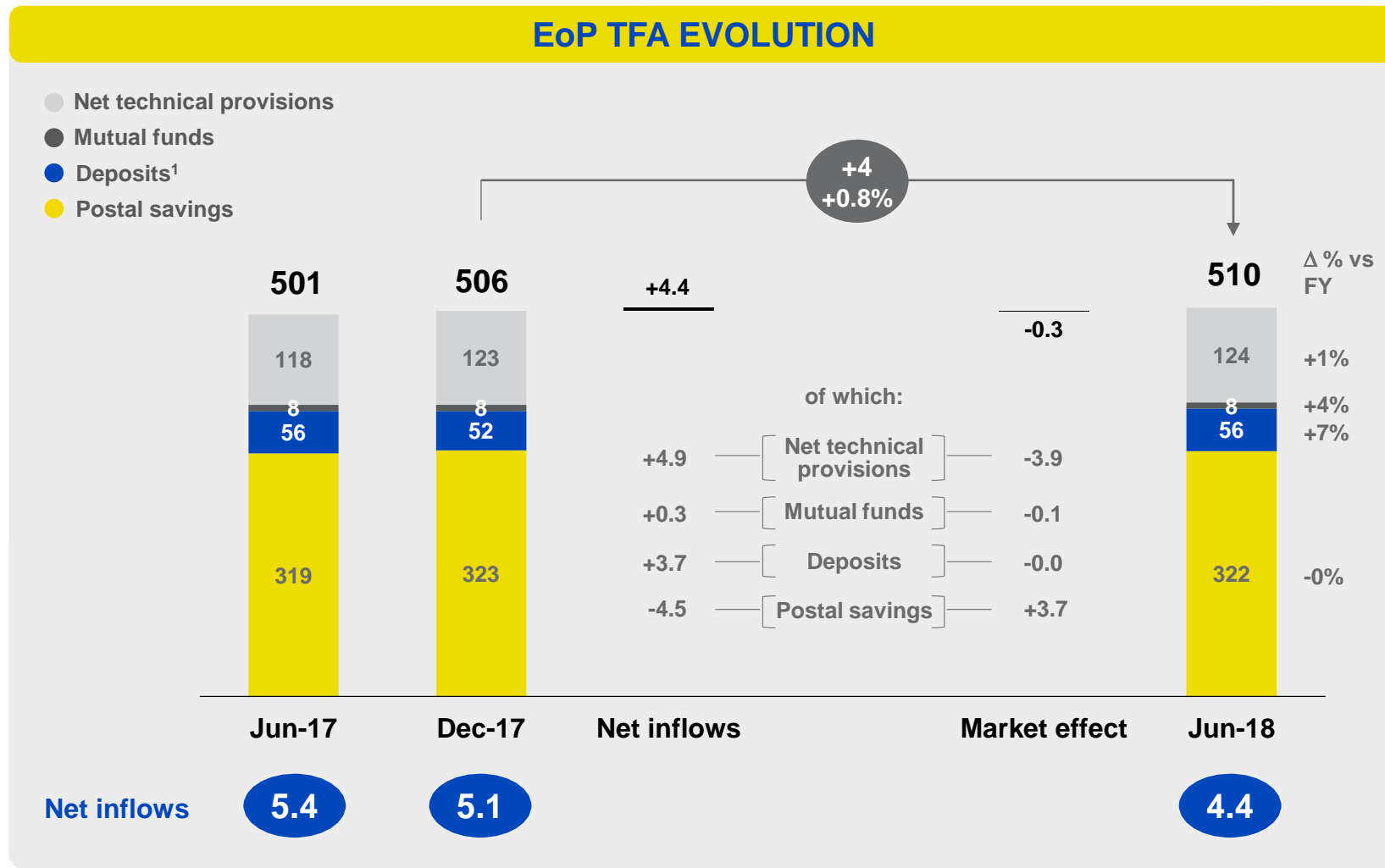
- Operating and net profit progressing, 2018 targets confirmed
- Postal savings fees fully on track
- Interest income up thanks to higher volumes
- Loan & mortgage distribution revenue up, considering both the change in accounting rules and MCC-BdM disposal
- Management fees increasing faster than volumes

1. Includes revenues from electronic money services, fees for collection and payment services; 2. Includes revenues from custody accounts, credit cards, other revenues from distribution of third parties products. Comparable 2017 figures, adjusted for IFRS 15 and MCC-BdM disposal, are equal to 48 €/m for 2Q and 100 €/m for 1H; 3. Gross capital gains netted by minus; 4. Based on adjusted revenues from capital gains, IFRS 15 effect and MCC-BdM.

# GROUP TOTAL FINANCIAL ASSETS CONTINUED INCREASE

Positive net inflows driven by life insurance, deposits and mutual funds

€bn unless otherwise stated



## KEY HIGHLIGHTS

- Total financial assets increased by 4bn in 1H vs Dec-2017, with positive net inflows of 4.4bn:
- Postal savings negative net inflows significantly improving, thanks to new commercial initiatives, while maintaining positive inflows for all other products
- Insurance products 4.9bn of which 0.4bn unit linked and multiasset Class III
- Deposits 3.7bn supported by Public Administration accounts and resilient retail base
- Mutual funds 0.3bn supported by successful distribution agreements

1. Deposits do not include Repo and Poste Italiane liquidity.

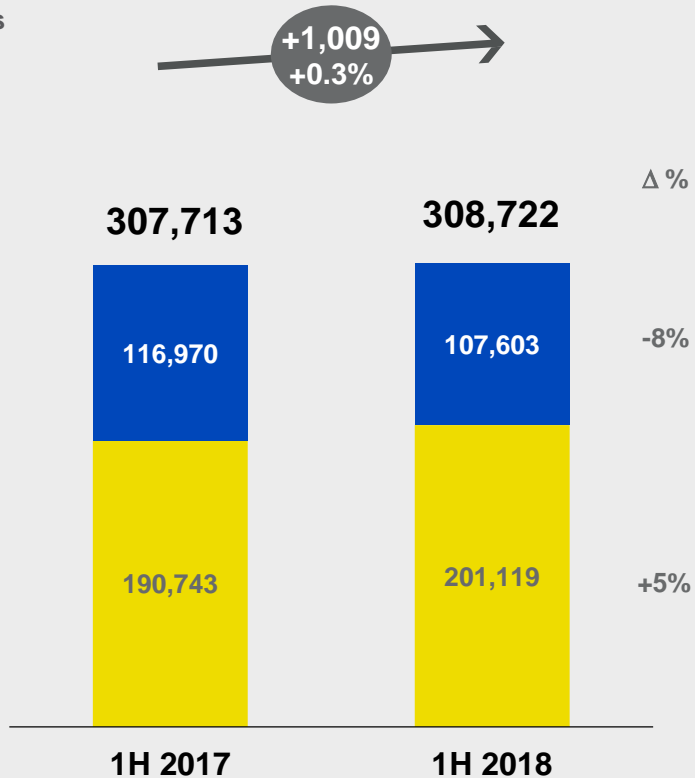
# POSTAL SAVINGS IMPROVING, IN LINE WITH PLAN

Net flows improving and well positioned for a seasonal pick up in 2H 2018

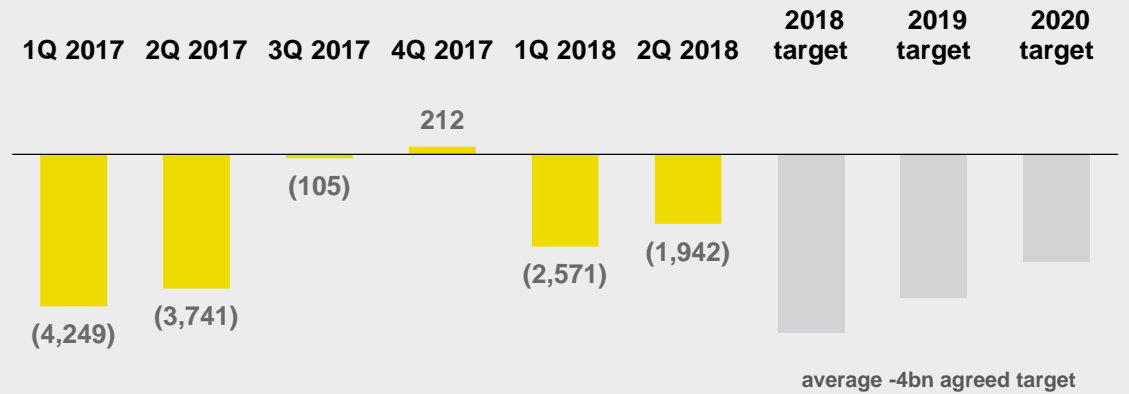
€m unless otherwise stated

## AVERAGE POSTAL SAVINGS<sup>1</sup>

- Postal saving books
- Postal bonds



## POSTAL SAVING NET INFLOWS



	2Q 2017	2Q 2018	Var. %	1H 2017	1H 2018	Var. %
<b>Fees</b>	416	444	+6.7%	771	894	+15.9%

1. Average postal savings reported according to the remuneration scheme agreed with CDP, which excludes interests accrued year-to-date and based on a maturity of postal saving books adjusted for an estimate of potential early redemptions.



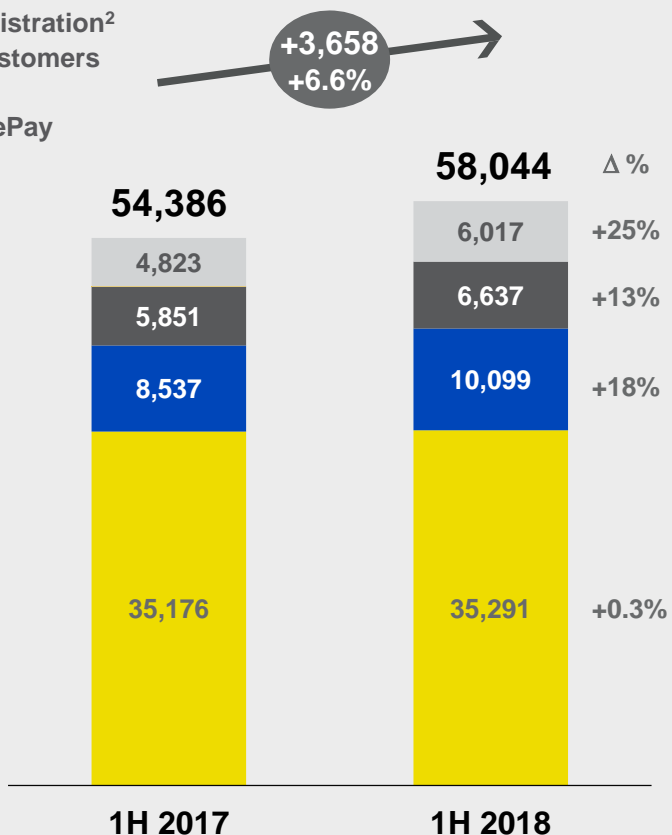
# CURRENT ACCOUNTS AVERAGE VOLUMES AT A SOUND 58.0BN

Interest income up thanks to higher volumes offsetting lower yields

€m unless otherwise stated

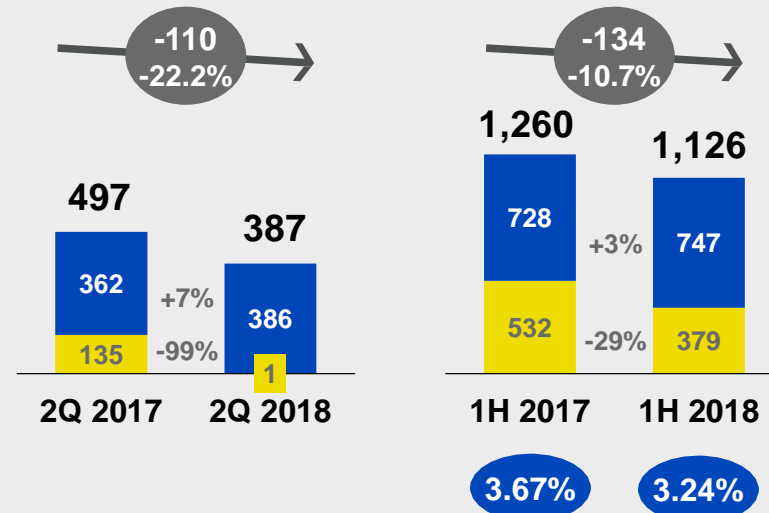
## AVERAGE CURRENT ACCOUNTS DEPOSITS<sup>1</sup>

- Repo
- Public Administration<sup>2</sup>
- Corporate customers & other<sup>3</sup>
- Retail + PostePay



## REVENUES FROM PORTFOLIO MANAGEMENT

- Interest income
- Net capital gains



	1H 2017	1H 2018	Var.
Average return excl. capital gains (%)	2.70%	2.58%	-12bps
Unrealized capital gains (€m)	1,424	-1,291	-2,715
Portfolio duration (years)	5.3	5.1	-0.2
Portfolio maturity (years) <sup>5</sup>	12.3	12.9	+0.6

1. Includes current accounts, time deposits and repurchase agreements. Not including Poste Italiane's liquidity; 2. Entirely invested in floating rate deposits c/o MEF; 3. Includes business current accounts, PostePay business and other customers debt; 4. Average yield calculated as interest income and realised net capital gains on average total financial assets; 5. Excludes derivatives.

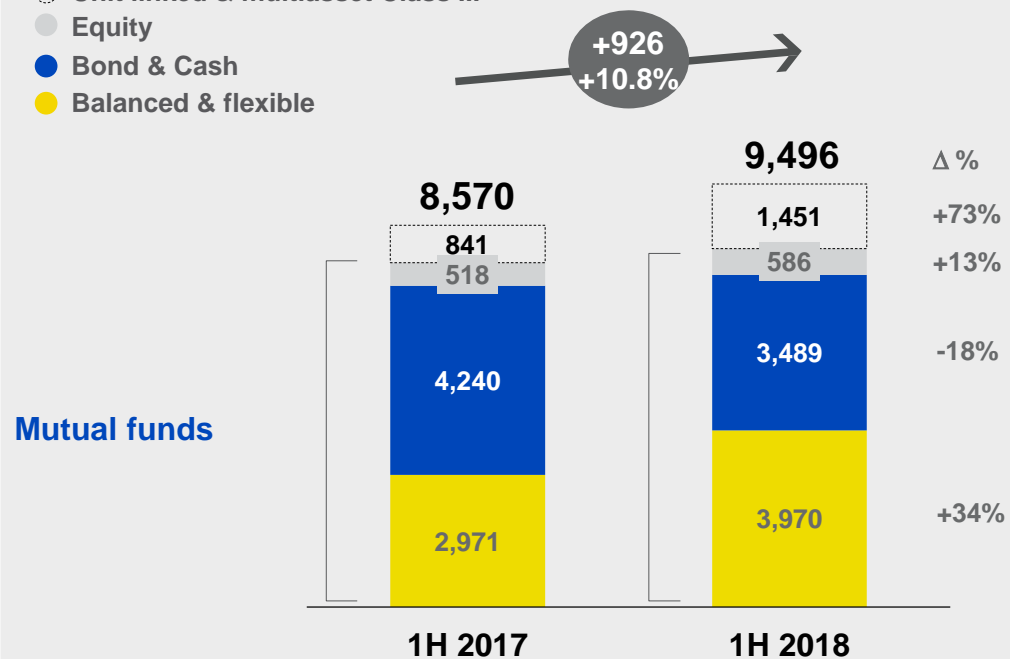
# ASSET MANAGEMENT PROGRESSING

Class III and new products supporting assets under management and fee generation

€m unless otherwise stated

## AVERAGE ASSETS UNDER MANAGEMENT

- Unit linked & multiasset Class III
- Equity
- Bond & Cash
- Balanced & flexible



1H mutual fund fees

45

-2%

44

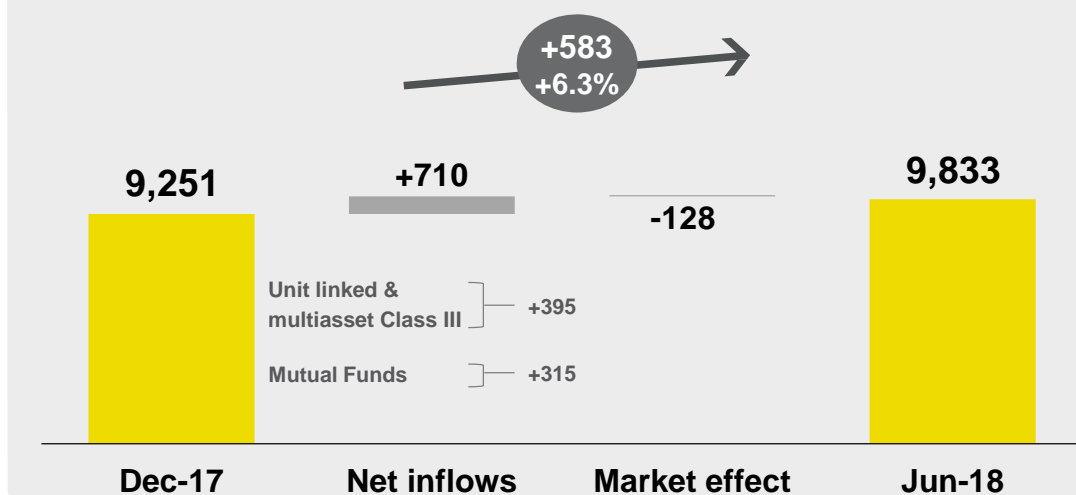
o/w 2Q mutual fund fees

22

+0%

22

## EoP ASSETS UNDER MANAGEMENT EVOLUTION



## KEY HIGHLIGHTS

- Net inflows of mutual funds +0.3bn in 1H 2018, growing at a faster pace than the market thanks to the launch of new successful products
- Net inflows of class III and Unit linked products strongly up, in line with Deliver 2022 guidelines
- Running management fees increasing YoY faster than the assets under management

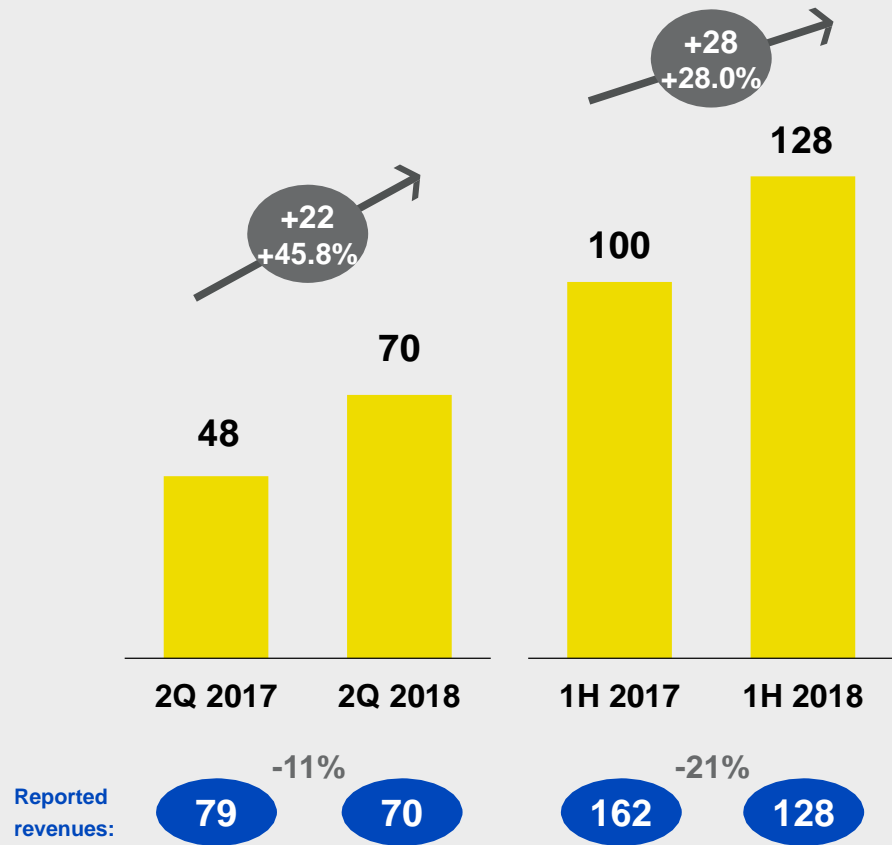
# LOANS AND MORTGAGES: STRONGLY IMPROVED OFFER TO CUSTOMERS

Volumes and revenues strongly up thanks to commercial focus

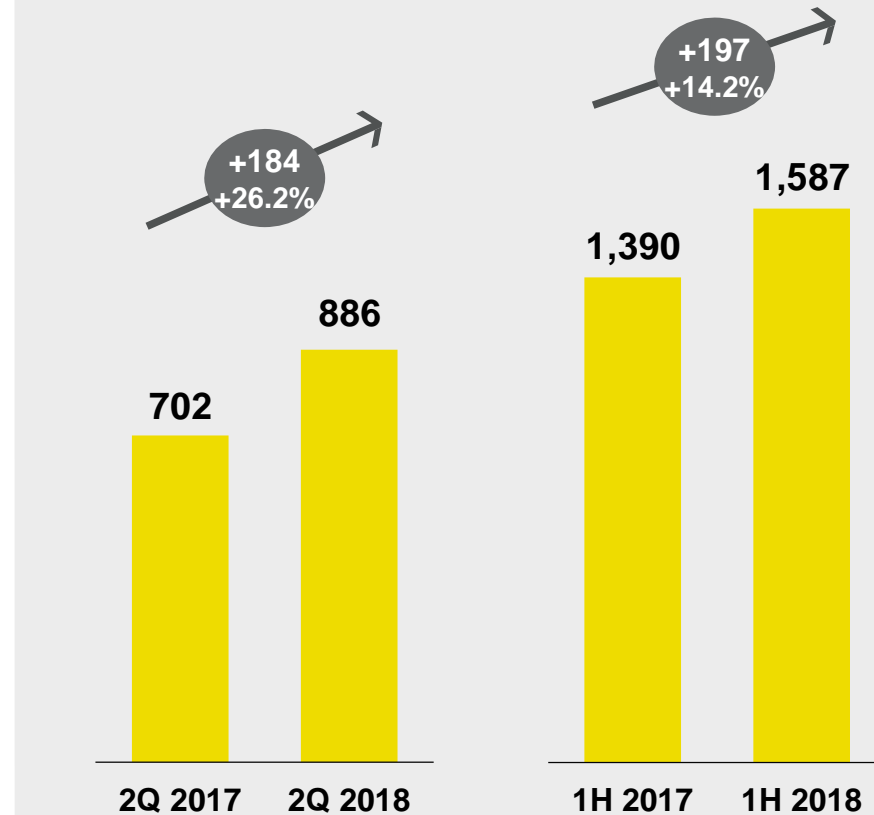
€m unless otherwise stated

## LOANS AND MORTGAGES – REVENUES<sup>1</sup>

Adjusted revenues<sup>1</sup>



## LOANS AND MORTGAGES - VOLUMES



### KEY HIGHLIGHTS

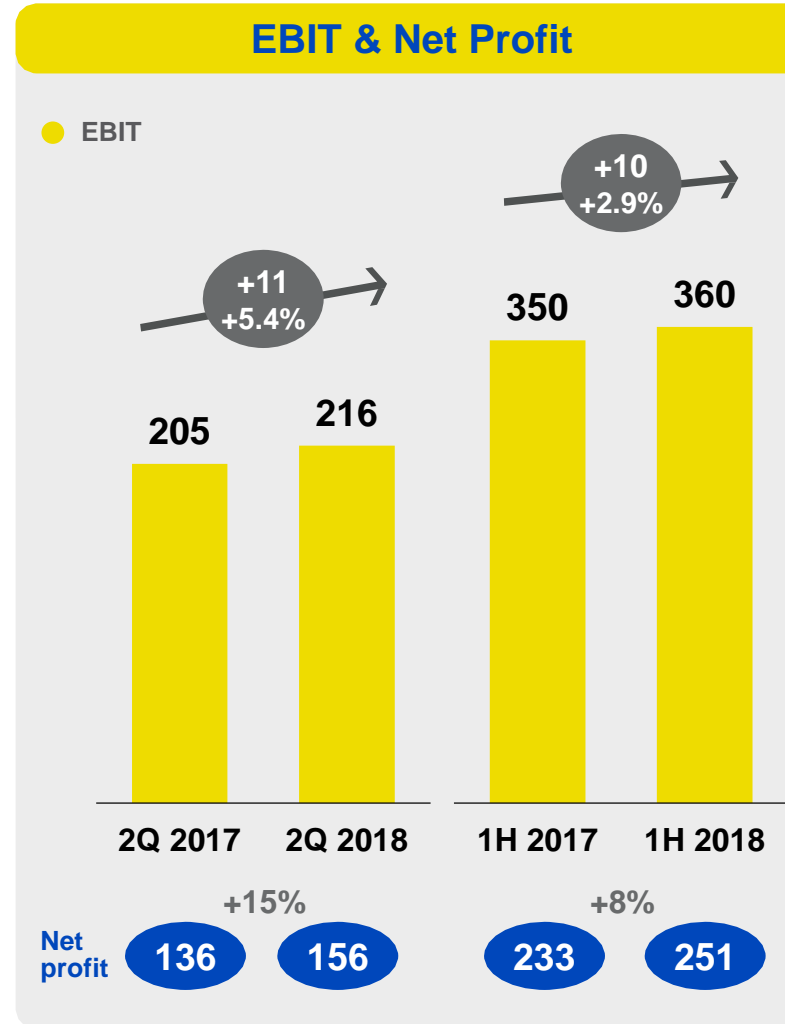
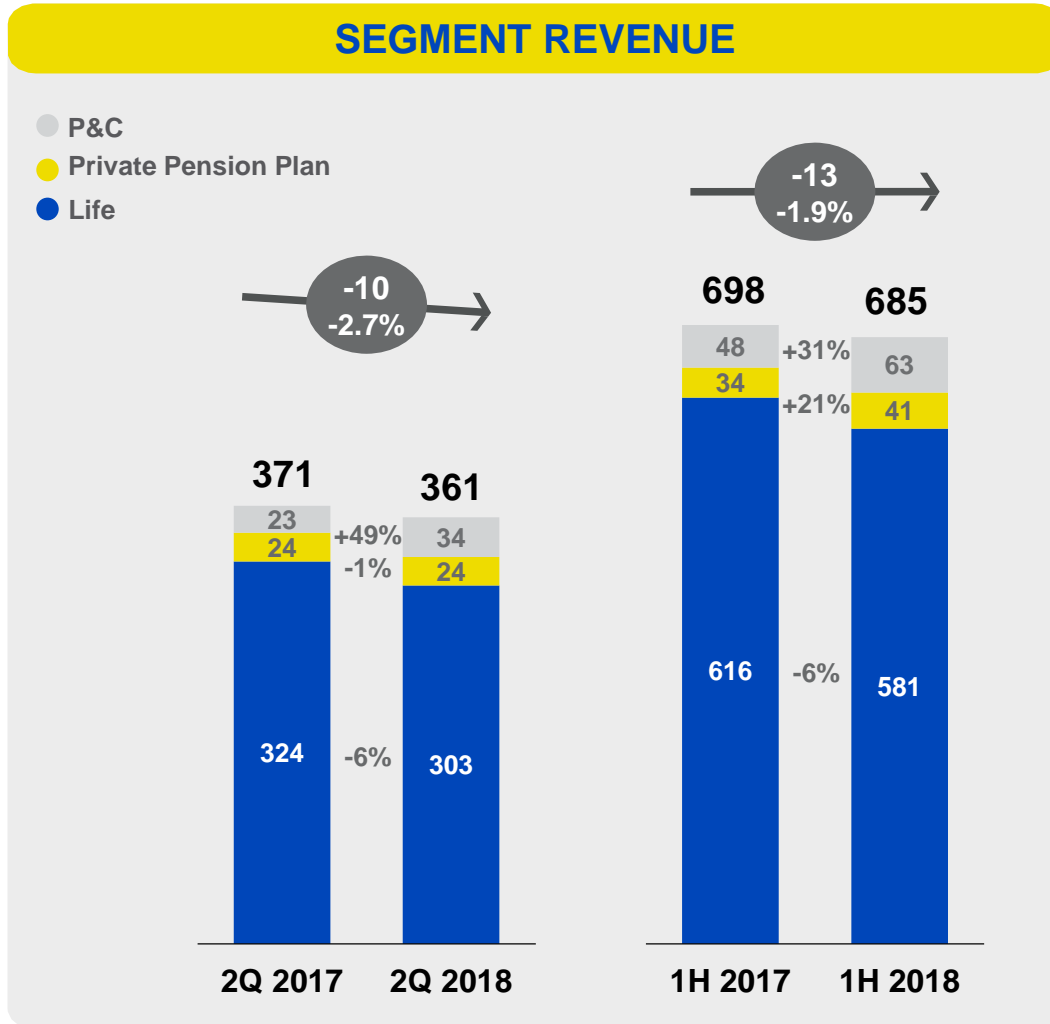
- Sustained pace of increase for both revenues and volumes, increasing faster than market
- Average fee levels raising thanks to new distribution agreements
- Reported revenues impacted by change in accounting rules from 2018

1. Adjusted revenues refers to the restatement of 2017 revenues according to the accounting principle IFRS 15 (adopted from 1Q 2018) and netted from MCC-BdM.

# INSURANCE SERVICES OPERATING RESULTS IN LINE WITH DELIVER 2022

Ongoing rebalance from traditional life to Private Pension Plan and P&C

€m unless otherwise stated



## KEY HIGHLIGHTS

- EBIT & net profit on track with 2018 targets
- Increased operating profitability thanks to P&C contribution

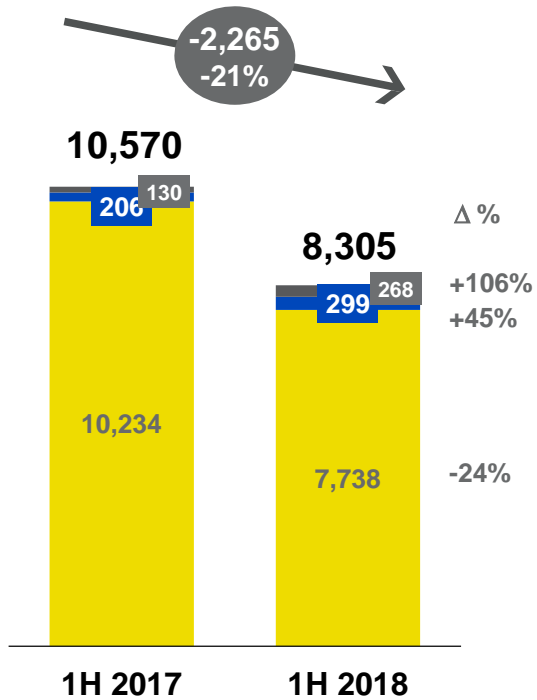
# INSURANCE GROSS WRITTEN PREMIUMS MIX UPGRADING

Changing mix within life products, higher GWP from Private Pension Plan and P&C

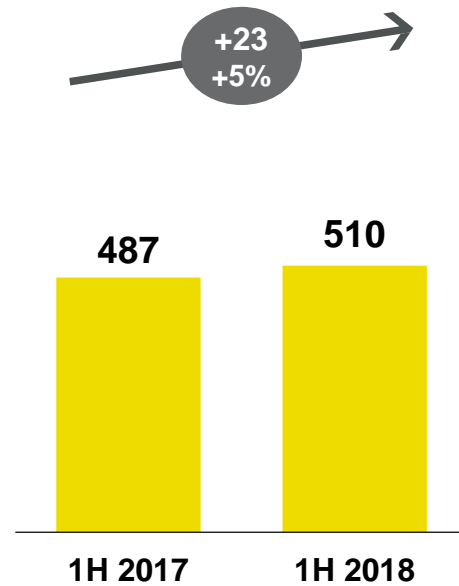
€m unless otherwise stated

## LIFE

- Unit linked (class III)
- Multiasset
- Segregated fund products (class I-V)<sup>1</sup>

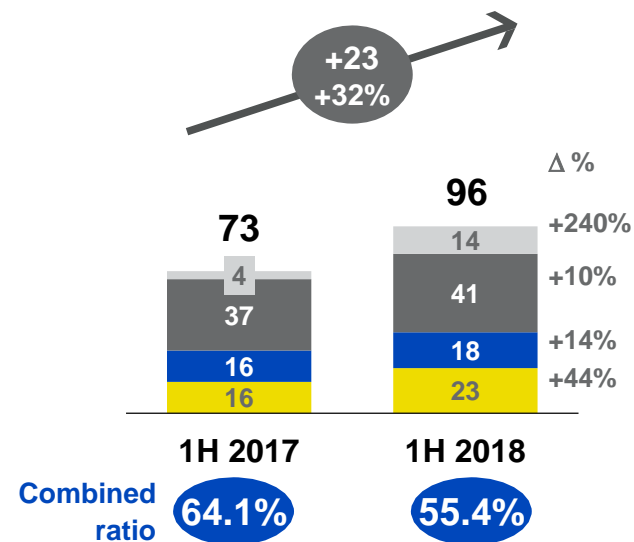


## PRIVATE PENSION PLAN

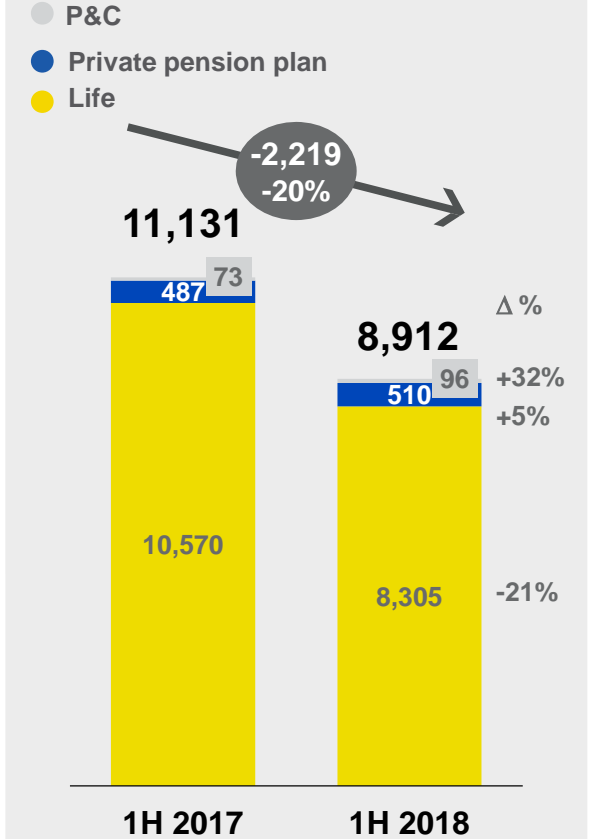


## P&C

- Welfare
- Personal
- Property
- Payments



## TOTAL



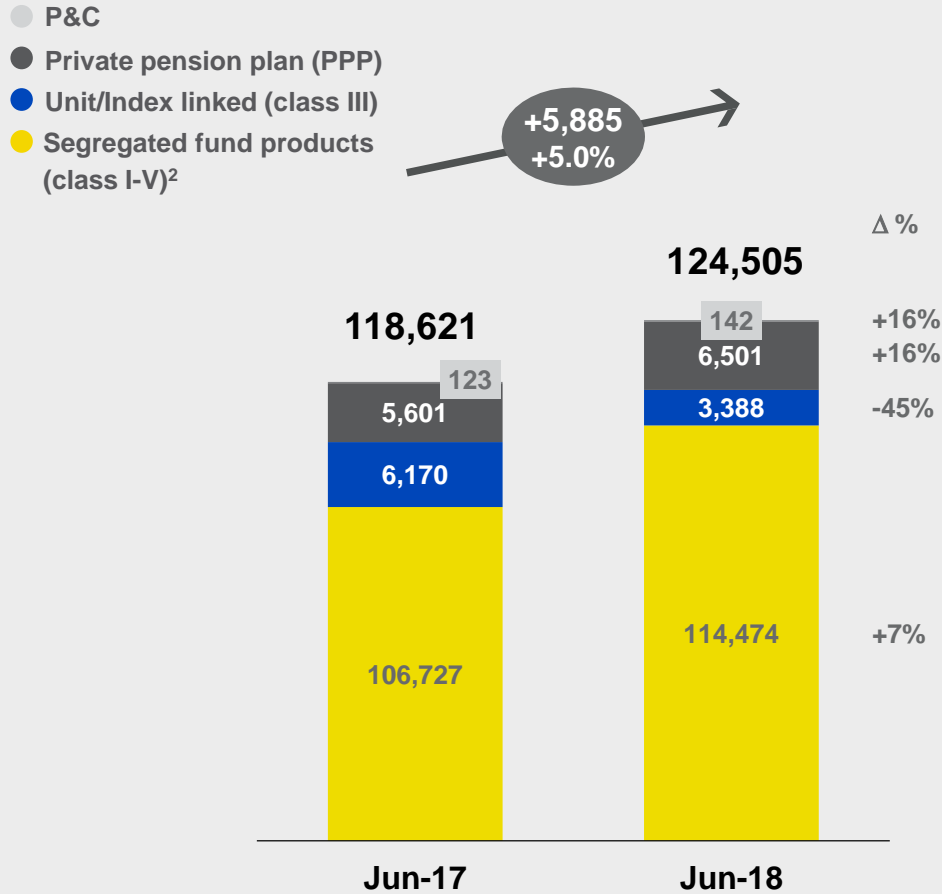
1. Includes Life Protection.

# SOLID NET INFLOWS SUPPORTING HIGHER NET TECHNICAL PROVISIONS

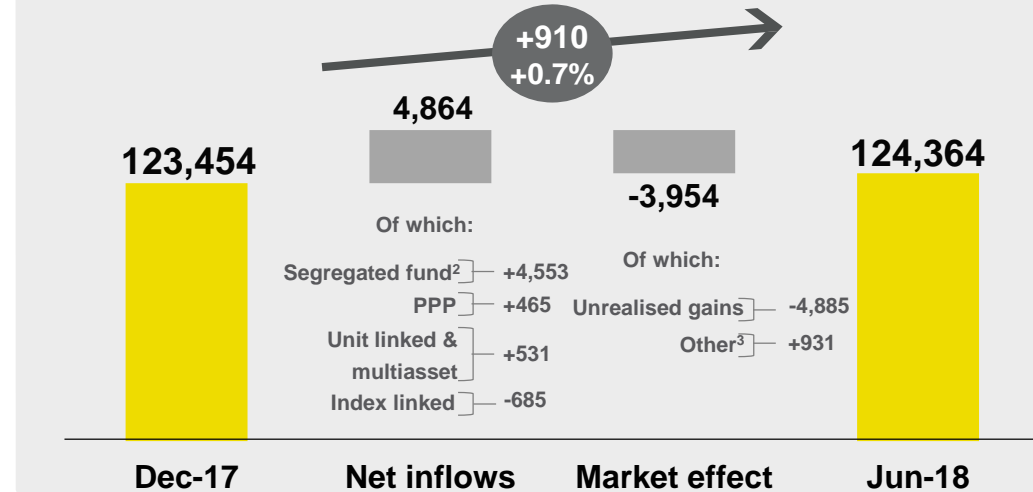
Positive net inflows in 1H 2018, more than offsetting lower unrealised gains related to weak market conditions

€m unless otherwise stated

## GROUP NET TECHNICAL PROVISIONS<sup>1</sup>



## LIFE NET TECHNICAL PROVISIONS EVOLUTION



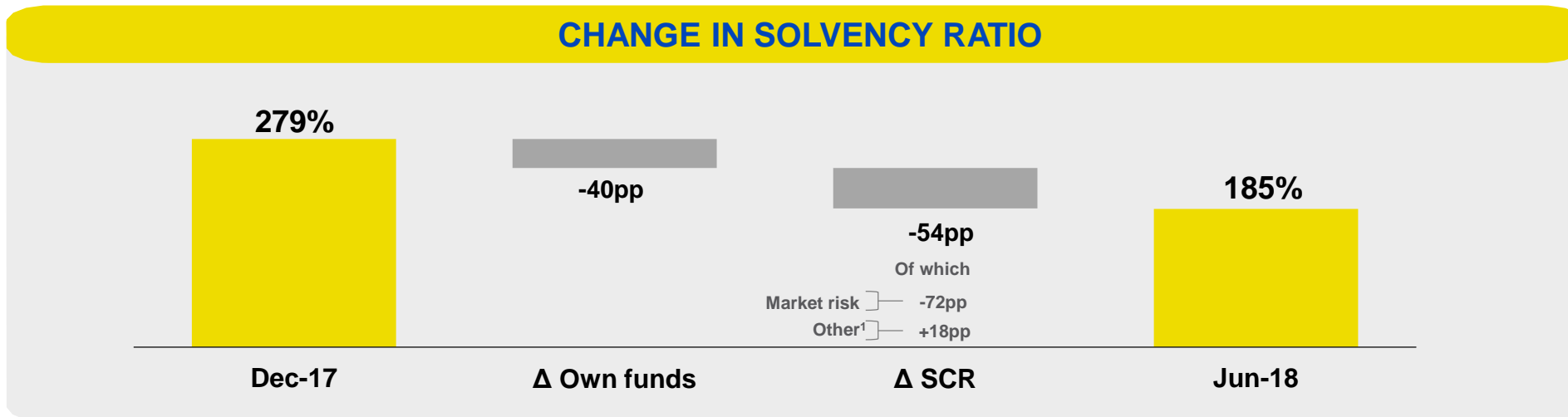
	1H 2017	FY 2017	1H 2018	Var. YoY
Unrealised gains (€m)	7,666	8,225	3,340	-4,325
Minimum guaranteed return (Class I) (%)	0.93%	0.88%	0.84%	-9bps
Class I return (%)	2.93%	3.03%	2.76%	-17bps

1. Includes non-life technical reserves and net of re-insurance reserves; 2. Includes Life Protection; 3. Includes interests, upfront fees and other minor items.

# POSTEVITA GROUP: SOLID SOLVENCY RATIO

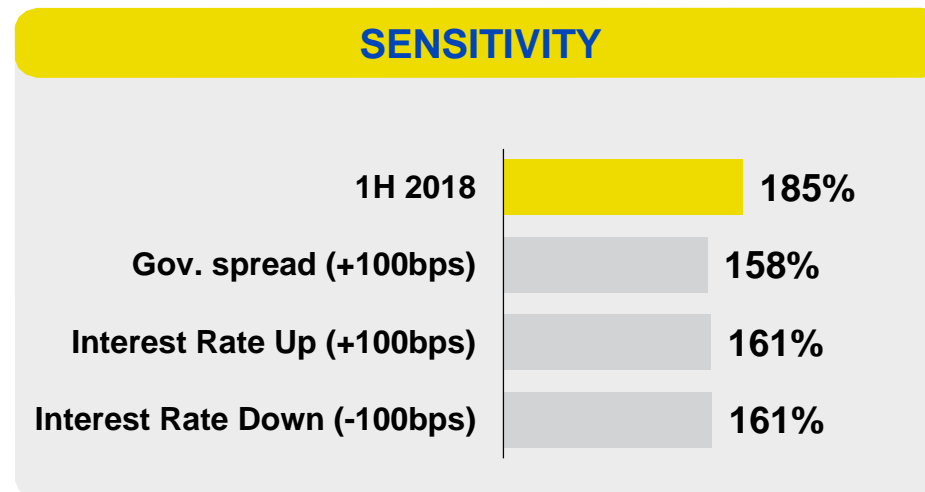
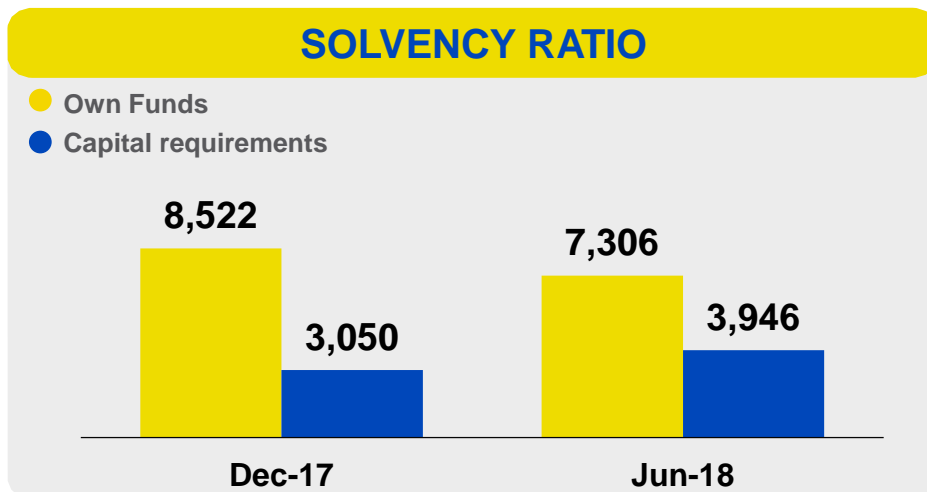
More stable solvency ratio after the impact of market volatility in 2Q 2018

€m unless otherwise stated



## KEY HIGHLIGHTS

- Solvency ratio continued to be solid and above risk tolerance levels
- Solvency II ratio at 185% in Jun-18, mainly due to market volatility in 2Q 2018
- More stable solvency ratio: reduced sensitivity to Government spread thanks to increase of the volatility adjustment

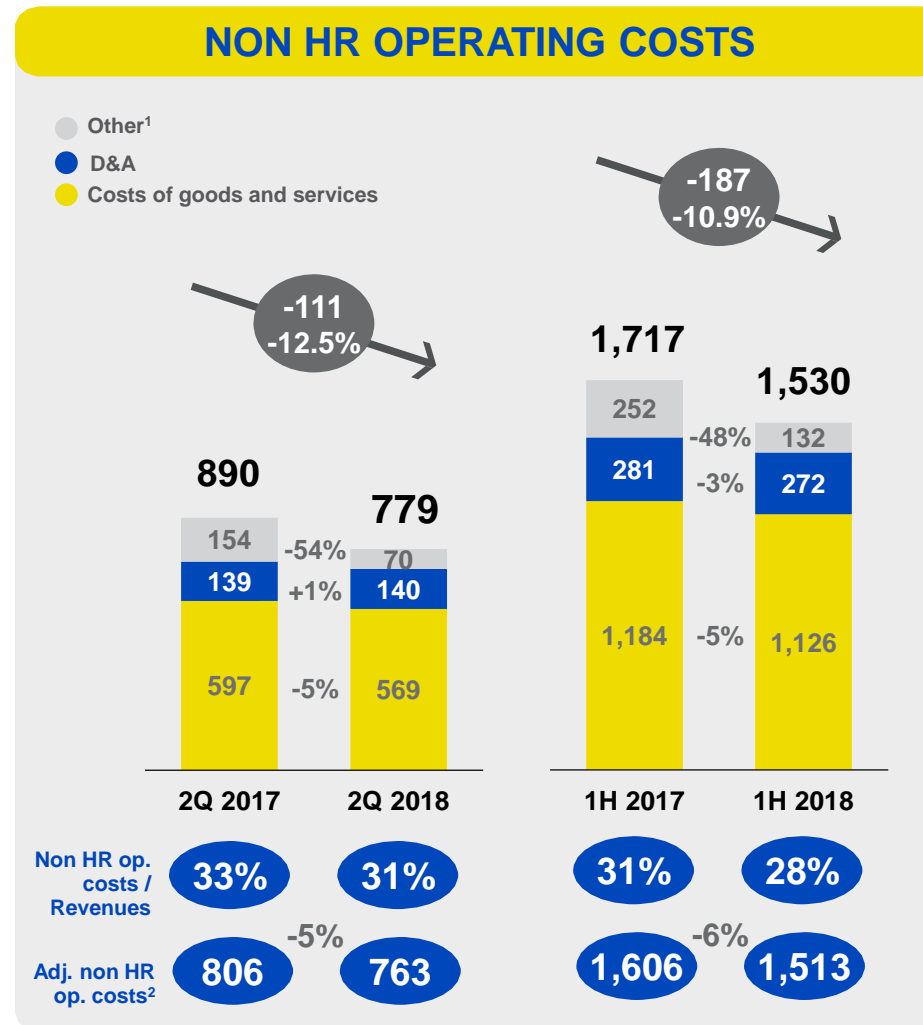
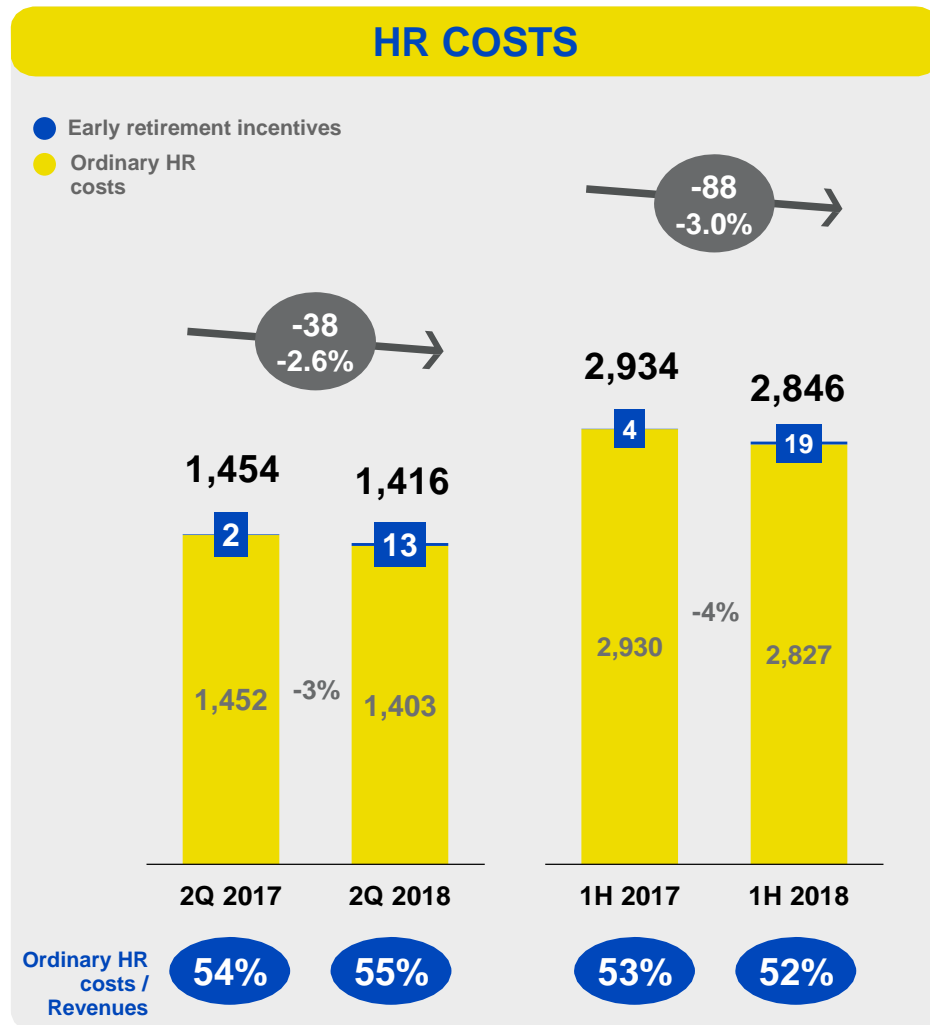


1. Includes impacts from underwriting risk, operational risk and diversification

# GROUP COSTS DOWN

Continued cost discipline confirming Deliver 2022 trajectory

€m unless otherwise stated



## KEY HIGHLIGHTS

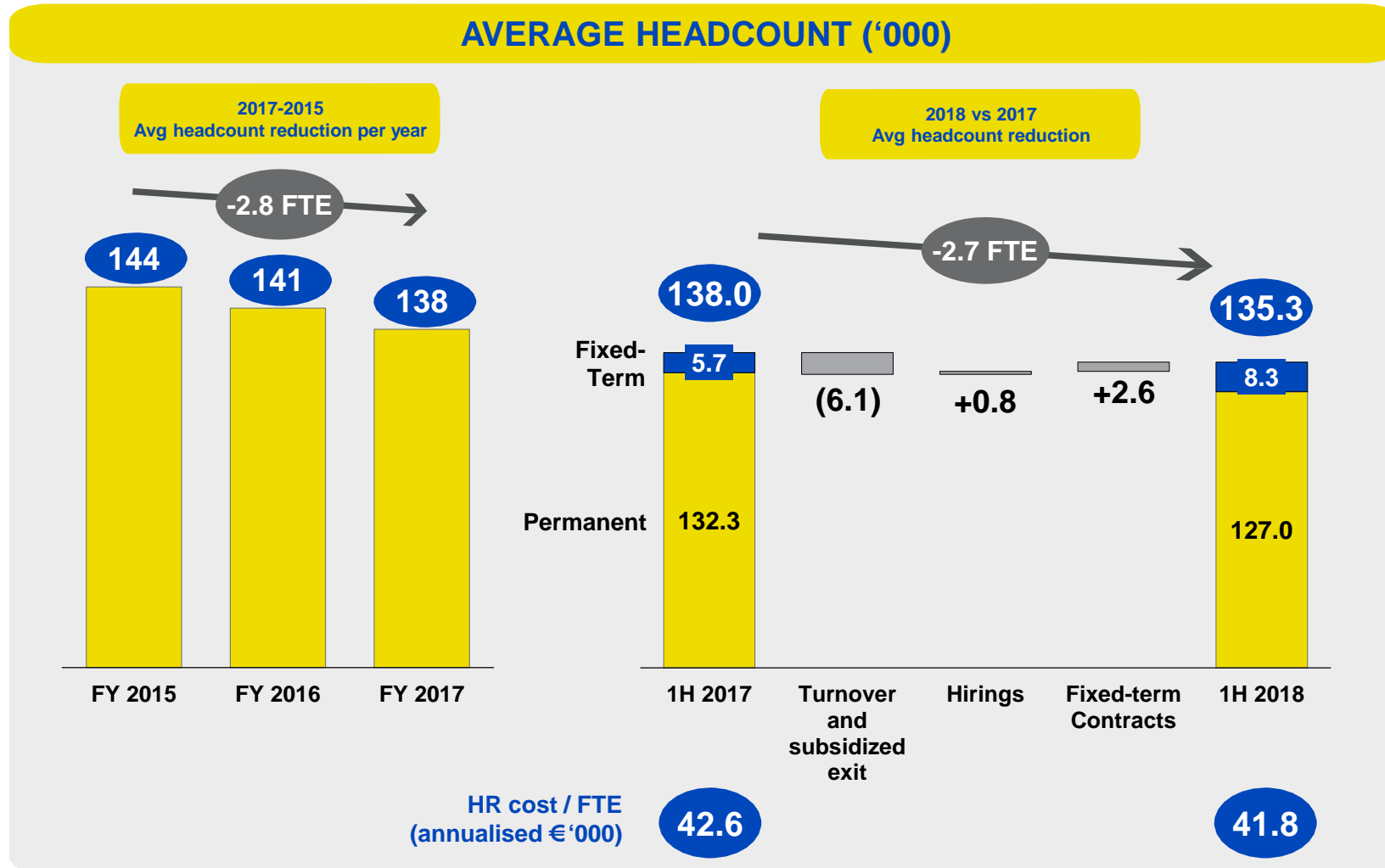
- Cost base is in line with 2018 targets after including 0.4 billion early retirement charges to be booked in Q4 2018
- HR costs down 3% due to lower FTE and temporary effect on cost per FTE
- Non HR operating costs down 5% net of non recurring items<sup>2</sup> in 2Q 2018, (-6% in 1H 2018)

1. Includes other expenses from financial activities, capitalised costs and expenses, and other other operating costs; 2. Excluding BdM-MCC (18 €/m in 2Q 2017 and 33 €/m in 1H 2017); real estate funds provisions (59 €/m in 2Q 2017, 17 €/m in 2Q 2018, 65 €/m in 1H 2017 and 17 €/m in 1H 2018) and provision for the early repayment of financial products (6 €/m in 2Q 2017 and 12 €/m in 1H 2017).



# HR COSTS DOWN THANKS TO MAIL, PARCEL & DISTRIBUTION RE-ORGANIZATION

Confirmed track record to manage reduction of headcounts



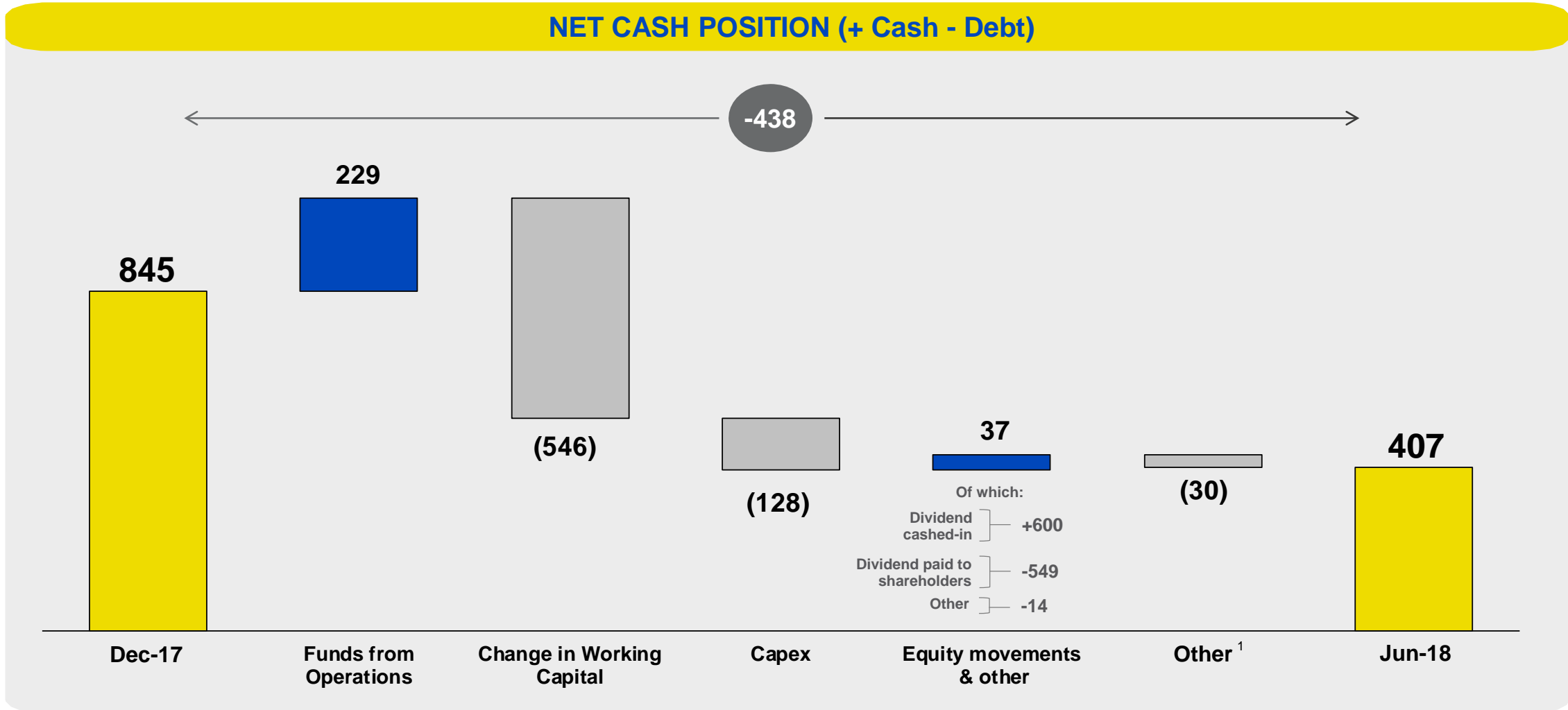
## KEY HIGHLIGHTS

- HR costs per FTE at 41.8 thousand, in line with 2018 target
- Average FTE reduction of c.2,700 YoY, in line with last 3 years
- Labour costs/FTE benefitting from non-recurring items, costs in line with FY 2018 target

# MAIL, PARCEL & DISTRIBUTION NET CASH POSITION

Seasonal trend affecting net cash position

€m unless otherwise stated



1. Cash-out for the capital increase in Anima.



EXECUTIVE SUMMARY

BUSINESS REVIEW

**CLOSING REMARKS**

Q&A

## CLOSING REMARKS

**Strong 1H 2018 net profit thanks to improved operating results**

**Renewed commercial focus supporting sustainable profitability**

**Cost discipline measures under way**

**Deliver 2022 well on track, with all business units focused on execution**



**EXECUTIVE SUMMARY**

**BUSINESS REVIEW**

**CLOSING REMARKS**

**Q&A**



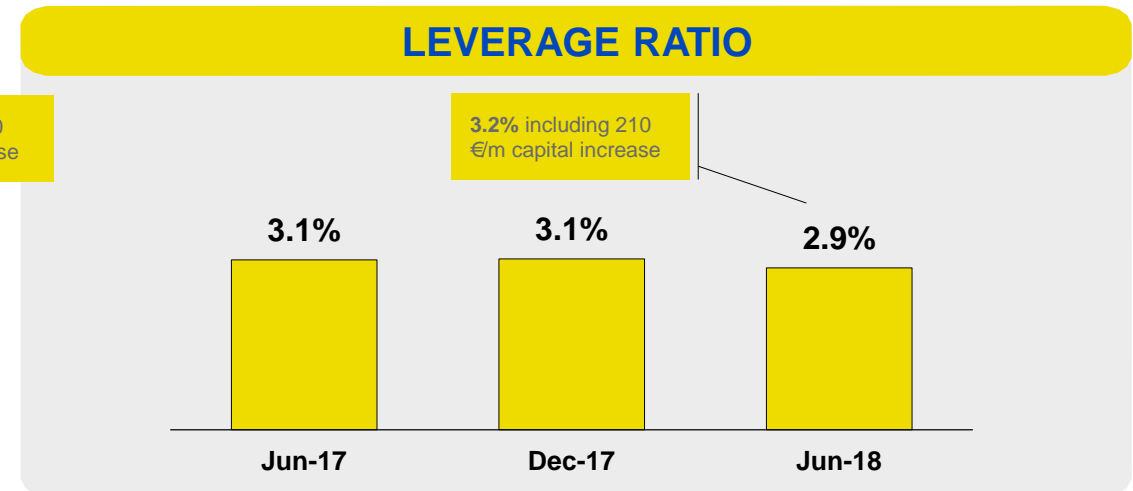
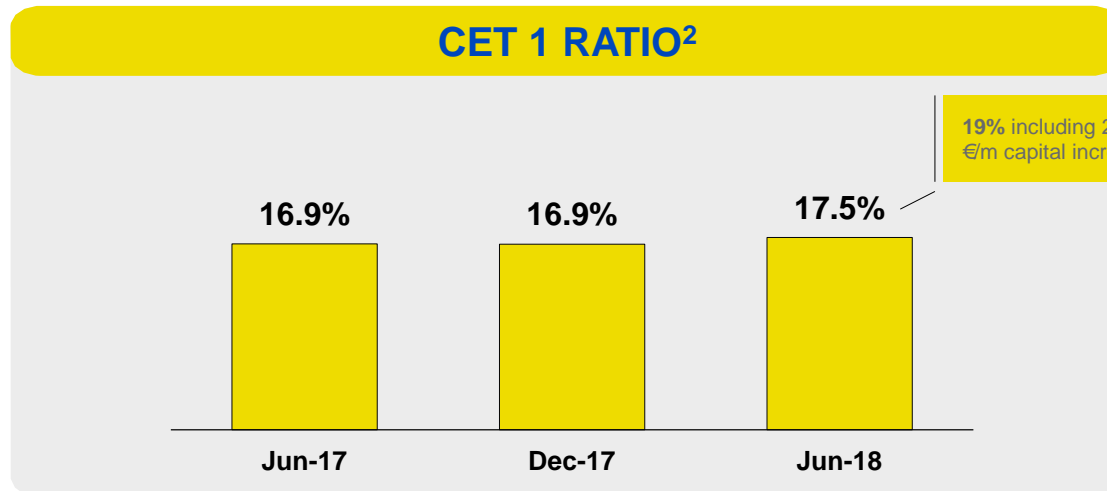
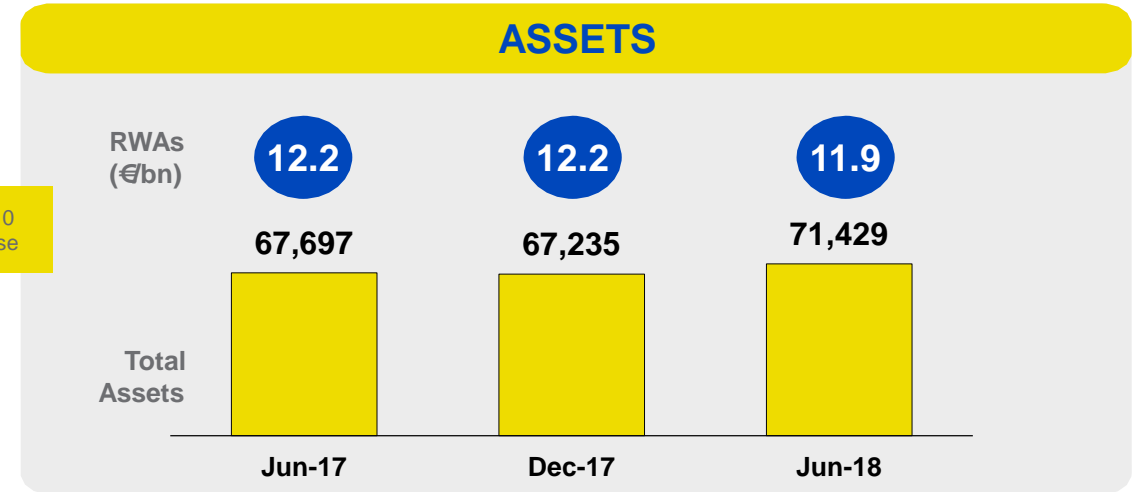
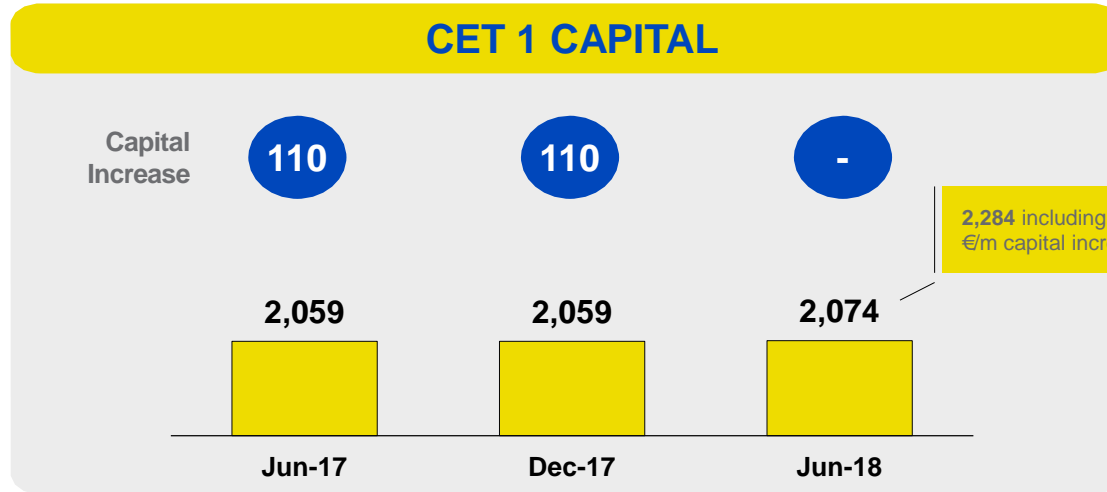
# Q&A

# APPENDIX

# BANCOPOSTA: AN ASSET GATHERER, WITH A LOW RISK BALANCE SHEET

Solid capital ratios including the already announced capital increase<sup>1</sup>

€m unless otherwise stated



1. Capital increase of 210 €/m to be approved by the AGM on 29 May as already announced; 2. 10.50% Min. CET1 ratio required to distribute earnings (transitionally reduced to 9.25% in 2017 and 9.875% in 2018).

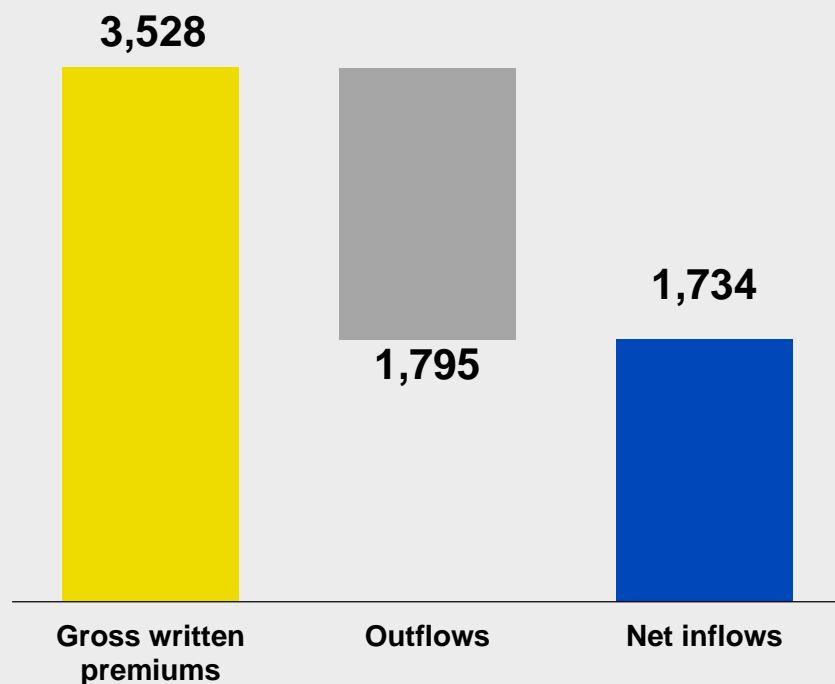


# INSURANCE SERVICES

## Life & private pension plan premium net inflows

€m unless otherwise stated

### TOTAL NET INFLOWS – 2Q 2018



	2Q 2017	2Q 2018	Var.
Lapse rate	3.05%	3.06%	+1bps

### Private Pension Plan

Gross written premiums	238
Outflows	22
Net inflows	215

### Unit/Index Linked (class III)

Gross written premiums	124
Outflows	14
Net inflows	110

### Multiassets

Gross written premiums	158
Outflows	14
Net inflows	145

### Segregated Fund Products<sup>1</sup>

Gross written premiums	3,008
Outflows	1,744
Net inflows	1,263

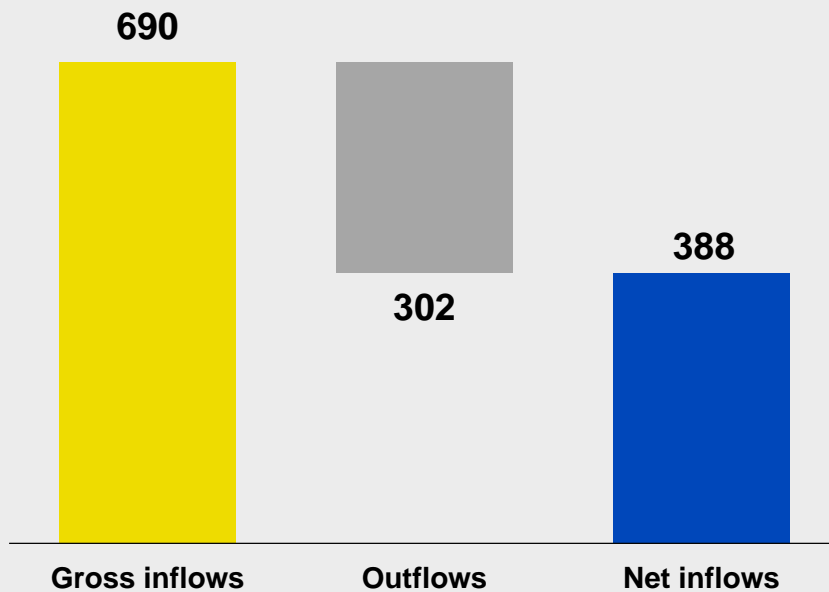
1. Includes Life Protection

# ASSET MANAGEMENT

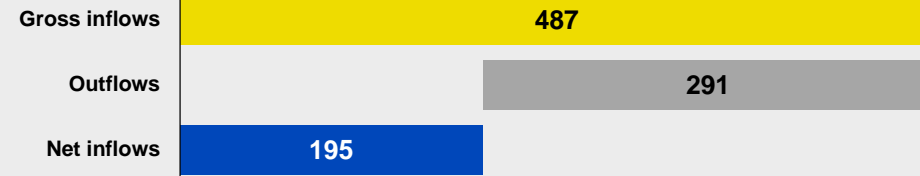
## Net inflows from mutual funds, unit linked and multiasset Class III insurance products

€m unless otherwise stated

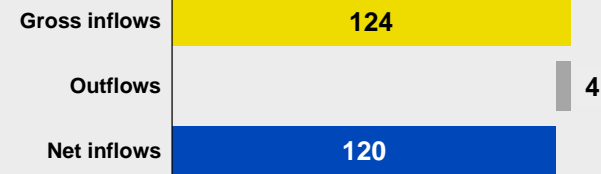
### TOTAL NET INFLOWS – 2Q 2018



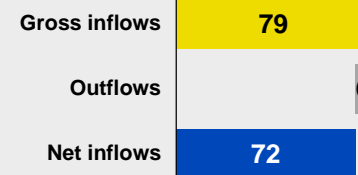
### Mutual funds



### Unit Linked (class III)



### Multiasset Class III

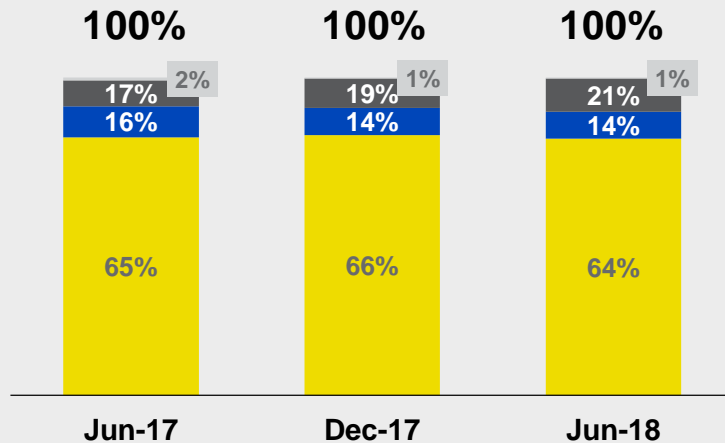


# INSURANCE SERVICES: BREAKDOWN OF PORTFOLIO

Details on portfolio and sensitivity

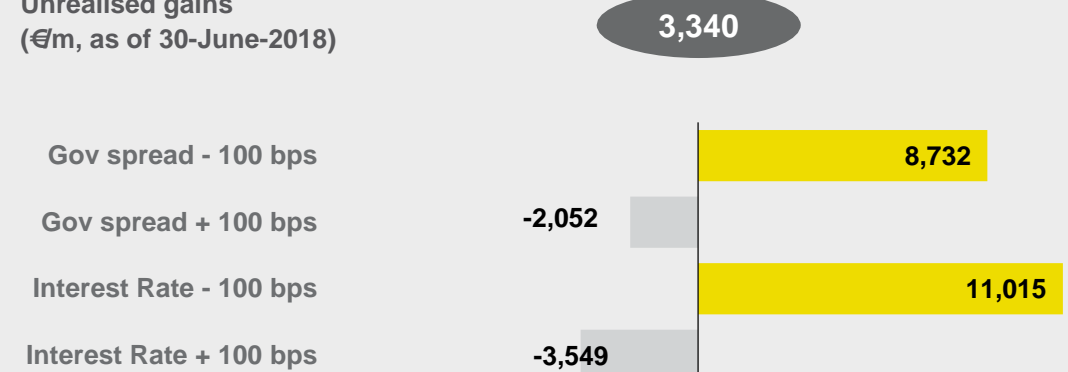
## INVESTMENT PORTFOLIO BREAKDOWN

- Cash
- Multiasset funds
- Corporate bonds
- Govies

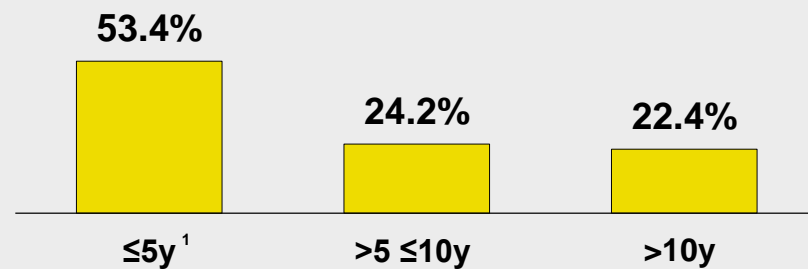


## SENSITIVITY

Unrealised gains  
(€m, as of 30-June-2018)



## INVESTMENT PORTFOLIO DURATION



	Jun-17	Dec-17	Jun-18	Var. YoY
Unrealised gains (€m)	7,666	8,225	3,340	-4,325
Minimum guaranteed return (Class I) (%)	0.93%	0.88%	0.84%	-9bps
Class I return (%)	2.93%	3.03%	2.76%	-17bps

1. Includes also liquidity, UCITS funds and shares with ≤5yrs duration.

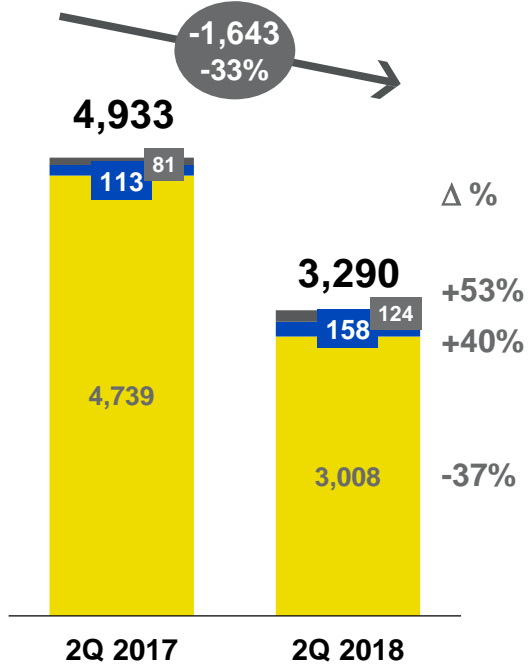
# INSURANCE GROSS WRITTEN PREMIUMS MIX UPGRADING

Changing mix within life products, higher GWP from Private Pension Plan and P&C

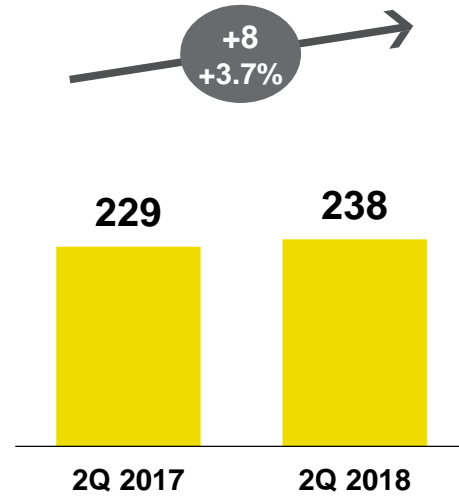
€m unless otherwise stated

## LIFE

- Unit linked (class III)
- Multiasset
- Segregated fund products (class I-V)<sup>1</sup>

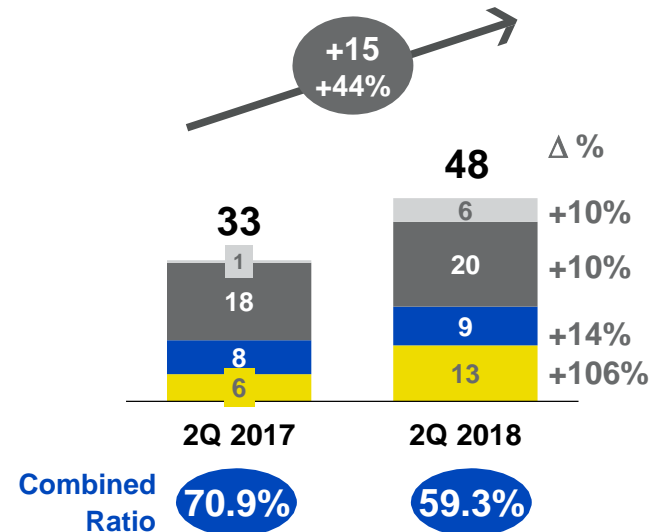


## PRIVATE PENSION PLAN

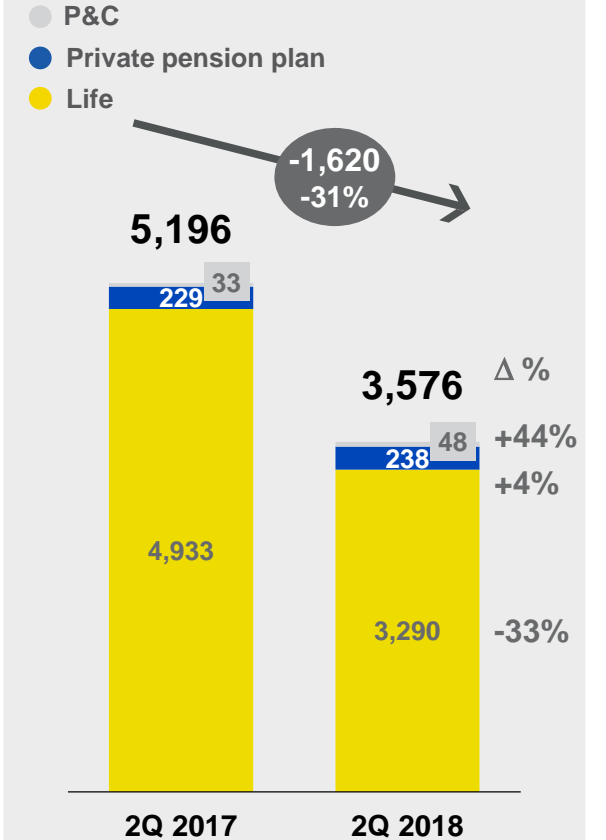


## P&C

- Welfare
- Personal
- Property
- Payments



## TOTAL



1. Includes Life Protection

# CONSOLIDATED ACCOUNT

## PROFIT & LOSS

€m	2Q 2017	2Q 2018	Var.	Var.%	1H 2017	1H 2018	Var.	Var.%
<b>Total revenues</b>	<b>2,665</b>	<b>2,545</b>	<b>-120</b>	<b>-5%</b>	<b>5,498</b>	<b>5,429</b>	<b>-69</b>	<b>-1%</b>
of which:								
Mail, Parcel and Distribution	898	863	-35	-4%	1,812	1,761	-51	-3%
Payments, Mobile and Digital	148	164	16	11%	278	307	29	10%
Financial Services	1,248	1,157	-91	-7%	2,710	2,676	-34	-1%
Insurance Services	371	361	-10	-3%	698	685	-13	-2%
<b>Total costs</b>	<b>2,344</b>	<b>2,195</b>	<b>-149</b>	<b>-6%</b>	<b>4,651</b>	<b>4,376</b>	<b>-275</b>	<b>-6%</b>
of which:								
Total personnel expenses	1,454	1,416	-38	-3%	2,934	2,846	-88	-3%
<i>of which personnel expenses</i>	<i>1,452</i>	<i>1,403</i>	<i>-49</i>	<i>-3%</i>	<i>2,930</i>	<i>2,827</i>	<i>-103</i>	<i>-4%</i>
<i>of which early retirement incentives</i>	<i>2</i>	<i>13</i>	<i>11</i>	<i>n.m.</i>	<i>4</i>	<i>19</i>	<i>15</i>	<i>375%</i>
Other operating costs	751	639	-112	-15%	1,436	1,258	-178	-12%
Depreciation, amortisation and impairments	139	140	1	1%	281	272	-9	-3%
<b>EBIT</b>	<b>321</b>	<b>350</b>	<b>29</b>	<b>9%</b>	<b>847</b>	<b>1,053</b>	<b>206</b>	<b>24%</b>
EBIT Margin	12%	14%			15%	19%		
Finance income/(costs) and profit/(loss) on investments accounted for using the equity method	-81	14	95	117%	-75	22	97	-129%
<b>Profit before tax</b>	<b>240</b>	<b>364</b>	<b>124</b>	<b>52%</b>	<b>772</b>	<b>1,075</b>	<b>303</b>	<b>39%</b>
Income tax expense	81	114	33	41%	262	340	78	30%
<b>Profit for the period</b>	<b>159</b>	<b>250</b>	<b>91</b>	<b>57%</b>	<b>510</b>	<b>735</b>	<b>225</b>	<b>44%</b>

# MAIL, PARCEL & DISTRIBUTION

## PROFIT & LOSS

€m	2Q 2017	2Q 2018	Var.	Var.%	1H 2017	1H 2018	Var.	Var.%
Segment revenue	898	863	-35	-4%	1,812	1,761	-51	-3%
Intersegment revenue	1,119	1,086	-33	-3%	2,453	2,455	2	0%
<b>Total revenues</b>	<b>2,017</b>	<b>1,949</b>	<b>-68</b>	<b>-3%</b>	<b>4,265</b>	<b>4,216</b>	<b>-49</b>	<b>-1%</b>
Personnel expenses	1,406	1,370	-36	-3%	2,838	2,760	-78	-3%
<i>of which personnel expenses</i>	<i>1,406</i>	<i>1,364</i>	<i>-42</i>	<i>-3%</i>	<i>2,837</i>	<i>2,749</i>	<i>-88</i>	<i>-3%</i>
<i>of which early retirement incentives</i>	<i>0</i>	<i>6</i>	<i>6</i>	<i>n.m.</i>	<i>1</i>	<i>11</i>	<i>10</i>	<i>n.m.</i>
Other operating costs	524	508	-16	-3%	1,058	985	-73	-7%
Intersegment costs	19	20	1	5%	34	35	1	3%
<b>Total costs</b>	<b>1,949</b>	<b>1,898</b>	<b>-51</b>	<b>-3%</b>	<b>3,930</b>	<b>3,780</b>	<b>-150</b>	<b>-4%</b>
<b>EBITDA</b>	<b>68</b>	<b>51</b>	<b>-17</b>	<b>-25%</b>	<b>335</b>	<b>436</b>	<b>101</b>	<b>30%</b>
Depreciation, amortisation and impairments	128	130	2	2%	260	252	-8	-3%
<b>EBIT</b>	<b>-60</b>	<b>-79</b>	<b>-19</b>	<b>-32%</b>	<b>75</b>	<b>184</b>	<b>109</b>	<b>145%</b>
EBIT MARGIN	-3%	-4%			2%	4%		
Finance income/(costs)	-89	-6	83	93%	-97	-14	83	86%
<b>Profit/(Loss) before tax</b>	<b>-149</b>	<b>-85</b>	<b>64</b>	<b>43%</b>	<b>-22</b>	<b>170</b>	<b>192</b>	<b>n.m.</b>
Income tax expense	-42	-25	17	40%	5	56	51	n.m.
<b>Profit for the period</b>	<b>-107</b>	<b>-60</b>	<b>47</b>	<b>44%</b>	<b>-27</b>	<b>114</b>	<b>141</b>	<b>n.m.</b>

# PAYMENTS, MOBILE & DIGITAL

## PROFIT & LOSS

€m	2Q 2017	2Q 2018	Var.	Var.%	1H 2017	1H 2018	Var.	Var.%
Segment revenue	148	164	16	11%	278	307	29	10%
Intersegment revenue	82	83	1	1%	168	165	-3	-2%
<b>Total revenues</b>	<b>230</b>	<b>247</b>	<b>17</b>	<b>7%</b>	<b>446</b>	<b>472</b>	<b>26</b>	<b>6%</b>
Personnel expenses	7	8	1	14%	15	16	1	7%
<i>of which personnel expenses</i>	7	8	1	14%	15	16	1	6%
<i>of which early retirement incentives</i>	0	0	0	0%	0	0	0	0%
Other operating costs	46	45	-1	-2%	85	85	0	0%
Intersegment costs	132	144	12	9%	240	258	18	8%
<b>Total costs</b>	<b>185</b>	<b>197</b>	<b>12</b>	<b>6%</b>	<b>340</b>	<b>359</b>	<b>19</b>	<b>6%</b>
<b>EBITDA</b>	<b>45</b>	<b>50</b>	<b>5</b>	<b>11%</b>	<b>106</b>	<b>113</b>	<b>7</b>	<b>7%</b>
Depreciation, amortisation and impairments	5	6	1	20%	11	12	1	9%
<b>EBIT</b>	<b>40</b>	<b>44</b>	<b>4</b>	<b>10%</b>	<b>95</b>	<b>101</b>	<b>6</b>	<b>6%</b>
EBIT MARGIN	17%	18%			21%	21%		
Finance income/(costs)	2	-1	-3	-138%	2	0	-2	-88%
<b>Profit/(Loss) before tax</b>	<b>42</b>	<b>43</b>	<b>1</b>	<b>2%</b>	<b>97</b>	<b>101</b>	<b>4</b>	<b>4%</b>
Income tax expense	11	9	-2	-18%	27	24	-3	-11%
<b>Profit for the period</b>	<b>31</b>	<b>34</b>	<b>3</b>	<b>10%</b>	<b>70</b>	<b>77</b>	<b>7</b>	<b>10%</b>

# FINANCIAL SERVICES

## PROFIT & LOSS

€m	2Q 2017	2Q 2018	Var.	Var.%	1H 2017	1H 2018	Var.	Var.%
Segment revenue	1,248	1,157	-91	-7%	2,710	2,676	-34	-1%
Intersegment revenue	261	254	-7	-3%	519	515	-4	-1%
<b>Total revenues</b>	<b>1,509</b>	<b>1,411</b>	<b>-98</b>	<b>-6%</b>	<b>3,229</b>	<b>3,191</b>	<b>-38</b>	<b>-1%</b>
Personnel expenses	32	28	-4	-13%	63	50	-13	-21%
<i>of which personnel expenses</i>	30	22	-8	-27%	60	43	-17	-28%
<i>of which early retirement incentives</i>	2	6	4	215%	3	7	4	143%
Other operating costs	158	66	-92	-58%	248	147	-101	-41%
Depreciation, amortisation and impairments	1	0	-1	-100%	1	0	-1	-100%
Intersegment costs	1,182	1,148	-34	-3%	2,590	2,586	-4	0%
<b>Total costs</b>	<b>1,373</b>	<b>1,242</b>	<b>-131</b>	<b>-10%</b>	<b>2,902</b>	<b>2,783</b>	<b>-119</b>	<b>-4%</b>
<b>EBIT</b>	<b>136</b>	<b>169</b>	<b>33</b>	<b>24%</b>	<b>327</b>	<b>408</b>	<b>81</b>	<b>25%</b>
EBIT MARGIN	9%	12%			10%	13%		
Finance income/(costs)	1	4	3	300%	3	7	4	133%
<b>Profit/(Loss) before tax</b>	<b>137</b>	<b>173</b>	<b>36</b>	<b>26%</b>	<b>330</b>	<b>415</b>	<b>85</b>	<b>26%</b>
Income tax expense	38	53	15	39%	96	122	26	27%
<b>Profit for the period</b>	<b>99</b>	<b>120</b>	<b>21</b>	<b>21%</b>	<b>234</b>	<b>293</b>	<b>59</b>	<b>25%</b>







# INSURANCE SERVICES

## PROFIT & LOSS

€m	2Q 2017	2Q 2018	Var.	Var.%	1H 2017	1H 2018	Var.	Var.%
Segment revenue	371	361	-10	-2%	698	685	-13	-2%
Intersegment revenue	0	0	0	0%	0	0	0	0%
<b>Total revenues</b>	<b>371</b>	<b>361</b>	<b>-10</b>	<b>-3%</b>	<b>698</b>	<b>685</b>	<b>-13</b>	<b>-2%</b>
Personnel expenses	9	10	1	11%	18	20	2	11%
<i>of which personnel expenses</i>	9	9	0	<i>n.s.</i>	18	19	1	6%
<i>of which early retirement incentives</i>	0	1	0	<i>n.m.</i>	0	1	0	<i>n.s.</i>
Other operating costs	23	20	-3	-13%	45	41	-4	-9%
Depreciation, amortisation and impairments	5	4	-1	-20%	9	8	-1	-11%
Intersegment costs	129	111	-18	-14%	276	256	-20	-7%
<b>Total costs</b>	<b>166</b>	<b>145</b>	<b>-21</b>	<b>-13%</b>	<b>348</b>	<b>325</b>	<b>-23</b>	<b>-7%</b>
<b>EBIT</b>	<b>205</b>	<b>216</b>	<b>11</b>	<b>5%</b>	<b>350</b>	<b>360</b>	<b>10</b>	<b>3%</b>
EBIT MARGIN	55%	60%			50%	53%		
Finance income/(costs)	5	17	12	<i>n.s.</i>	17	29	12	71%
<b>Profit/(Loss) before tax</b>	<b>210</b>	<b>233</b>	<b>23</b>	<b>11%</b>	<b>367</b>	<b>389</b>	<b>23</b>	<b>6%</b>
Income tax expense	74	77	4	4%	134	138	5	3%
<b>Profit for the period</b>	<b>136</b>	<b>156</b>	<b>20</b>	<b>15%</b>	<b>233</b>	<b>251</b>	<b>18</b>	<b>8%</b>

# GROUP PERFORMANCE

## MAIN KPI'S

OPERATIONAL KPI's		2Q 2017	2Q 2018	Δ% YoY	1H 2017	1H 2018	Δ% YoY
 <b>MAIL PARCELS &amp; DISTRIBUTION</b>	Mail Volumes (#m)	789	759	-3.8%	1,627	1,572	-3.4%
	Parcels delivered by mailmen(#m)	6	9	+43.9%	13	19	47.3%
	Parcel Volumes (#m)	27	30	+11.1%	55	59	7.3%
	B2C Revenues (€m)	52	66	+26.0%	106	129	21.7%
 <b>PAYMENTS, MOBILE &amp; DIGITAL</b>	PostePay cards (#m)	17.1	18.6	+8.8%	17.1	18.6	8.8%
	<i>of which PostePay Evolution cards (#m)</i>	4.0	5.4	+35.0%	4.0	5.4	35.0%
	Total payment cards transactions (#bn)	0.22	0.27	+29.4%	0.44	0.55	27.1%
	<i>of which eCommerce transactions (#m)</i>	38.1	43.5	+14.2%	77.8	93.2	19.2%
	PosteMobile new products (#m)	0.280	0.307	+9.6%	0.569	0.598	5.1%
Digital e-Wallets (#m)	1.2	2.2	+83.3%	1.2	2.2	83.3%	
 <b>FINANCIAL SERVICES</b>	Total Financial Assets - TFAs (€bn)	501	510	+1.8%	501	510	1.8%
	Product Sales (#m)	2.0	2.0	-1.0%	3.9	4.2	7.7%
	Fees per client <sup>1</sup> (€)	60	61	1.7%	115	119	3.5%
	Unrealized gains (€m)	1,424	-1,291	n.m.	1,424	-1,291	n.m.
 <b>INSURANCE SERVICES</b>	Gross Written Premiums (€m)	5,196	3,576	-31.2%	11,131	8,912	-19.9%
	GWP – Life (€m)	4,933	3,290	-33.3%	10,570	8,305	-21.4%
	GWP – Private Pension Plan (€m)	229	238	+3.7%	487	510	4.7%
	GWP – P&C (€m)	33	48	+44.2%	73	96	31.5%

1. Segment revenue financial + insurance, excluding interest income, per client, excluding lower mass segment

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