

# POSTE ITALIANE FY & 4Q 2018 FINANCIAL RESULTS

Rome, 19 March 2019



**EXECUTIVE SUMMARY**

**BUSINESS REVIEW**

**APPENDIX**

**2018 financial targets achieved**

**All segments contributed to operating profit improvement**

**Deliver 2022 strategic plan on track**

**Solvency ratio benefitted from effective capital management actions**

**2018 DPS proposed to AGM at €0.44**

# FY 2018 RESULTS OVERVIEW

ALL SEGMENTS CONTRIBUTED TO STRONG GROWTH IN OPERATING PROFITABILITY

€ m unless otherwise stated

	2017	2018	Var.	Var. (%)
<b>REVENUES</b>	10,629	10,864	+236	+2.2%
<b>REVENUES ADJUSTED<sup>1</sup></b>	9,939	10,356	+417	+4.2%
<b>TOTAL OPERATING COSTS (INCLUDING D&amp;A)</b>	9,506	9,366	(140)	(1.5%)
<b>EBIT</b>	1,123	1,499	+376	+33.5%
<b>EBIT MARGIN</b>	11%	14%	+3p.p.	
<b>EBIT ADJUSTED<sup>1</sup></b>	1,111	1,673	+562	+50.6%
<b>NET PROFIT</b>	689	1,399	+709	+102.9%
<b>EPS (€/SHARE)</b>	0.53	1.07	0.54	
<b>NET PROFIT ADJUSTED<sup>1</sup></b>	752	1,172	+419	+55.7%
<b>EPS ADJUSTED (€/SHARE)</b>	0.58	0.90	0.32	

# 4Q 2018 RESULTS OVERVIEW

OPERATING PROFIT IMPROVING IN 4Q 2018, HIGHER COSTS TO ACCELERATE TRANSFORMATION





€ m unless otherwise stated

	4Q 2017	4Q 2018	Var.	Var. (%)
<b>REVENUES</b>	2,735	2,913	+178	+6.5%
<b>REVENUES ADJUSTED<sup>1</sup></b>	2,642	2,801	+159	+6.0%
<b>TOTAL OPERATING COSTS (INCLUDING D&amp;A)</b>	2,789	2,923	+134	+4.8%
<b>EBIT</b>	(54)	(10)	+44	+81.6%
<b>EBIT MARGIN</b>	(2.0%)	(0.3%)	+1.7p.p.	
<b>EBIT ADJUSTED<sup>2</sup></b>	394	490	+96	+24.4%
<b>NET PROFIT</b>	(35)	343	+377	
<b>EPS (€/SHARE)</b>	(0.03)	0.26	+0.29	n.m.
<b>NET PROFIT ADJUSTED<sup>3</sup></b>	285	349	+63	
<b>EPS (€/SHARE)</b>	0.22	0.27	+0.05	+22.2%

# ALL SEGMENT FINANCIAL TARGETS ACHIEVED

## 2018 INITIATIVES DELIVERING EARLY TANGIBLE RESULTS

€ bn unless otherwise stated

		FY18 TARGET	FY18 ACTUAL	
<b>Posteitaliane GROUP</b>				
	EBIT	1.4	1.50	
	NET PROFIT	1.0	1.01 <sup>1</sup>	
<b>PERFORMANCE DRIVERS</b>				
	<b>MAIL, PARCEL &amp; DISTRIBUTION</b>			<ul style="list-style-type: none"> <li>• Stable revenues driven by expected B2C parcel growth and better than expected mail performance</li> <li>• Network transformation driving cost efficiency</li> </ul>
	<b>PAYMENTS, MOBILE &amp; DIGITAL</b>			<ul style="list-style-type: none"> <li>• Growth in payment card stock and transactions</li> <li>• Growth in Postemobile SIM stock</li> <li>• Launch of Postepay Connect</li> </ul>
	<b>FINANCIAL SERVICES</b>			<ul style="list-style-type: none"> <li>• Retail net inflows driving growth in TFAs</li> </ul>
	<b>INSURANCE SERVICES</b>			<ul style="list-style-type: none"> <li>• Leadership in Life insurance and focus on growing P&amp;C products</li> </ul>
	REVENUES	3.5	3.58	
	EBIT	(0.4)	(0.43)	
	REVENUES	0.6	0.59	
	EBITDA	0.2	0.23	
	EBIT	0.2	0.20	
	REVENUES <sup>2</sup>	5.1	5.20	
	EBIT	0.9	0.86	
	REVENUES	1.5	1.47	
	NET PROFIT	0.6	0.62 <sup>1</sup>	



EXECUTIVE SUMMARY

**BUSINESS REVIEW**

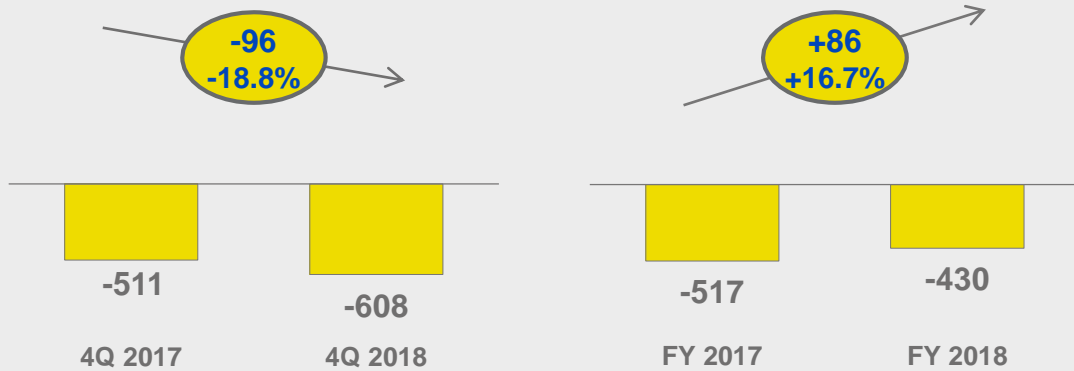
APPENDIX

# OPERATING PROFITABILITY

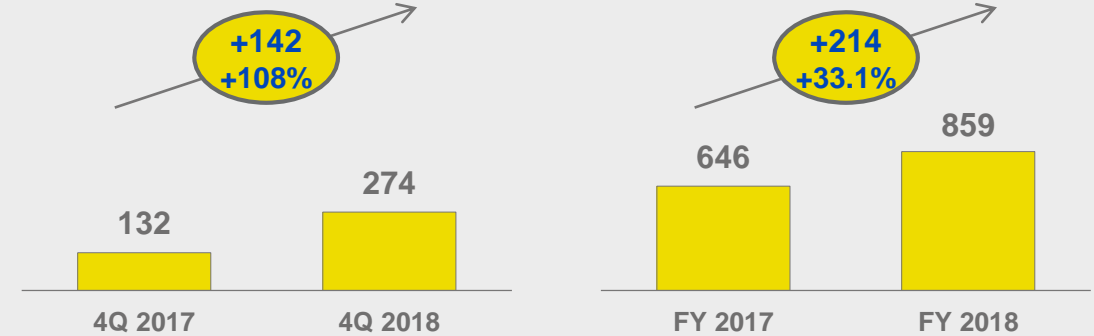
## OPERATING PROFIT PROGRESSION FROM ALL SEGMENTS IN 2018

€ m unless otherwise stated

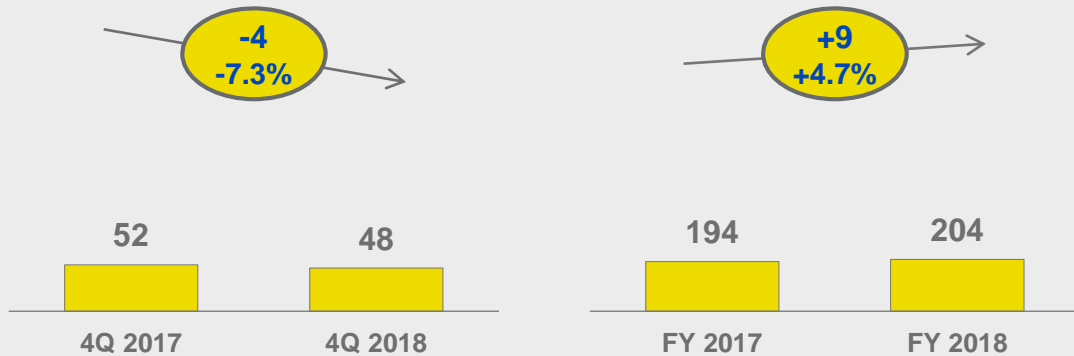
### MAIL, PARCEL & DISTRIBUTION



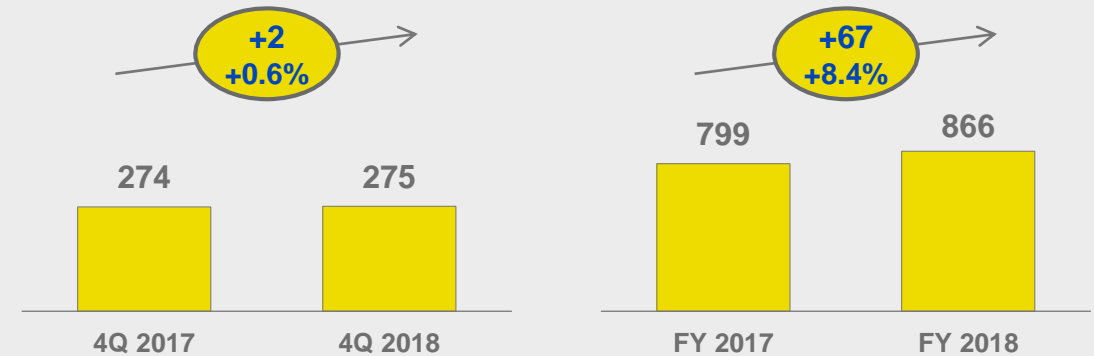
### FINANCIAL SERVICES



### PAYMENTS, MOBILE & DIGITAL



### INSURANCE SERVICES

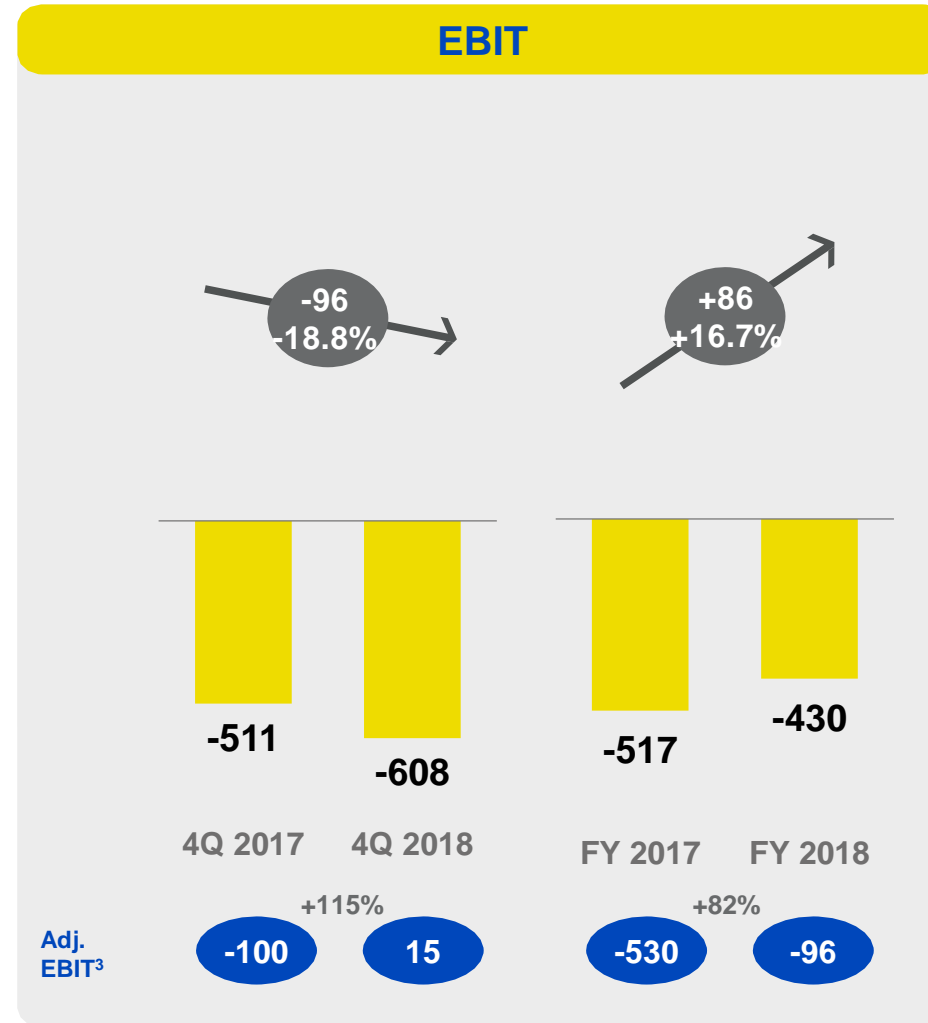
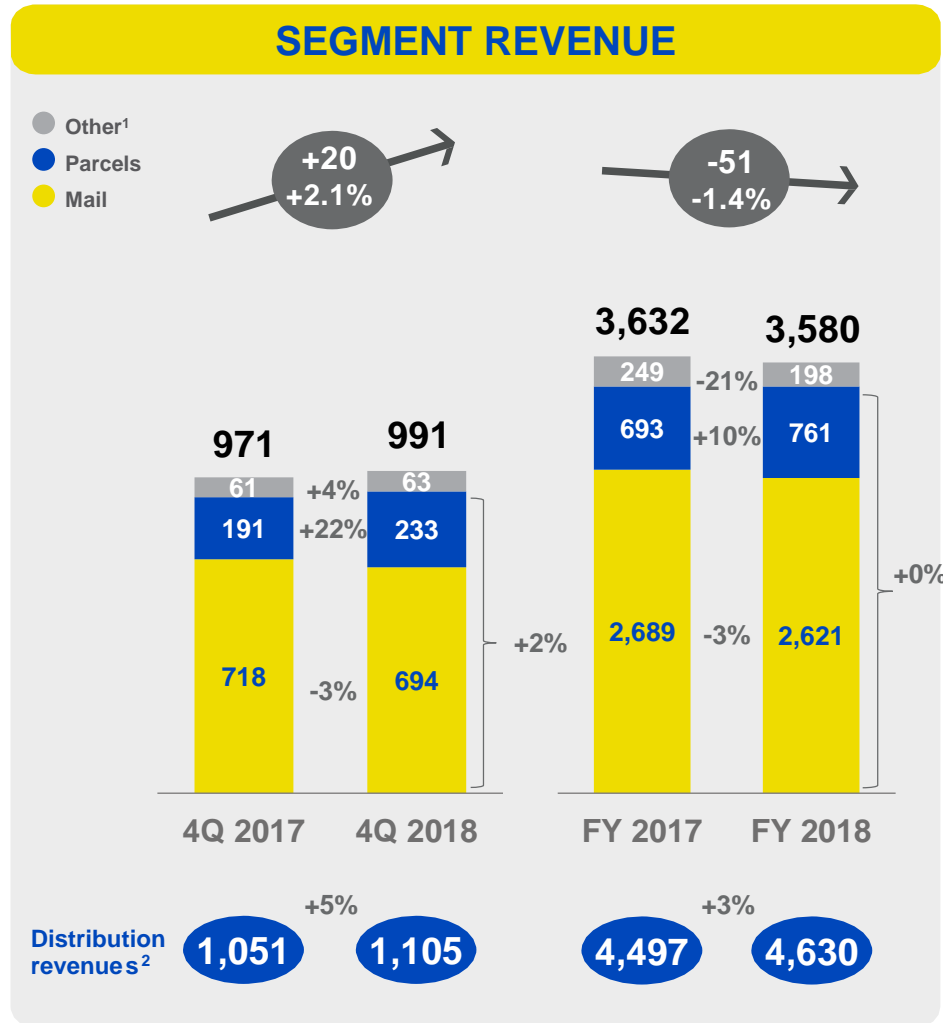




# MAIL, PARCEL & DISTRIBUTION PROFITABILITY

MAIL AND PARCEL COMBINED REVENUES STABLE FOR THE FIRST TIME IN TEN YEARS

€ m unless otherwise stated



## KEY HIGHLIGHTS

- Network transformation supporting the acceleration of operating profitability
- Parcel revenues up supported by strong B2C business, offsetting Mail decline
- 2018 Mail revenues exceeded expectations thanks to non recurring effects

1. Includes Philately, Patenti Via Poste, Poste Motori, Mistral and other revenues

2. Includes income received by Other Segments in return for use of the distribution network and Corporate Services

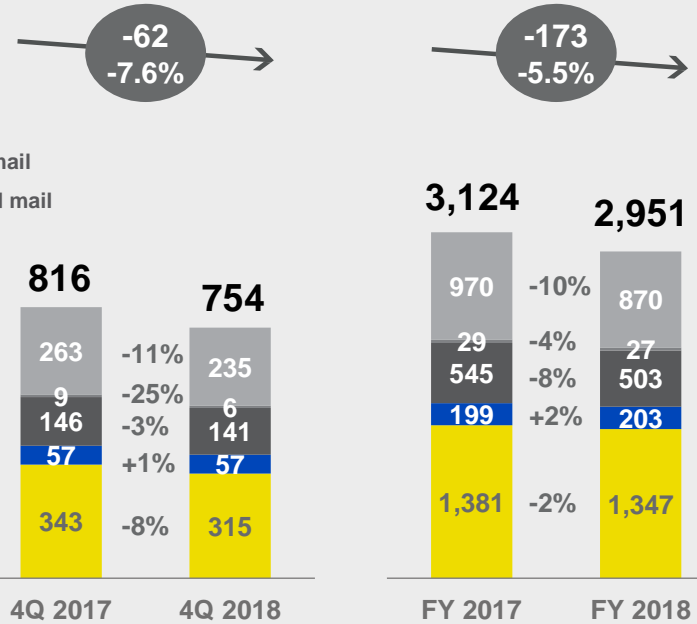
3. Excluding net capital gains on investment portfolio and capital gain on Mastercard rebated to the network, early retirement incentives and impairment on Postel's goodwill

# MAIL, PARCEL & DISTRIBUTION VOLUMES

JOINT DELIVERY MODEL ENABLING STRONG PARCEL VOLUMES, REPLACING LOWER MAIL VOLUMES

## MAIL VOLUMES (m/pc)

- Other<sup>1</sup>
- Integrated services
- Direct marketing
- Recorded mail
- Unrecorded mail

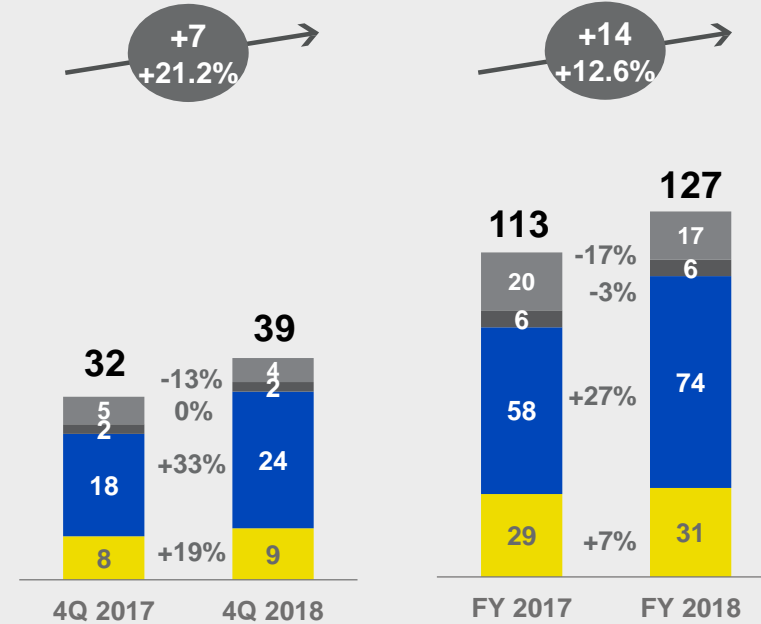


### AVERAGE PRICE INDEX (base 100)



## PARCEL VOLUMES (m/pc)

- Other<sup>2</sup>
- C2C
- B2C
- B2B



### AVERAGE PRICE INDEX (base 100)



## KEY HIGHLIGHTS

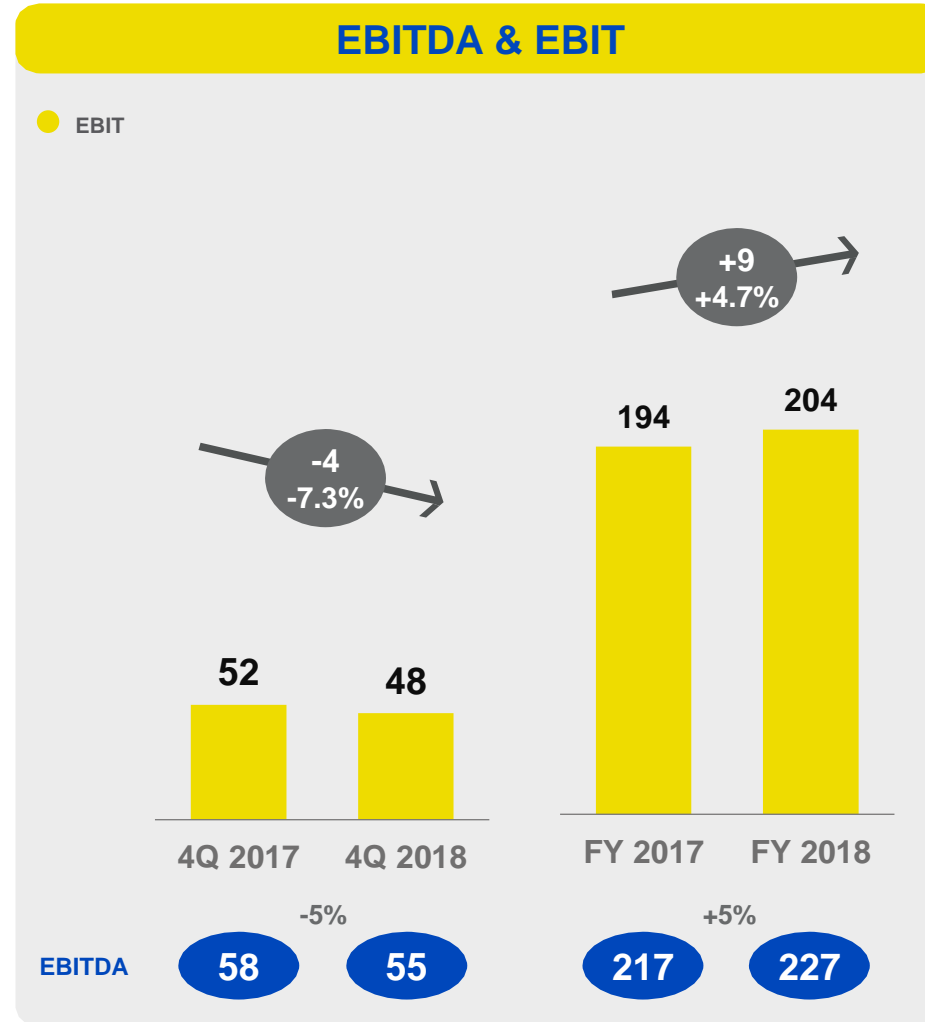
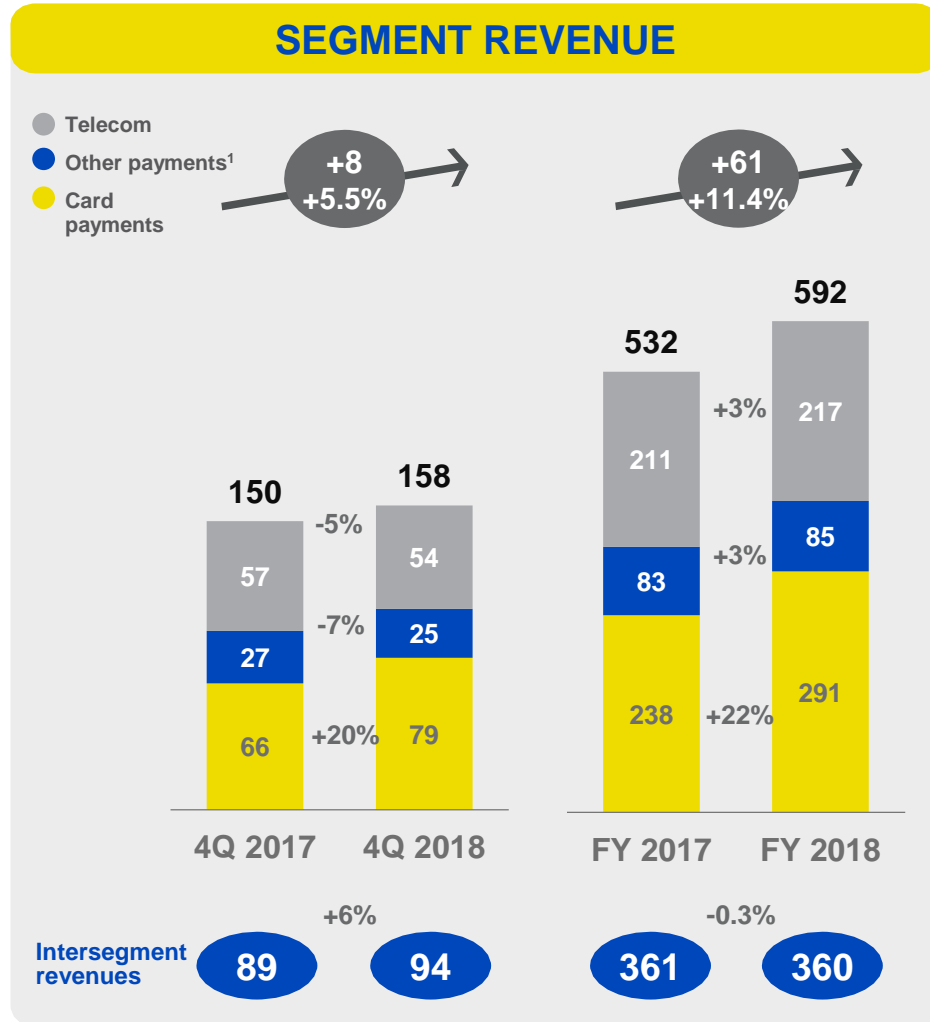
- Mail volumes decrease related to lower margin volumes (e.g. direct marketing and unrecorded mail)
- Average prices benefitted from repricing since July
- Parcel volumes positive trend boosted by record B2C and sustained B2B
- Overall parcel tariff down due to volumes mix effect, with B2C prices up in 2018

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

# PAYMENTS, MOBILE & DIGITAL

## 2018 OPERATING PROFIT PROGRESSION FUELLED BY DOUBLE DIGIT GROWTH IN CARD REVENUES

€ m unless otherwise stated



### KEY HIGHLIGHTS

- Continued progression of operating profit in 2018; 4Q 2018 impacted by VAT provisions for c.6m
- Revenues continue to increase, thanks to the strong contribution from growth in Postepay payment cards and transactions
- Other payments revenues impacted by tax payments services moved up to 3Q18
- Telecom revenues mirroring the ongoing refocus to more sustainable yearly fees

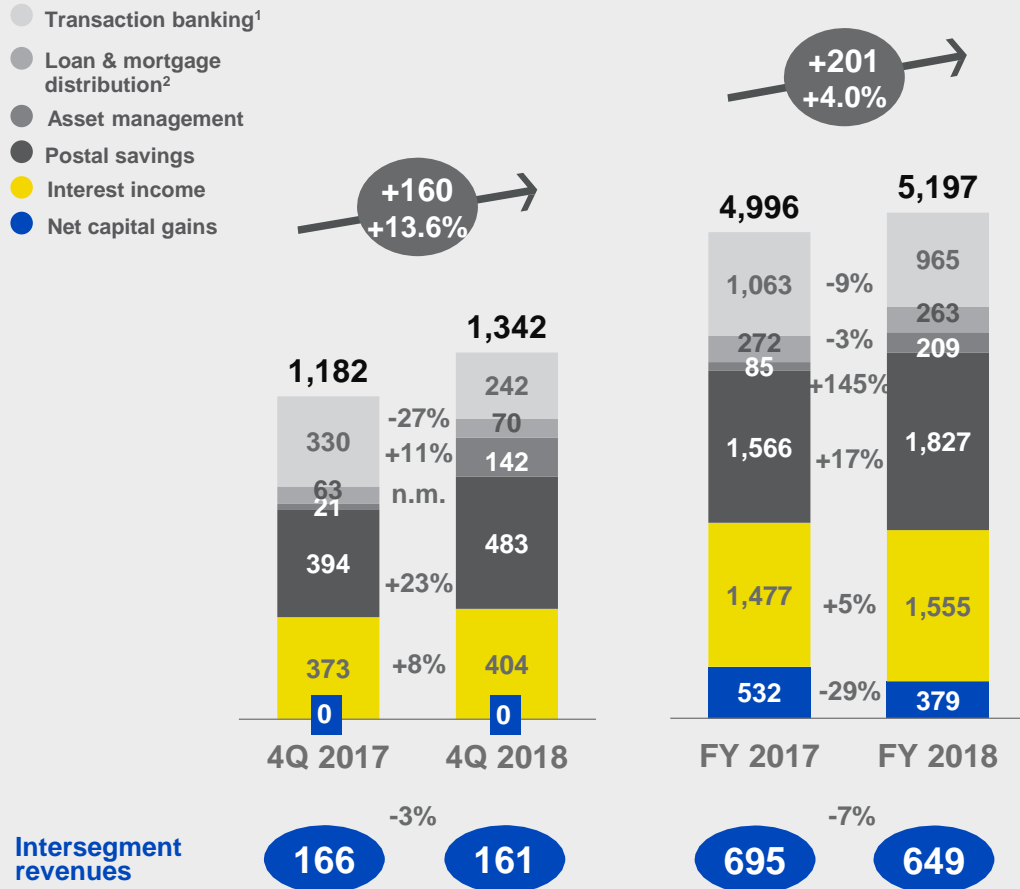
1. Includes fees from 'bollettino' cashed-in, tax payments slips and money transfer.

# FINANCIAL SERVICES

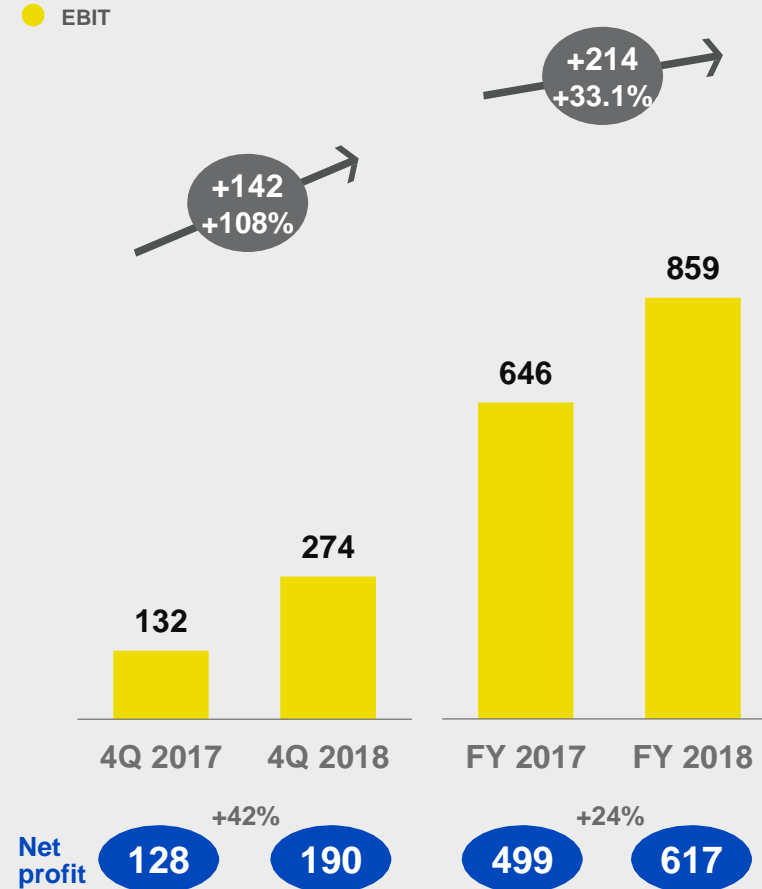
RENEUVES UP WITH A MORE SUSTAINABLE MIX LEADING TO HIGHER UNDERLYING PROFITABILITY

€ m unless otherwise stated

## REPORTED SEGMENT REVENUES



## REPORTED EBIT & NET PROFIT



## KEY HIGHLIGHTS

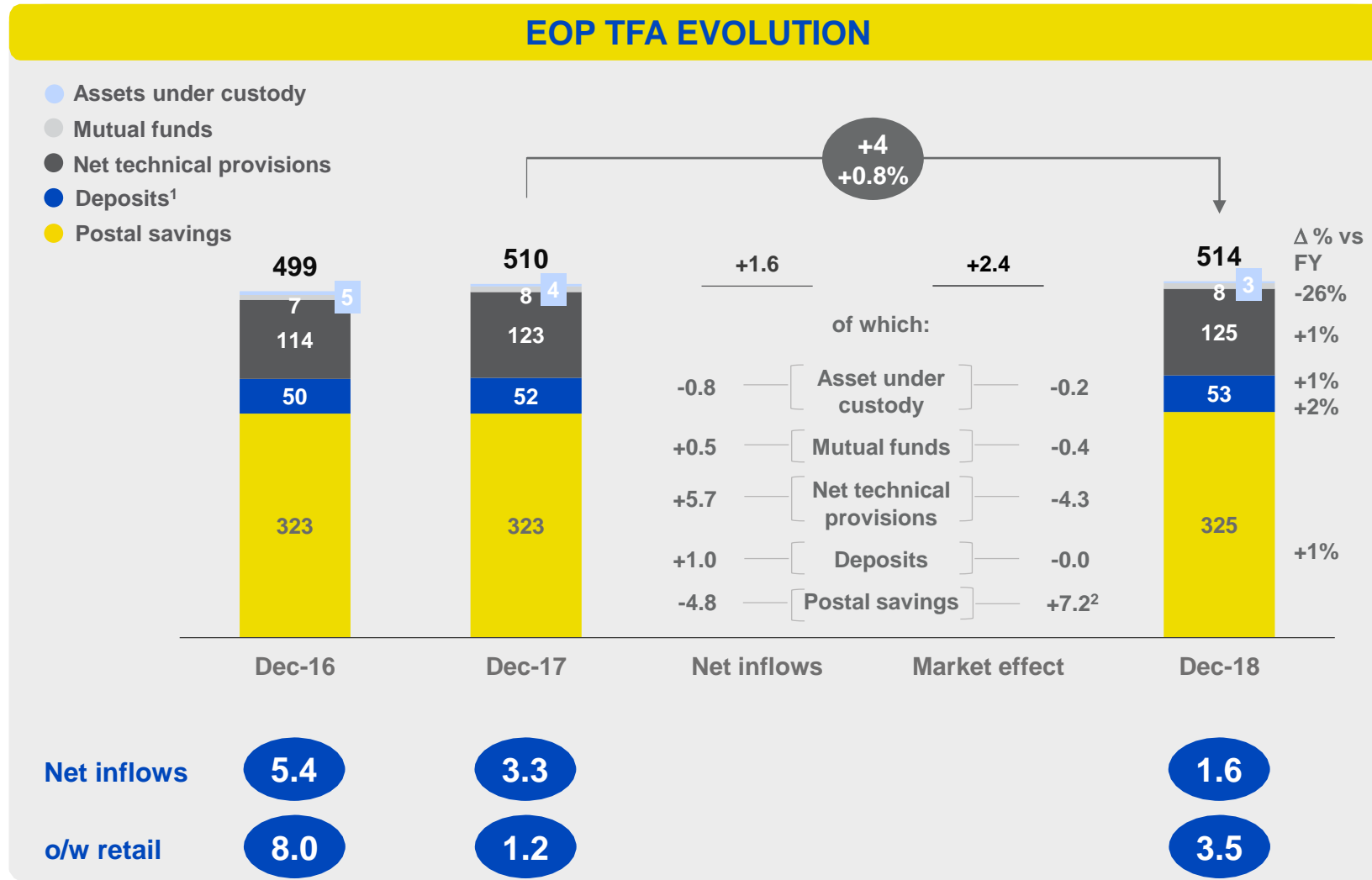
- Continued underlying progression of operating and net profit
- Postal saving fees increasing to the upper end range of new CDP agreement
- Asset management fees benefitting from 120m Anima capital gain in 4Q18
- Interest income up thanks to higher volumes
- Transaction banking impacted by Mastercard capital gain in 4Q17
- Loan and mortgage distribution fees steadily increasing (net of IFRS15 accounting changes)

1. Includes revenues from bollettino, banking accounts related revenues, commissions from INPS and money transfers, Postamat; 2. Includes reported revenues from custody accounts, credit cards, other revenues from distribution of third parties products

# GROUP TOTAL FINANCIAL ASSETS

## RESILIENT BUSINESS MODEL WITH POSITIVE NET INFLOWS IN A CHALLENGING ENVIRONMENT

€ bn unless otherwise stated



### KEY HIGHLIGHTS

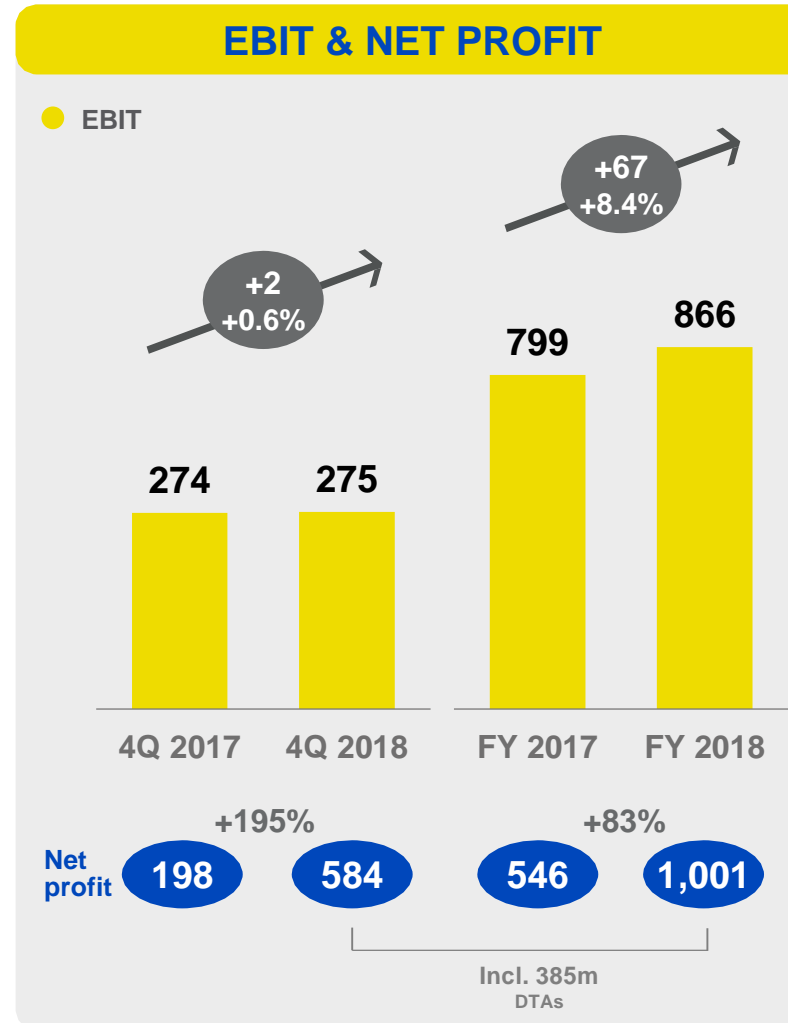
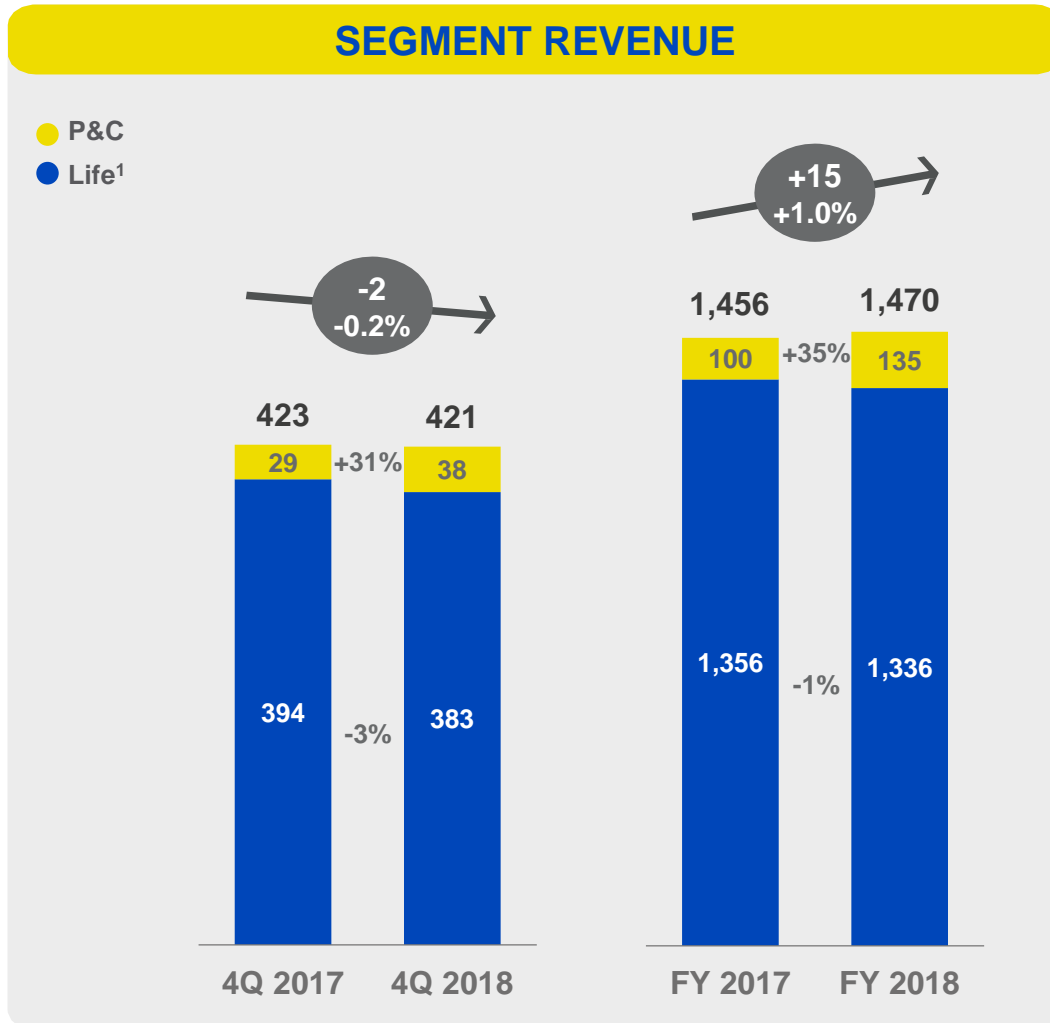
- Total financial assets up by 4bn in 2018, in a volatile environment
- Positive retail net inflows of 3.5bn
- Insurance net inflows up 5.7bn with increasing market share in Life
- Postal savings net inflows improving, supported by new commercial initiatives
- Deposits up 1bn thanks to retail customer base (+2.7bn)
- Mutual funds up 0.5bn leading to increasing market shares

1. Deposits do not include Repo and Poste Italiane liquidity; 2. Including interests accrued

# INSURANCE SERVICES OPERATING RESULTS

## ONGOING FOCUS ON GROWING P&C

€ m unless otherwise stated



### KEY HIGHLIGHTS

- Net profit well on track with 2018 target, net of one-off DTA effects
- Revenues broadly stable in 4Q and up in FY18 thanks to ongoing focus on P&C
- Operating profitability progressing in the year thanks to positive net inflows and focus on P&C
- Increasing market share in Life Insurance in a volatile market environment

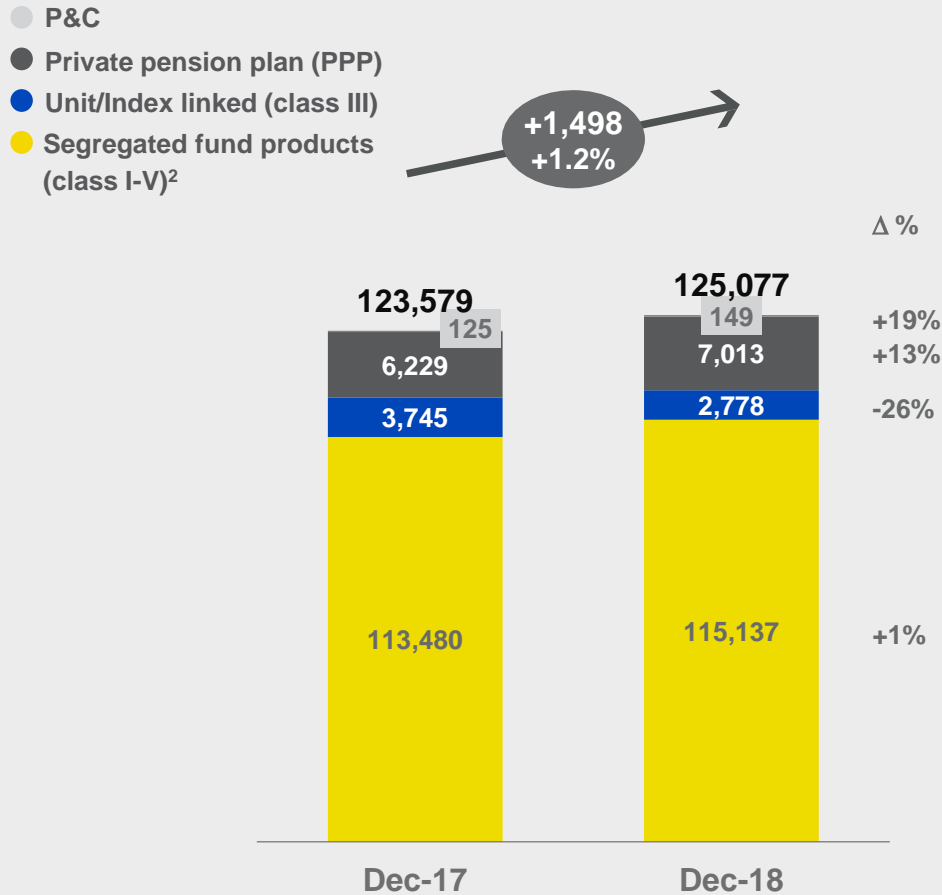
1. Includes Private Pension Plan (PPP)

# NET TECHNICAL PROVISIONS

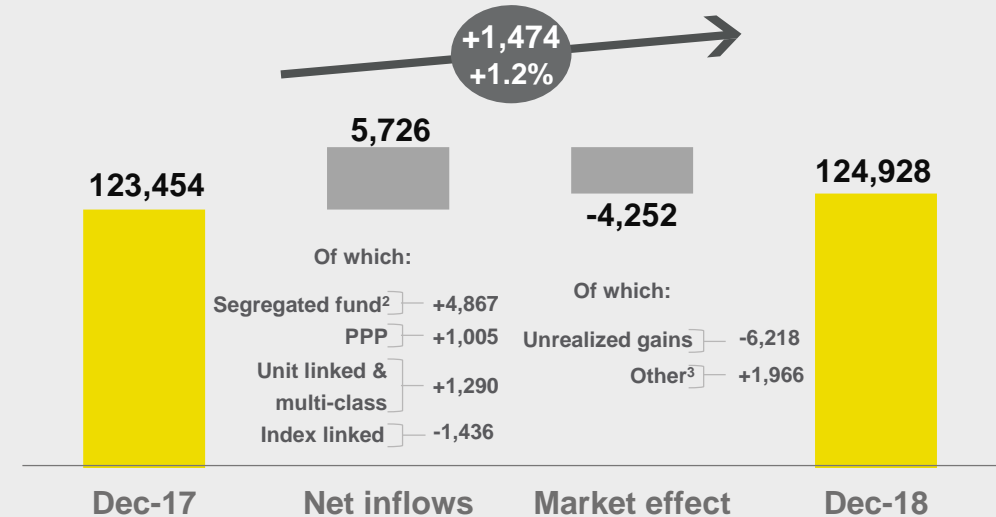
POSITIVE NET INFLOWS MITIGATING THE IMPACT OF LOWER RETURNS IN A LOWER YIELD TREND

€ m unless otherwise stated

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



## LIFE NET TECHNICAL PROVISIONS EVOLUTION



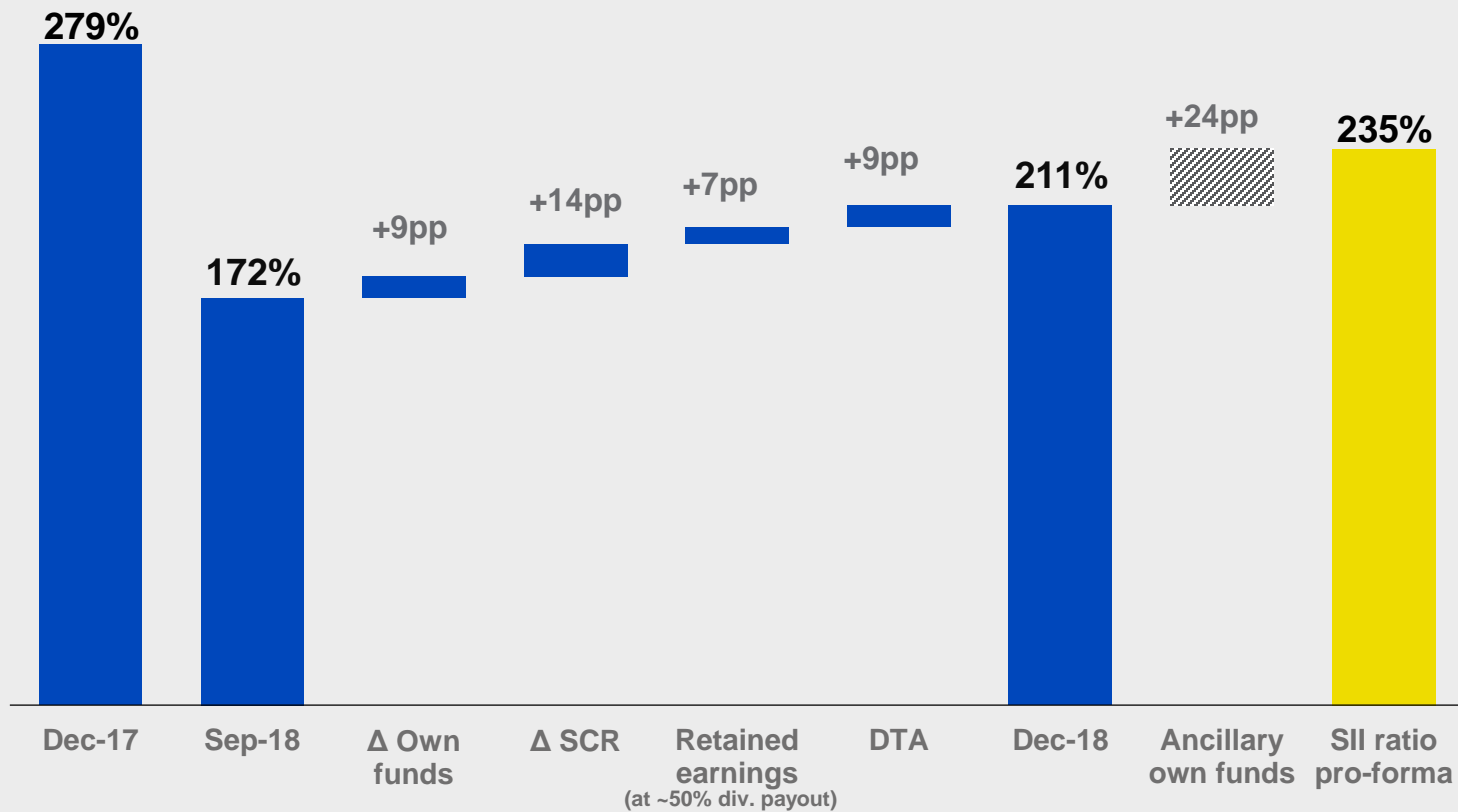
	FY 2017	FY 2018	Var. YoY
Unrealized gains (€/m)	8,225	2,007	-6,218
Minimum guaranteed return (Class I) (%)	0.88%	0.78%	-10bps
Asset return (%)	3.03%	2.82%	-21bps

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

# SOLVENCY II EVOLUTION

## SOLVENCY RATIO UP BENEFITTING FROM CAPITAL MANAGEMENT

### CHANGE IN SOLVENCY RATIO



### KEY HIGHLIGHTS

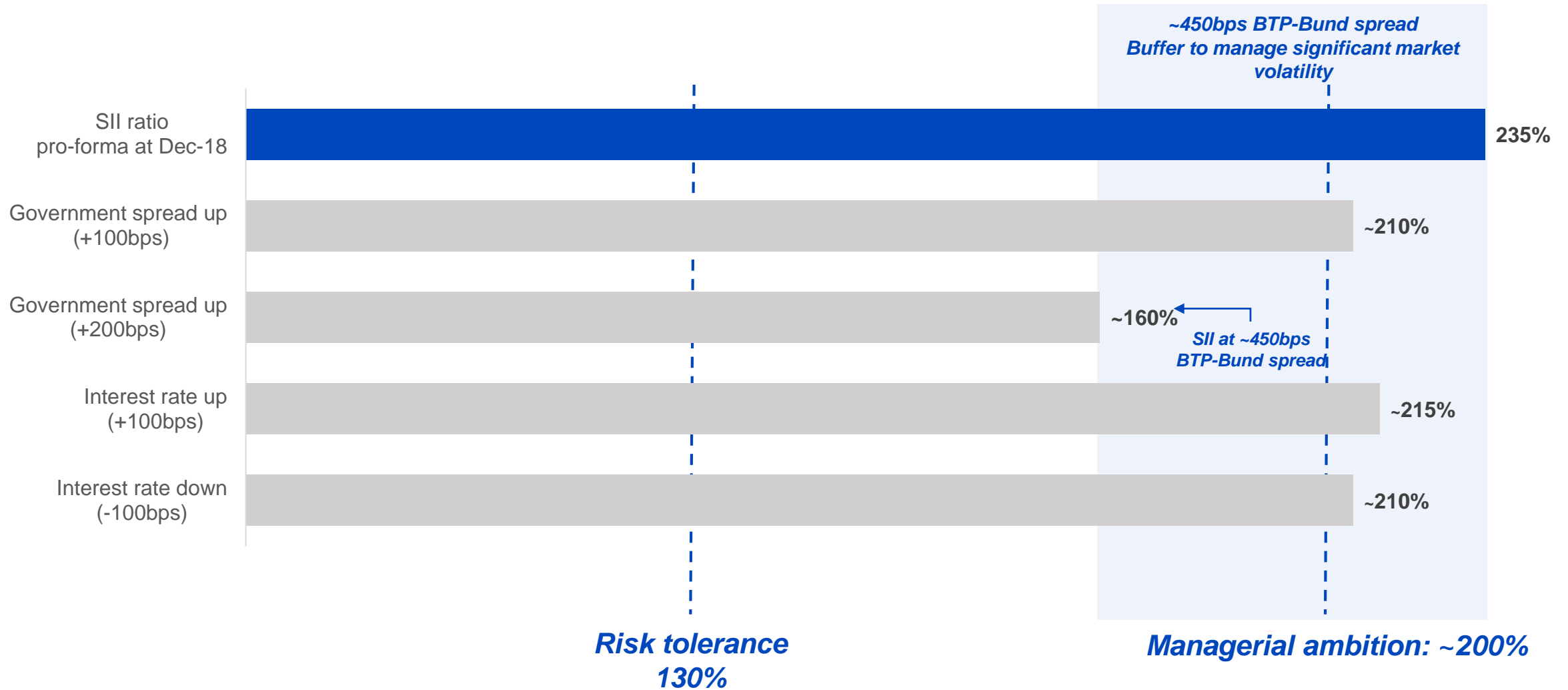
- Solvency ratio in Dec-18 supported by positive market trends and effective capital management actions:
- Dividend payout to Poste Italiane SpA at ~50% in 2018
- Ancillary own funds approved by regulator (Feb. 2019)
- Full accounting recognition of DTAs in 4Q18
- Volatility adjustments (VA) contribution increased in 4Q18 (no country specific VA triggered)



# SOLVENCY II – RISK FRAMEWORK

A DISCIPLINED RISK APPETITE FRAMEWORK, TARGETING SOLVENCY II RATIO AT ~200% THROUGH THE CYCLE

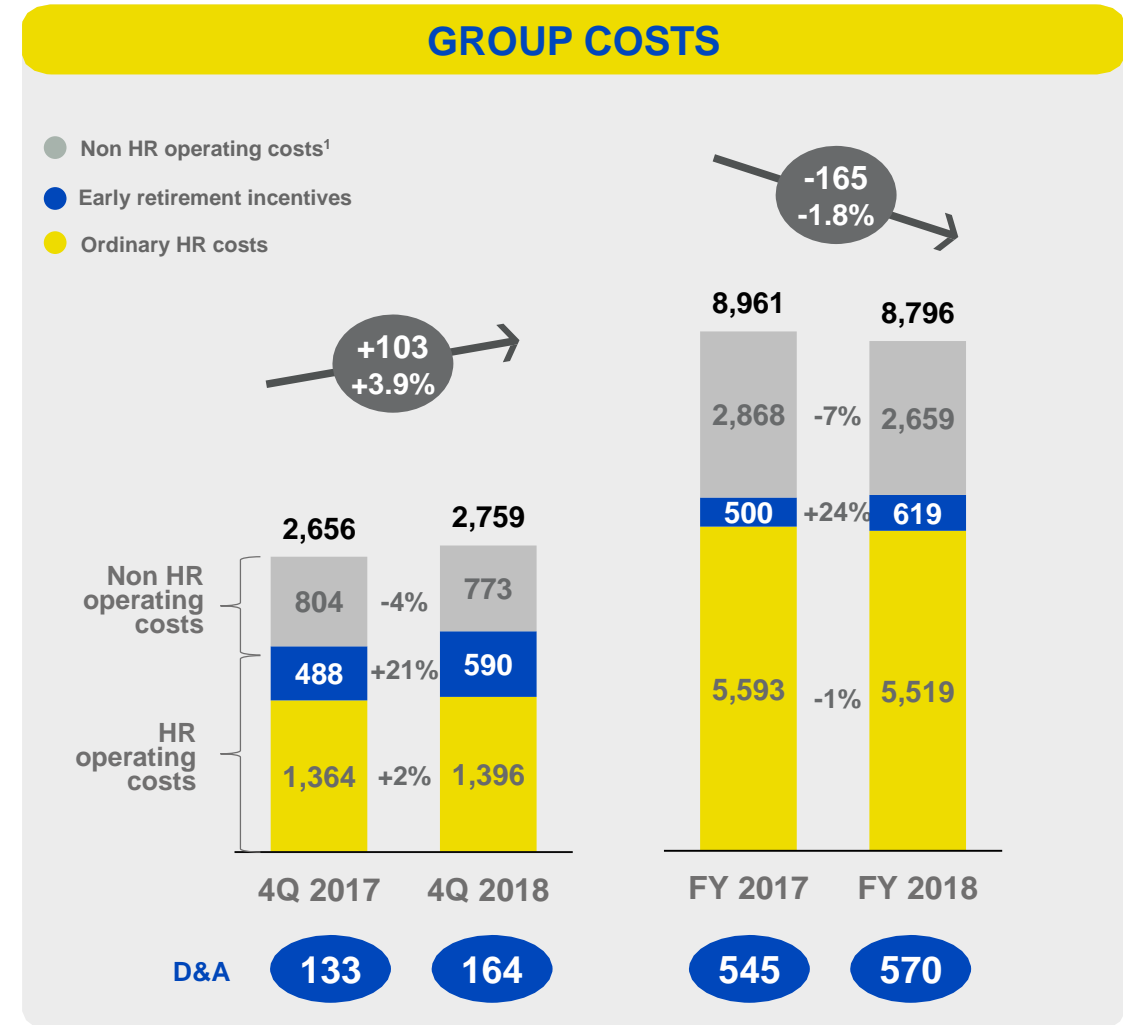
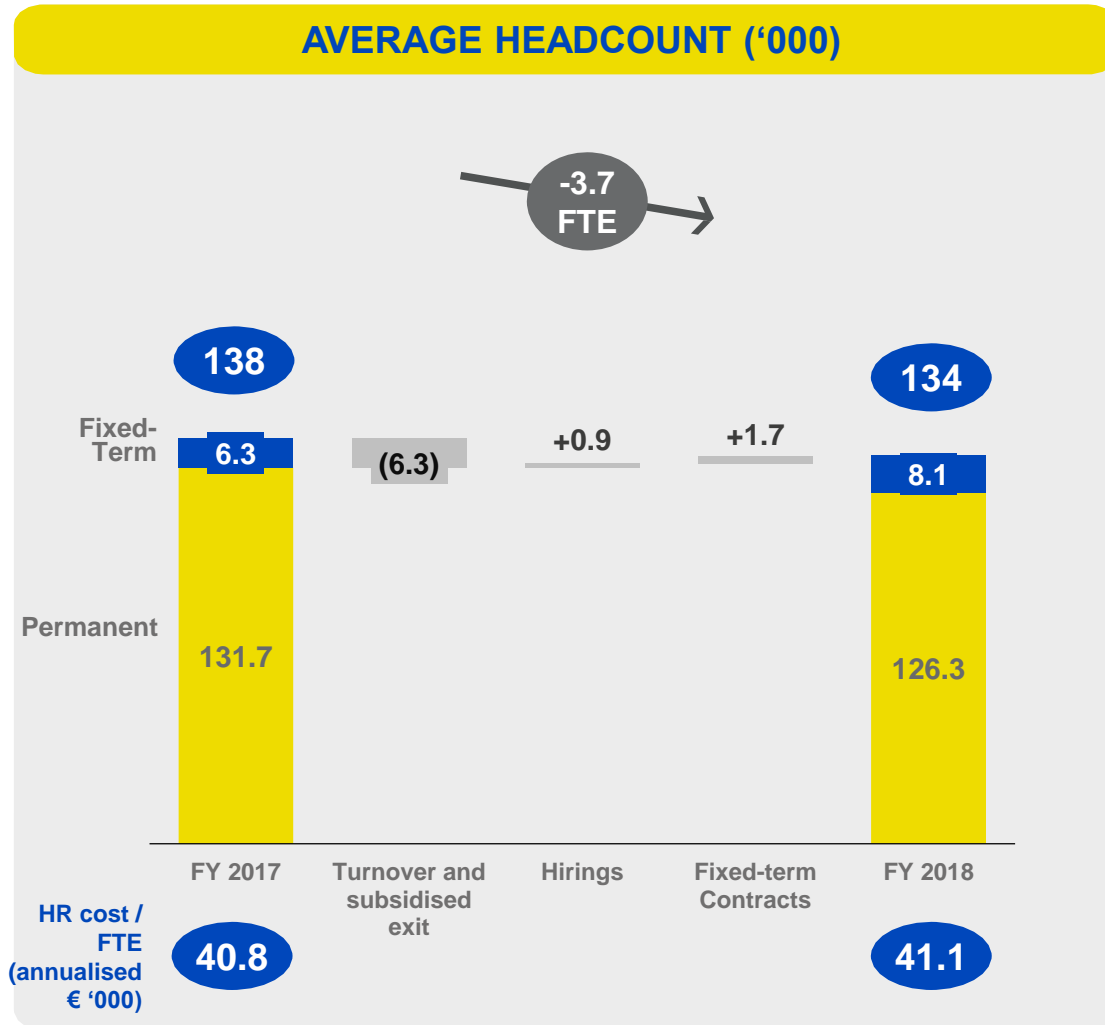
## SOLVENCY RATIO AND SENSITIVITIES



# COST DISCIPLINE

## CONFIRMED TRACK RECORD TO MANAGE REDUCTION OF HEADCOUNTS

€ m unless otherwise stated



1. Includes costs of goods and services, other expenses from financial activities, capitalised costs and expenses, and other operating costs



EXECUTIVE SUMMARY

BUSINESS REVIEW

**APPENDIX**

# POSTE GROUP: 2018 & 2017 ONE-OFFS

## EXPLANATORY NOTES TO ADJUSTED FIGURES

€million	4Q 2017	4Q 2018	%	2017	2018	%
<b>REVENUES REPORTED</b>	<b>2,735</b>	<b>2,913</b>	<b>6%</b>	<b>10,629</b>	<b>10,864</b>	<b>2%</b>
<i>NET CAPITAL GAINS</i>	0	0		532	379	
<i>IFRS 9 IMPACT ON VISA</i>	0	(7)		0	9	
<i>BDM/MCC</i>	0	0		48	0	
<i>IFRS 15</i>	2	0		18	0	
<i>ANIMA</i>	0	120		0	120	
<i>MASTERCARD</i>	91	0		91	0	
<b>REVENUES ADJUSTED</b>	<b>2,642</b>	<b>2,801</b>	<b>6%</b>	<b>9,939</b>	<b>10,356</b>	<b>4%</b>
<b>COSTS REPORTED</b>	<b>2,789</b>	<b>2,923</b>		<b>9,506</b>	<b>9,366</b>	
<b>COSTS ADJUSTED<sup>1</sup></b>	<b>2,248</b>	<b>2,310</b>		<b>8,828</b>	<b>8,684</b>	
<b>EBIT REPORTED</b>	<b>(54)</b>	<b>(10)</b>	<b>82%</b>	<b>1,123</b>	<b>1,499</b>	<b>+34%</b>
<b>EBIT ADJUSTED</b>	<b>394</b>	<b>490</b>	<b>24%</b>	<b>1,111</b>	<b>1,673</b>	
<i>IMPAIRMENTS</i>	0	62		94	62	
<b>NET PROFIT</b>	<b>(35)</b>	<b>343</b>		<b>689</b>	<b>1,399</b>	<b>103%</b>
<b>NET PROFIT ADJUSTED<sup>2</sup></b>	<b>285</b>	<b>349</b>	<b>22%</b>	<b>752</b>	<b>1,172</b>	<b>56%</b>

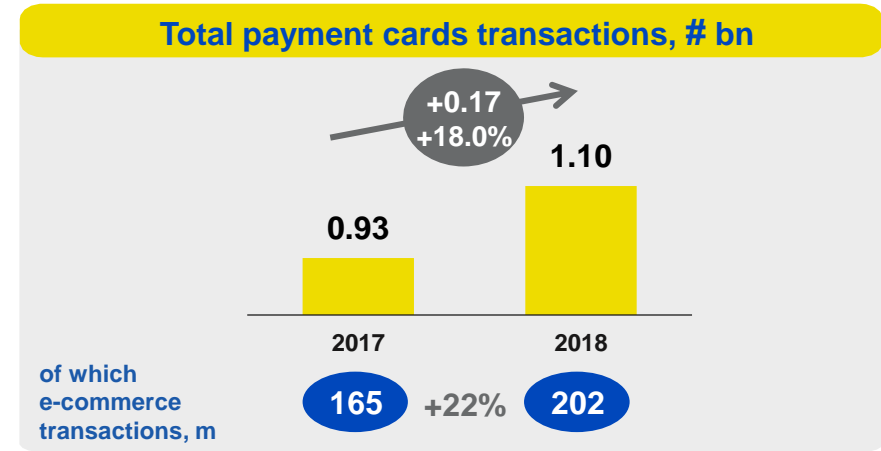
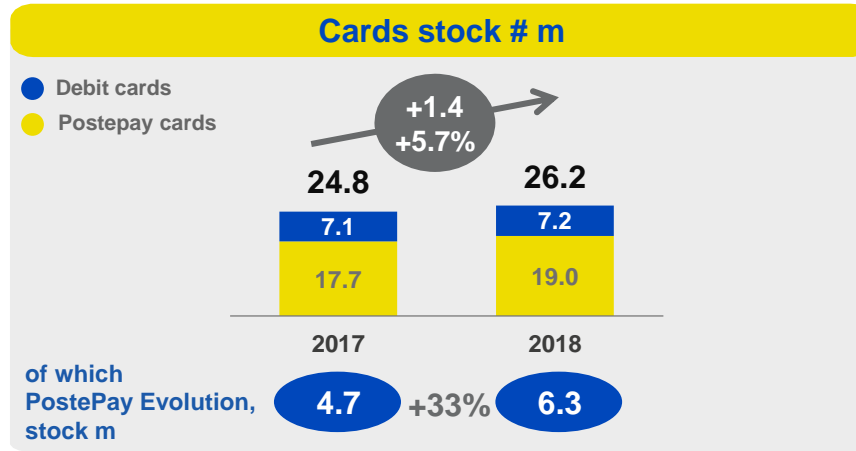
1. In 2017 costs are adjusted for early retirement incentives, real estate fund provisions, IFRS 15 and BdM - MCC; costs adjustments in 2018 refer to early retirement incentives, real estate fund provisions and Postel goodwill impairment 2. EBIT adjustments, impairments in finance income / (costs) and their tax effects. Excluding Poste Vita one-off DTAs

# GROWTH IN PAYMENTS, MOBILE & DIGITAL

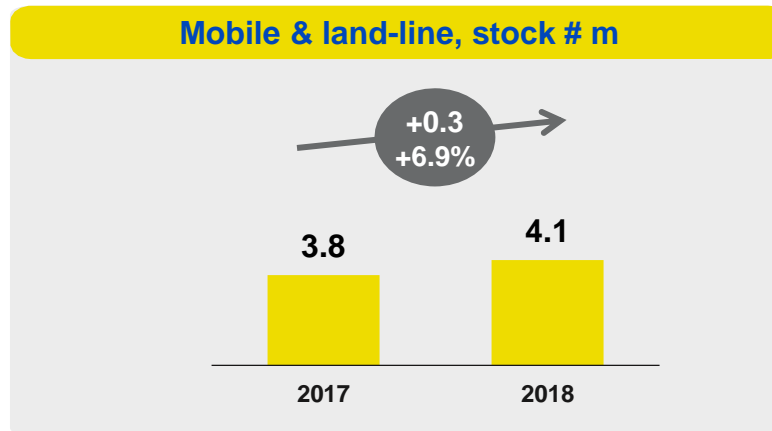
## KEY METRICS STEADILY INCREASING



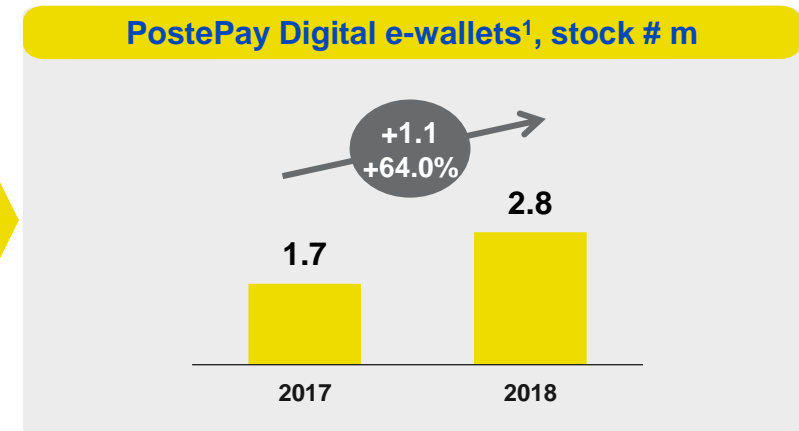
### Card Payments



### Telecom



### Digital



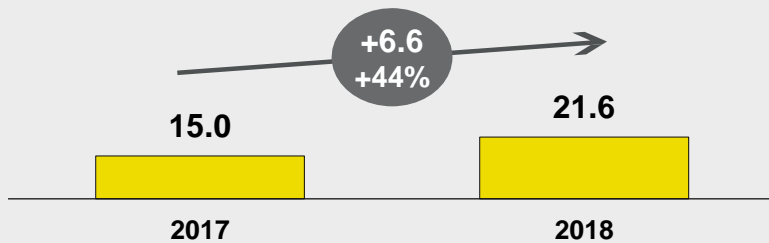
1. An innovative electronic tool associated to a single customer, which is enabled through a mobile app to authorize payment transactions.

# POSTE ITALIANE DIGITAL FOOTPRINT

GROWTH IN ALL AREAS IN 2018

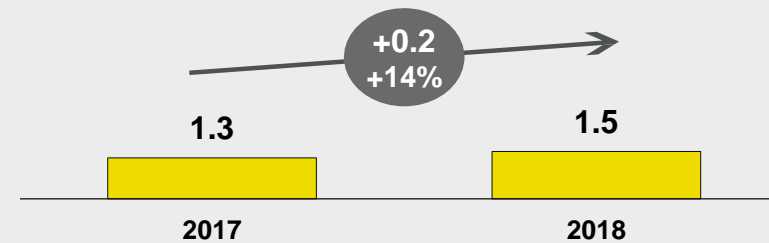
## GROWTH IN CUMULATED APPS DOWNLOADS<sup>1</sup>

# m



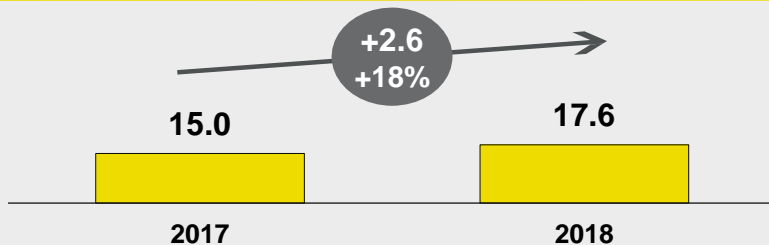
## DAILY ONLINE USERS

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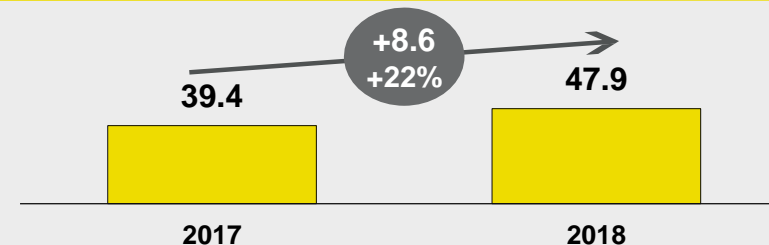
## REGISTERED ONLINE USERS STOCK

# m



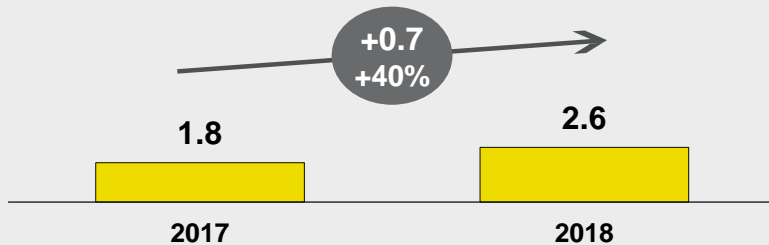
## GROWTH IN CONSUMER FINANCIAL TRANSACTIONS

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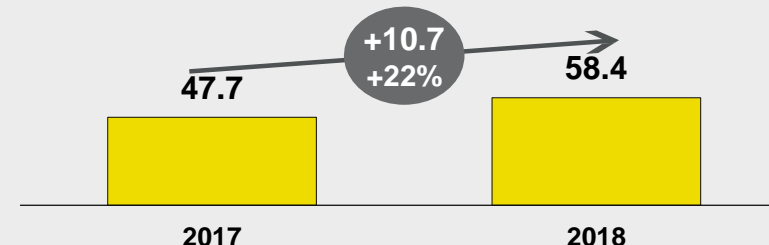
## ELECTRONIC IDENTIFICATION<sup>2</sup> STOCK

# 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.

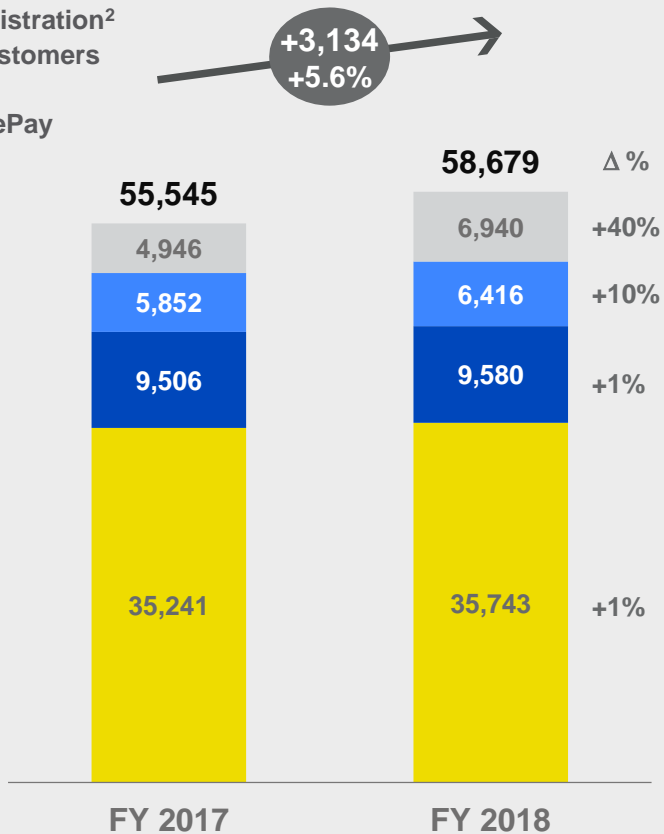
# CURRENT ACCOUNTS AVERAGE VOLUMES AT A SOUND 58.7BN

INTEREST INCOME UP THANKS TO HIGHER VOLUMES OFFSETTING LOWER YIELDS IN 2018

€ m unless otherwise stated

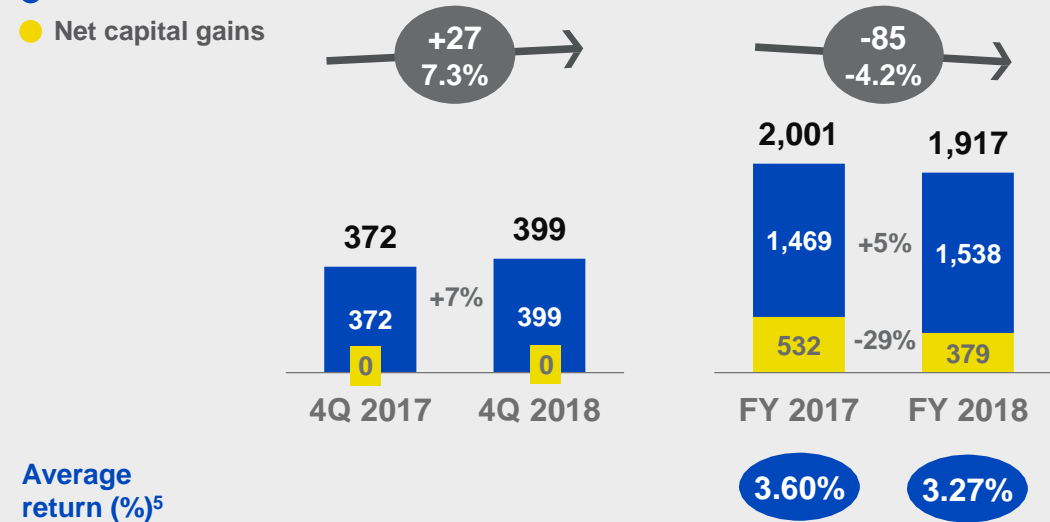
## AVERAGE CURRENT ACCOUNTS DEPOSITS<sup>1</sup>

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



## REVENUES FROM PORTFOLIO MANAGEMENT

- Interest income<sup>4</sup>
- Net capital gains



	2017	2018	Var.
Average return excl. capital gains (%) <sup>4</sup>	2.64%	2.62%	-2bps
Unrealized capital gains (€/m)	1,615	-1,687	-3,302
Portfolio duration (years)	5.3	5.2	-0.1
Portfolio maturity (years) <sup>6</sup>	12.4	13.0	+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. Excluding interests income on REPOs 5. Average yield calculated as interest income and realized net capital gains on average total financial assets; 6. Excludes derivatives

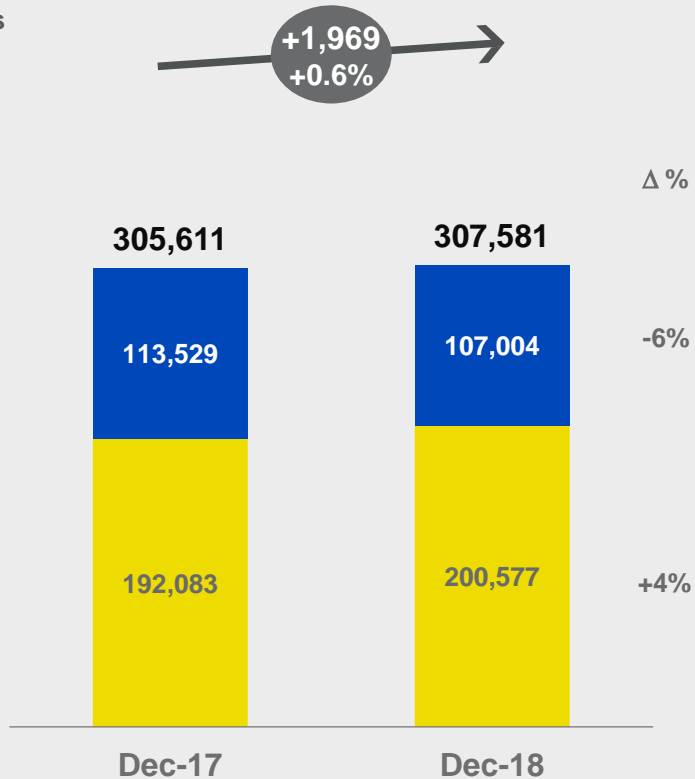
# POSTAL SAVINGS

NET INFLOWS STRONGLY IMPROVING, WITH FEES IN THE UPPER END RANGE OF THE AGREEMENT

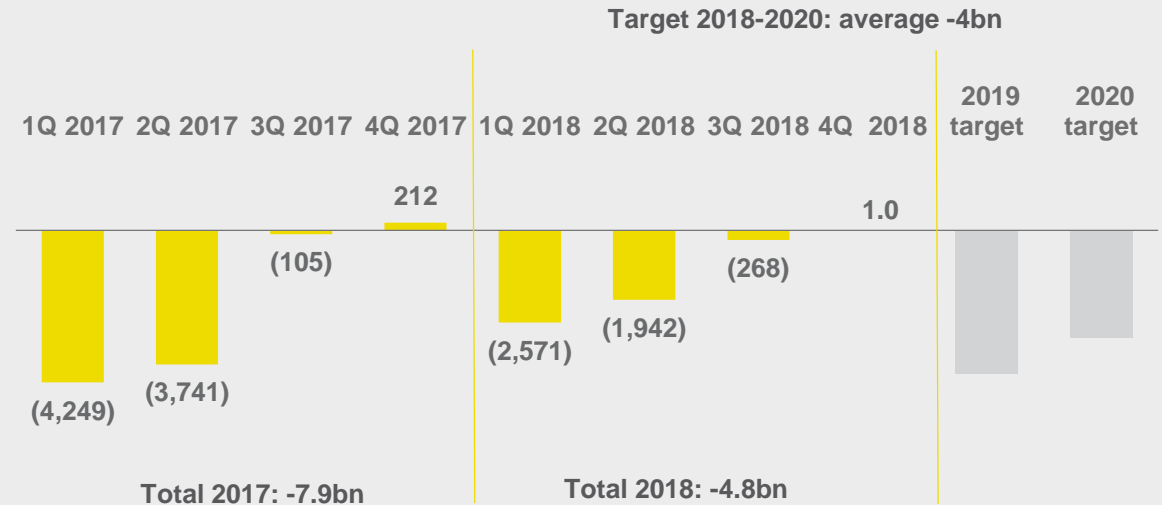
€ m unless otherwise stated

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

- Postal saving books
- Postal bonds



## POSTAL SAVING NET INFLOWS



	4Q 2017	4Q 2018	Var. %	FY17	FY18	Var. %
<b>Fees</b>	394	483	+22.6%	1,566	1,827	+16.6%

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

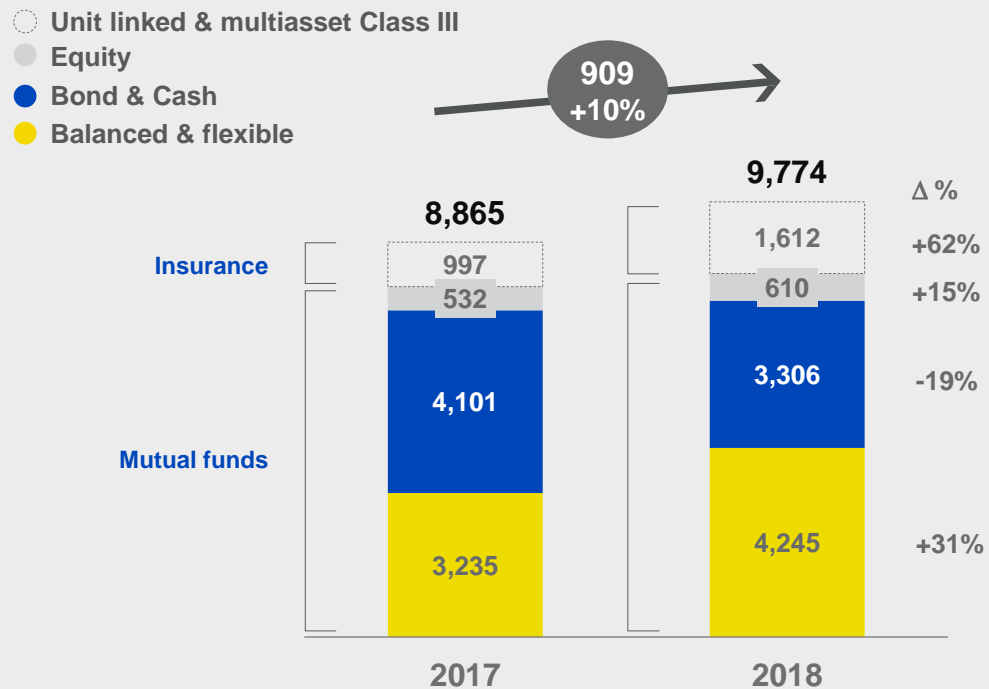


# ASSET MANAGEMENT PROGRESSING

## CLASS III AND NEW PRODUCTS SUPPORTING ASSETS UNDER MANAGEMENT AND FEE GENERATION

€ m unless otherwise stated

### AVERAGE ASSETS UNDER MANAGEMENT



FY mutual fund fees

85

+4%

89

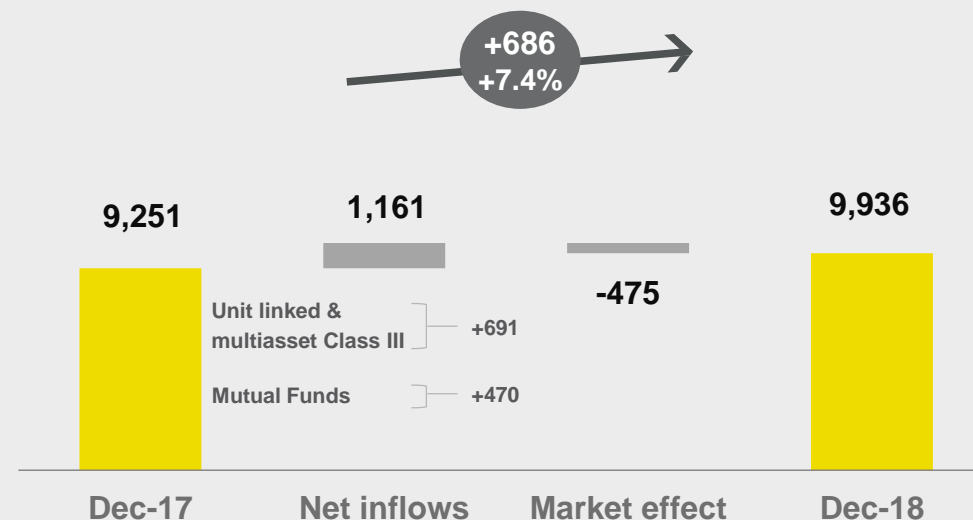
o/w 4Q mutual fund fees

20

+10%

22

### EoP ASSETS UNDER MANAGEMENT EVOLUTION

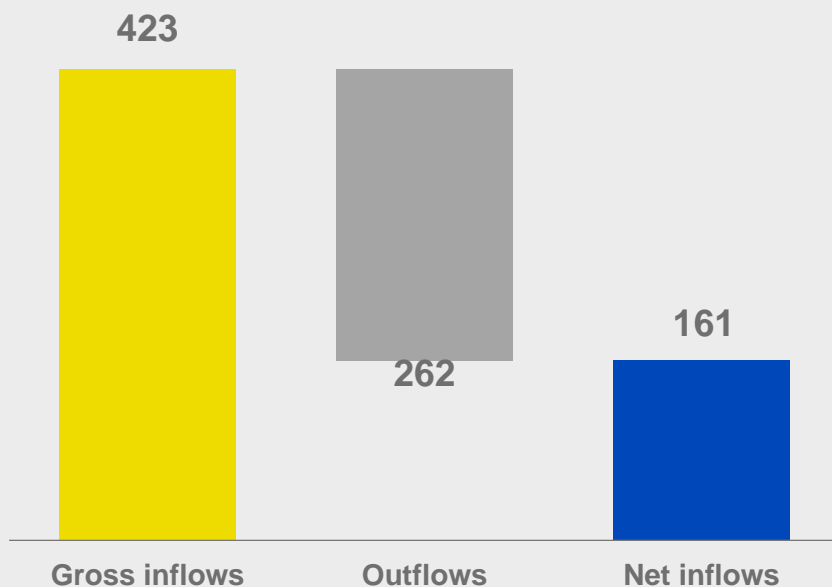


### KEY HIGHLIGHTS

- Net inflows of mutual funds +0.4bn in 2018, growing at a faster pace than the market
- Net inflows of class III and Unit linked products strongly up

€ m unless otherwise stated

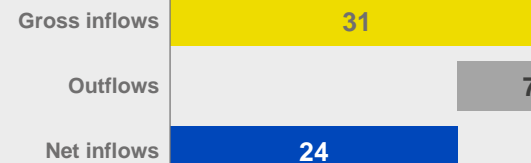
### TOTAL NET INFLOWS – 4Q 2018



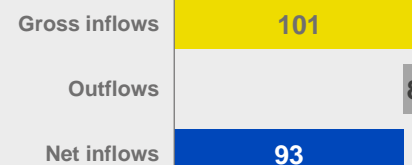
### Mutual funds



### Unit Linked (class III)



### Multiasset Class III



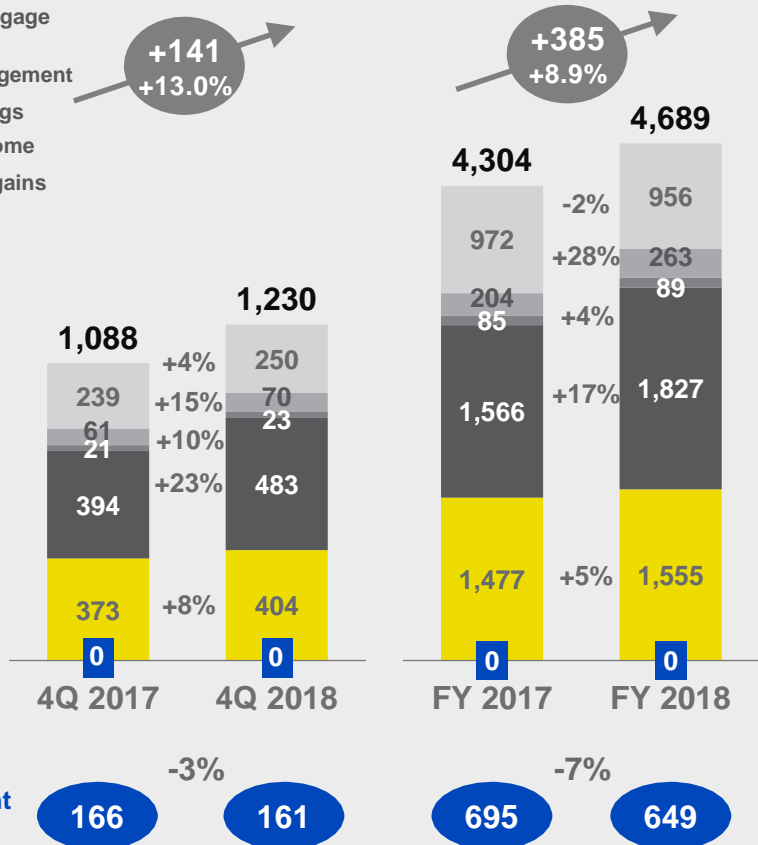
# FINANCIAL SERVICES

## REVENUES UP WITH A MORE SUSTAINABLE MIX LEADING TO HIGHER UNDERLYING PROFITABILITY

€ m unless otherwise stated

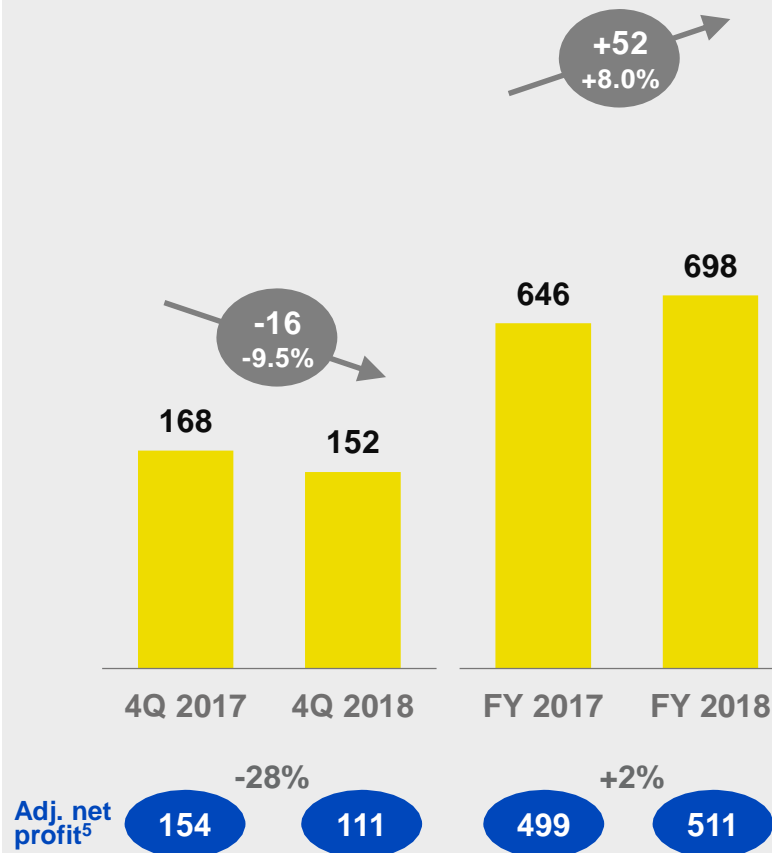
### ADJUSTED SEGMENT REVENUES<sup>3</sup>

- Transaction banking<sup>1</sup>
- Loan & mortgage distribution<sup>2</sup>
- Asset management
- Postal savings
- Interest income
- Net capital gains



### ADJUSTED EBIT<sup>4</sup> & NET PROFIT<sup>5</sup>

- ADJ. EBIT



### KEY HIGHLIGHTS

- Continued underlying progression of operating and net profit
- Postal saving fees increasing to the upper end range of new CDP agreement
- Asset management fees benefitting from new distribution agreement
- Interest income up thanks to higher volumes and yields
- Loan and mortgages steadily increasing supported by higher volumes and new distribution agreements

1 Includes revenues from bollettino, banking accounts related revenues, commissions from INPS and money transfer, Postamat; 2. Includes reported revenues from custody accounts, credit cards, other revenues from distribution of third parties product; 3-5 Explanatory notes to adjusted figures are provided in the following page

# FINANCIAL SERVICES: 2018 & 2017 ONE-OFFS

## EXPLANATORY NOTES TO ADJUSTED FIGURES

€million	4Q 2017	4Q 2018	%	2017	2018	%
<b>REVENUES REPORTED<sup>1</sup></b>	<b>1,348</b>	<b>1,503</b>	<b>11%</b>	<b>5,691</b>	<b>5,846</b>	<b>3%</b>
NET CAPITAL GAINS	0	0		532	379	
IFRS 9 IMPACT ON VISA	0	(7)		0	9	
BDM/MCC	0	0		50	0	
IFRS 15	2	0		18	0	
ANIMA	0	120		0	120	
MASTERCARD	91	0		91	0	
<b>REVENUES ADJUSTED</b>	<b>1,254</b>	<b>1,390</b>	<b>11%</b>	<b>5,000</b>	<b>5,338</b>	<b>7%</b>
<b>COSTS REPORTED</b>	<b>1,216</b>	<b>1,228</b>	<b>1%</b>	<b>5,045</b>	<b>4,987</b>	
<b>COSTS ADJUSTED<sup>2</sup></b>	<b>1,087</b>	<b>1,239</b>		<b>4,354</b>	<b>4,640</b>	
<b>EBIT</b>	<b>132</b>	<b>274</b>		<b>646</b>	<b>859</b>	
<b>EBIT ADJUSTED</b>	<b>168</b>	<b>152</b>		<b>646</b>	<b>698</b>	
IMPAIRMENTS	0	42		0	42	
<b>NET PROFIT</b>	<b>128</b>	<b>190</b>		<b>499</b>	<b>617</b>	<b>24%</b>
<b>NET PROFIT ADJUSTED</b>	<b>154</b>	<b>111</b>		<b>499</b>	<b>511</b>	<b>2%</b>
<b>TRANSACTION BANKING</b>						
Stated revenues	330	242	(27%)	1,063	965	(9%)
Adjusted revenues	239	250	4%	972	956	(2%)
<b>ASSET MANAGEMENT</b>						
Stated revenues	21	142	n.m.	85	209	145%
Adjusted revenues	21	23	10%	85	89	4%
<b>LOANS &amp; MORTGAGE DISTR.</b>						
Stated revenues	63	70	11%	272	263	(3%)
Adjusted revenues	61	70	15%	204	263	28%

1. Segment revenues + intersegment revenues

2. Adjustments in 2017: real estate funds provisions, IFRS 15, BdM – MCC, Mastercard, capital gains rebated to the network, early retirements incentives; in 2018 adjustments related to real estate funds provisions, capital gains rebated to the network, and early retirement incentives

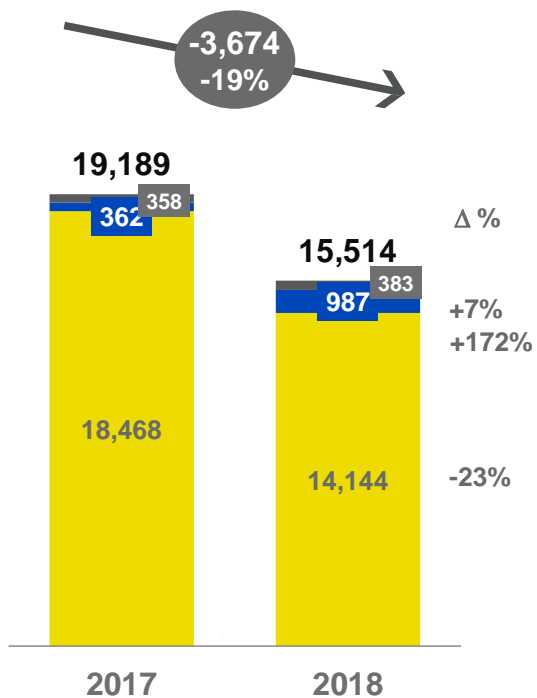
# INSURANCE SERVICES

## CHANGING MIX WITHIN LIFE PRODUCT PORTFOLIO AND GROWTH IN P&C

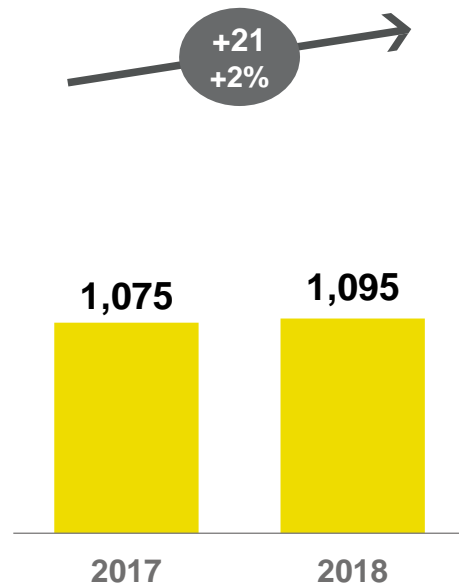
€ m unless otherwise stated

### LIFE

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

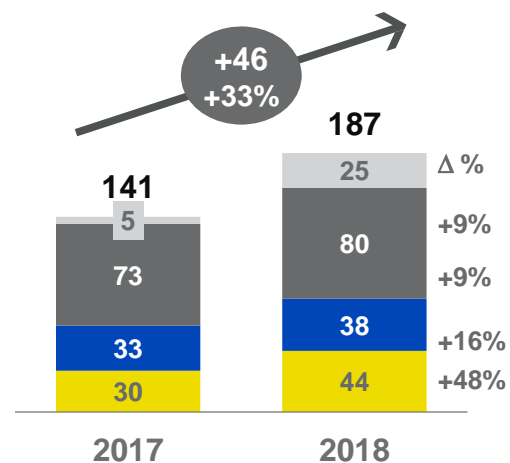


### PRIVATE PENSION PLAN



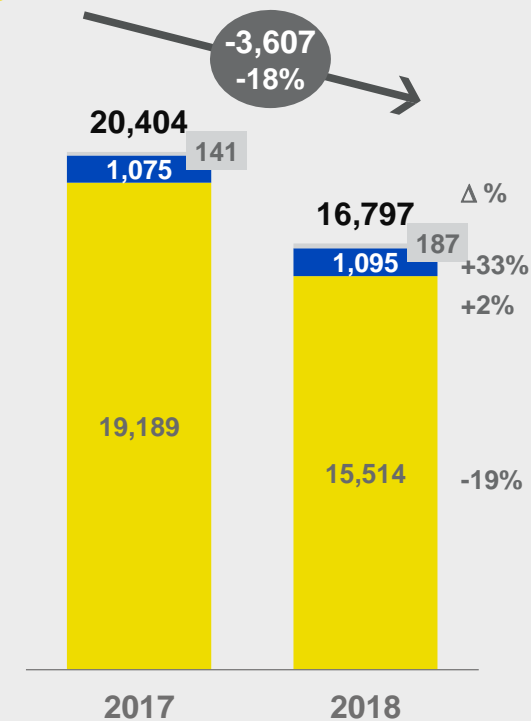
### P&C

- Welfare
- Personal
- Property
- Payments



### TOTAL

- P&C
- Private pension plan
- Life



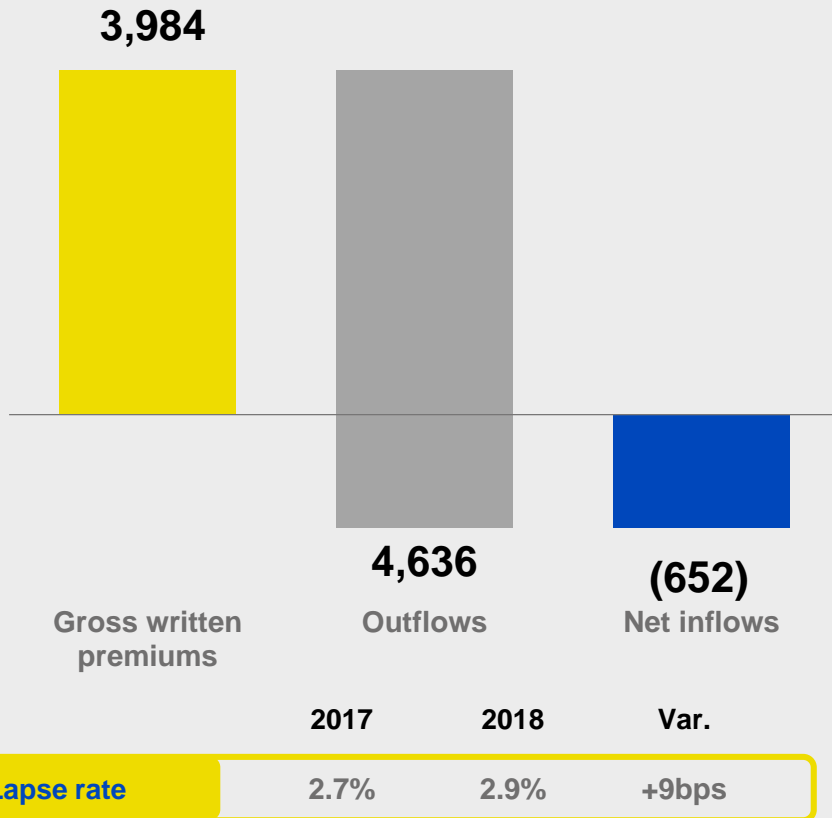
1. Includes Life Protection.

# INSURANCE SERVICES

## LIFE AND PRIVATE PENSION PLAN PREMIUM NET INFLOWS

€ m unless otherwise stated

### TOTAL NET INFLOWS – 4Q 2018



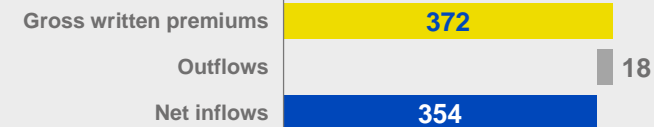
### Private Pension Plan



### Unit/Index Linked (class III)



### Multiassets



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



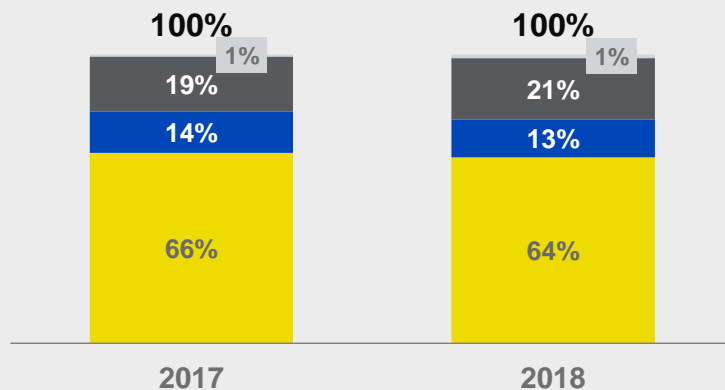
1. Includes Life Protection

# INSURANCE SERVICES

## DETAILS ON PORTFOLIO AND SENSITIVITIES

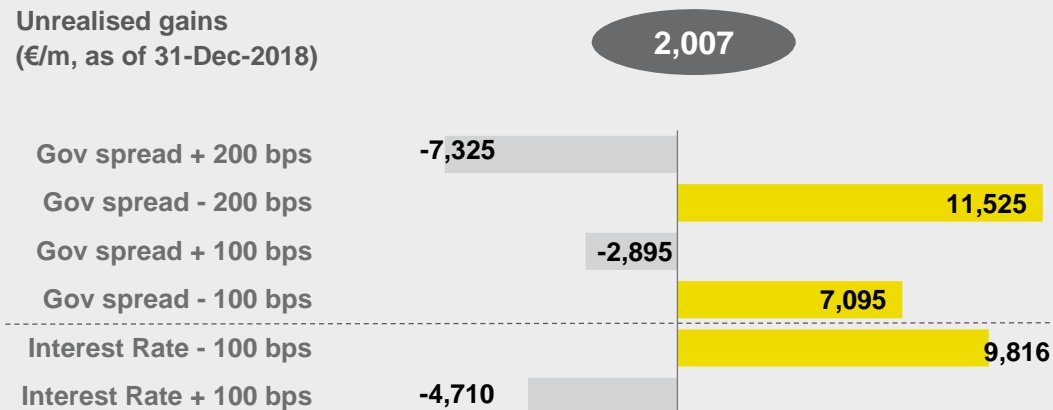
### INVESTMENT PORTFOLIO BREAKDOWN

- Cash
- Multiasset funds
- Corporate bonds
- Govies

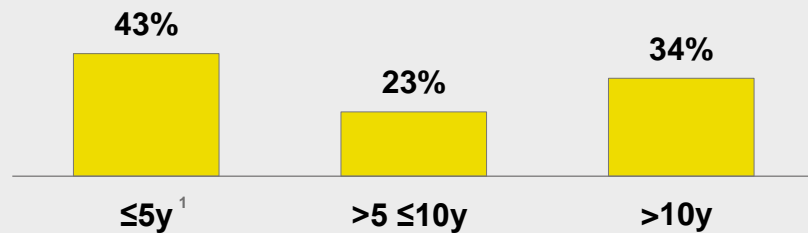


### SENSITIVITY

Unrealised gains  
(€/m, as of 31-Dec-2018)



### ITALIAN GOVIES PORTFOLIO DURATION



	2017	2018	Var. YoY
Unrealised gains (€/m)	8,225	2,007	-6,218
Minimum guaranteed return (Class I) (%)	0.88%	0.78%	-10bps
Class I return (%)	3.03%	2.82%	-21bps

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

€ m unless otherwise stated

### OWN FUNDS EVOLUTION<sup>1</sup>

	YE 2017	YE 2018	Var.
Assets	129,578	131,231	+1.3%
Liabilities	122,097	123,972	+1.5%
Subordinated debt	1,041	999	-4.0%
<b>Total own funds</b>	<b>8,522</b>	<b>8,259</b>	<b>-3.1%</b>

### CAPITAL REQUIREMENTS EVOLUTION<sup>1</sup>

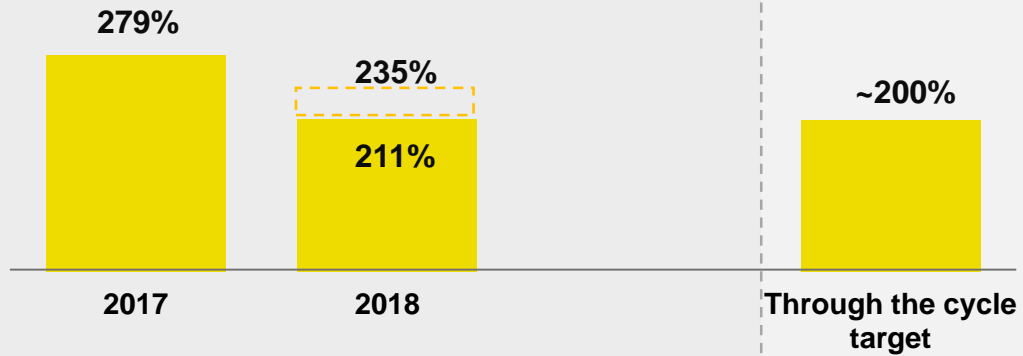
	YE 2017	YE 2018	Var.
Market risk	1,320	1,951	+47.8%
Underwriting risk	1,007	1,338	+32.8%
Other <sup>2</sup>	723	621	-14.1%
<b>Total SCR</b>	<b>3,050</b>	<b>3,910</b>	<b>+28.2%</b>



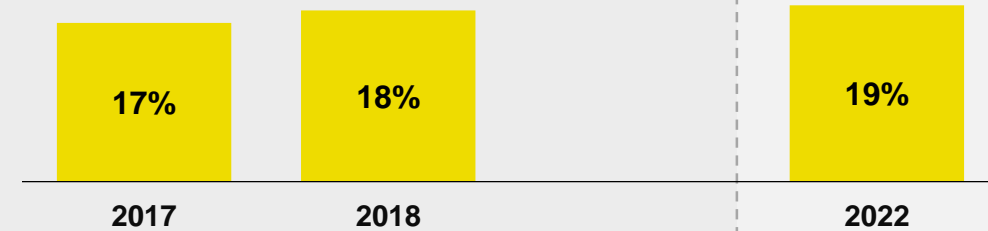
# SOLID AND EFFICIENT BALANCE SHEET ACROSS BUSINESSES

CAPITAL POSITION TO SUPPORT SUSTAINABLE GROWTH AND DIVIDEND POLICY OVER THE PLAN

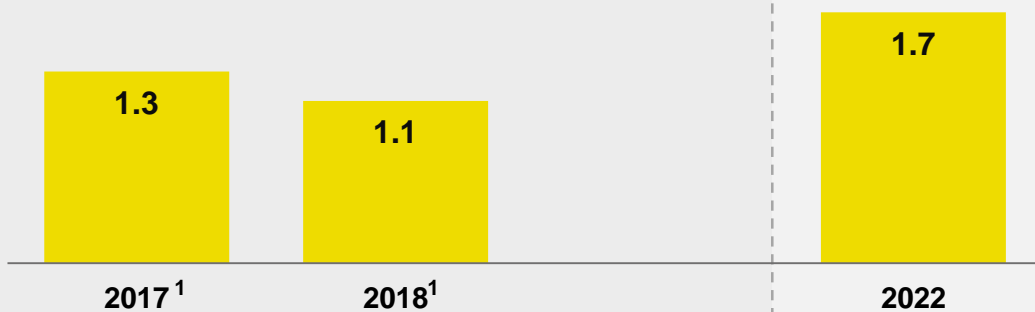
## SOLVENCY II %



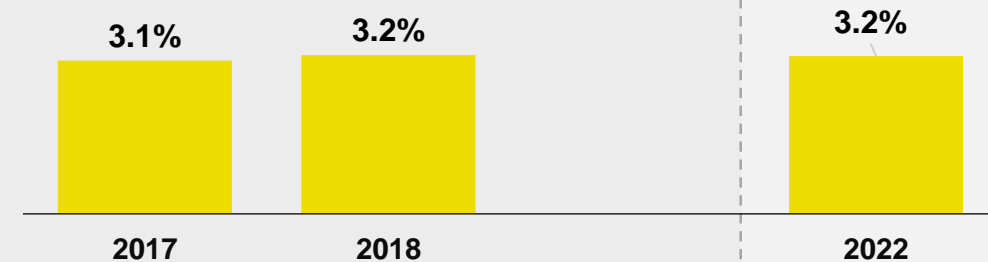
## CET 1 RATIO %



## MP&D FINANCIAL POSITION (€bn)



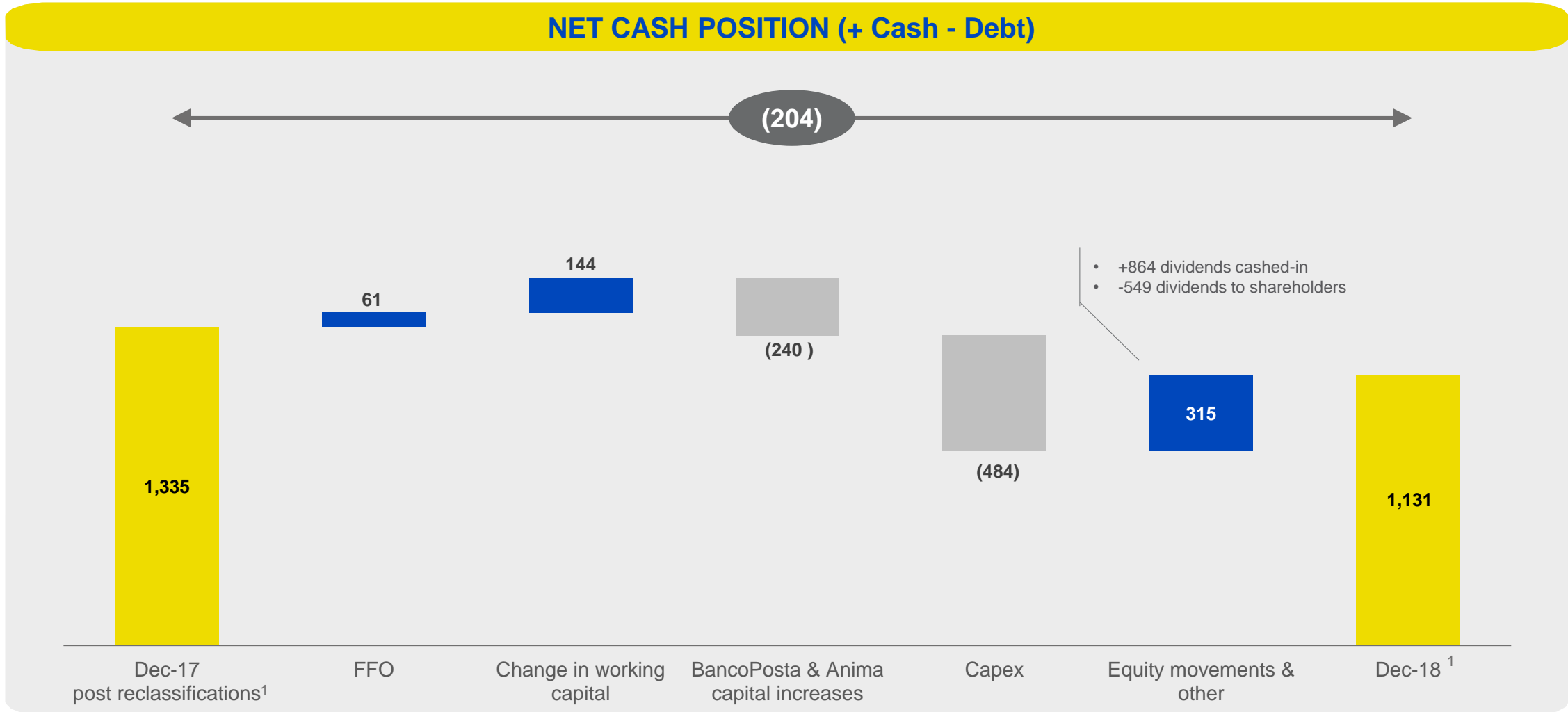
## LEVERAGE RATIO %



# MAIL, PARCEL & DISTRIBUTION NET CASH POSITION

## SOLID LIQUIDITY POSITION AND FURTHER AVAILABLE UNDRAWN FACILITIES

€ m unless otherwise stated



# CONSOLIDATED ACCOUNT

## PROFIT & LOSS

€m	4Q 2017	4Q 2018	Var.	Var.%	2017	2018	Var.	Var.%
<b>Total revenues</b>	<b>2,735</b>	<b>2,913</b>	<b>178</b>	<b>6%</b>	<b>10,629</b>	<b>10,864</b>	<b>236</b>	<b>2%</b>
of which:								
Mail, Parcel and Distribution	971	991	20	2%	3,632	3,580	-51	-1%
Payments, Mobile and Digital	150	158	8	6%	532	592	61	11%
Financial Services	1,192	1,342	150	13%	5,010	5,221	211	4%
Insurance Services	423	422	-1	0%	1,456	1,470	15	1%
<b>Total costs</b>	<b>2,789</b>	<b>2,923</b>	<b>134</b>	<b>5%</b>	<b>9,506</b>	<b>9,366</b>	<b>-140</b>	<b>-1%</b>
of which:								
Total personnel expenses	1,852	1,986	134	7%	6,093	6,137	45	1%
<i>of which personnel expenses</i>	1,364	1,396	32	2%	5,593	5,519	-75	-1%
<i>of which early retirement incentives</i>	488	590	102	21%	500	619	119	24%
Other operating costs	804	773	-32	-4%	2,868	2,659	-209	-7%
Depreciation, amortisation and impairments	133	164	31	23%	545	570	24	4%
<b>EBIT</b>	<b>(54)</b>	<b>(10)</b>	<b>44</b>	<b>82%</b>	<b>1,123</b>	<b>1,499</b>	<b>376</b>	<b>34%</b>
EBIT Margin	-2%	-0.3%			11%	14%		
Finance income/(costs) and profit/(loss) on investments accounted for using the equity method	14	-52	-66	<i>n.m.</i>	-55	-8	47	<i>n.m.</i>
<b>Profit before tax</b>	<b>(39)</b>	<b>(62)</b>	<b>-22</b>	<b>-56%</b>	<b>1,067</b>	<b>1,490</b>	<b>423</b>	<b>40%</b>
Income tax expense	(5)	(404)	-400	<i>n.m.</i>	378	92	-286	-76%
<b>Profit for the period</b>	<b>(35)</b>	<b>343</b>	<b>377</b>	<b><i>n.m.</i></b>	<b>689</b>	<b>1,399</b>	<b>709</b>	<b>103%</b>

# MAIL, PARCEL & DISTRIBUTION

## PROFIT & LOSS

€m	4Q 2017	4Q 2018	Var.	Var.%	2017	2018	Var.	Var.%
Segment revenue	971	991	20	2%	3632	3580	-51	-1%
Mail	718	694	-25	-3%	2689	2621	-68	-3%
Parcels	191	233	42	22%	693	761	68	10%
Other revenue	61	63	2	4%	249	198	-51	-21%
Intersegment revenue	1,051	1,105	54	5%	4,497	4,630	133	3%
<b>Total revenues</b>	<b>2,022</b>	<b>2,096</b>	<b>74</b>	<b>4%</b>	<b>8,129</b>	<b>8,210</b>	<b>82</b>	<b>1%</b>
Personnel expenses	1,813	1,961	148	8%	5,922	5,989	67	1%
<i>of which personnel expenses</i>	<i>1,328</i>	<i>1,372</i>	<i>44</i>	<i>3%</i>	<i>5,430</i>	<i>5,381</i>	<i>-49</i>	<i>-1%</i>
<i>of which early retirement incentives</i>	<i>485</i>	<i>589</i>	<i>104</i>	<i>21%</i>	<i>492</i>	<i>608</i>	<i>116</i>	<i>24%</i>
Other operating costs	582	574	-8	-1%	2,155	2,055	-99	-5%
Intersegment costs	15	17	1	8%	64	68	4	6%
<b>Total costs</b>	<b>2,410</b>	<b>2,551</b>	<b>141</b>	<b>6%</b>	<b>8,141</b>	<b>8,112</b>	<b>-28</b>	<b>0%</b>
<b>EBITDA</b>	<b>(388)</b>	<b>(455)</b>	<b>-67</b>	<b>-17%</b>	<b>(12)</b>	<b>98</b>	<b>110</b>	<b>n.m.</b>
Depreciation, amortisation and impairments	123	152	29	24%	505	528	24	5%
<b>EBIT</b>	<b>-511</b>	<b>-608</b>	<b>-96</b>	<b>-19%</b>	<b>-517</b>	<b>-430</b>	<b>86</b>	<b>17%</b>
EBIT MARGIN	-25.3%	-29.0%			-6.4%	-5.2%		
Finance income/(costs)	-2	-15	-13	n.m.	-112	-31	81	72%
<b>Profit/(Loss) before tax</b>	<b>-513</b>	<b>-622</b>	<b>-109</b>	<b>-21%</b>	<b>-629</b>	<b>-462</b>	<b>167</b>	<b>27%</b>
Income tax expense	-114	-155	-42	-37%	-127	-89	38	30%
<b>Profit for the period</b>	<b>-400</b>	<b>-467</b>	<b>-67</b>	<b>-17%</b>	<b>-502</b>	<b>-372</b>	<b>129</b>	<b>26%</b>

# PAYMENTS, MOBILE & DIGITAL

## PROFIT & LOSS

€m	4Q 2017	4Q 2018	Var.	Var.%	2017	2018	Var.	Var.%
Segment revenue	150	158	8	6%	532	592	61	11%
Intersegment revenue	89	94	5	6%	361	360	-1	0%
<b>Total revenues</b>	<b>239</b>	<b>252</b>	<b>13</b>	<b>6%</b>	<b>892</b>	<b>952</b>	<b>60</b>	<b>7%</b>
Personnel expenses	9	8	-1	-11%	31	31	0	-1%
<i>of which personnel expenses</i>	9	8	-1	-11%	31	31	0	-1%
<i>of which early retirement incentives</i>	0	0	0	n.m.	0	0	0	n.m.
Other operating costs	78	89	10	13%	281	304	23	8%
Intersegment costs	94	101	7	7%	363	390	27	7%
<b>Total costs</b>	<b>181</b>	<b>197</b>	<b>16</b>	<b>9%</b>	<b>675</b>	<b>725</b>	<b>49</b>	<b>7%</b>
<b>EBITDA</b>	<b>58</b>	<b>55</b>	<b>-3</b>	<b>-5%</b>	<b>217</b>	<b>227</b>	<b>10</b>	<b>5%</b>
Depreciation, amortisation and impairments	6	6	1	11%	22	24	1	6%
<b>EBIT</b>	<b>52</b>	<b>48</b>	<b>-4</b>	<b>-7%</b>	<b>194</b>	<b>204</b>	<b>9</b>	<b>5%</b>
EBIT MARGIN	22%	19%			22%	21%		
Finance income/(costs)	1	2	1	68%	7	4	-3	-38%
<b>Profit/(Loss) before tax</b>	<b>53</b>	<b>51</b>	<b>-3</b>	<b>-5%</b>	<b>201</b>	<b>208</b>	<b>6</b>	<b>3%</b>
Income tax expense	14	14	0	-1%	55	55	-1	-1%
<b>Profit for the period</b>	<b>39</b>	<b>36</b>	<b>-3</b>	<b>-7%</b>	<b>146</b>	<b>153</b>	<b>7</b>	<b>5%</b>

# FINANCIAL SERVICES

## PROFIT & LOSS

€m	4Q 2017	4Q 2018	Var.	Var.%	2017	2018	Var.	Var.%
Segment revenue	1,192	1,342	150	13%	5,010	5,221	211	4%
Capital gains	10	0	-10	<i>n.m.</i>	547	404	-143	-26%
Interest income	373	404	31	8%	1,477	1,555	78	5%
Collection of postal savings	394	483	89	23%	1,566	1,827	261	17%
Transaction banking	330	242	-88	-27%	1,063	965	-98	-9%
Distribution of third-party products	63	70	7	11%	272	263	-9	-3%
Asset management	21	142	122	<i>n.m.</i>	85	209	123	145%
Intersegment revenue	166	161	-6	-3%	695	649	-46	-7%
<b>Total revenues</b>	<b>1,358</b>	<b>1,503</b>	<b>145</b>	<b>11%</b>	<b>5,705</b>	<b>5,871</b>	<b>165</b>	<b>3%</b>
Personnel expenses	20	8	-12	-59%	103	80	-24	-23%
<i>of which personnel expenses</i>	18	8	-10	-58%	97	70	-27	-28%
<i>of which early retirement incentives</i>	2	1	-1	-72%	6	10	3	48%
Other operating costs	124	85	-39	-31%	349	214	-135	-39%
Depreciation, amortisation and impairments	0	0	0	<i>n.m.</i>	1	0	0	-55%
Intersegment costs	1,082	1,135	53	5%	4,607	4,718	111	2%
<b>Total costs</b>	<b>1,226</b>	<b>1,228</b>	<b>2</b>	<b>0%</b>	<b>5,060</b>	<b>5,011</b>	<b>-49</b>	<b>-1%</b>
<b>EBIT</b>	<b>132</b>	<b>274</b>	<b>142</b>	<b>108%</b>	<b>646</b>	<b>859</b>	<b>214</b>	<b>33%</b>
EBIT MARGIN	10%	18%			11%	15%		
Finance income/(costs)	1	(40)	-41	<i>n.m.</i>	6	(32)	-38	<i>n.m.</i>
<b>Profit/(Loss) before tax</b>	<b>133</b>	<b>234</b>	<b>101</b>	<b>76%</b>	<b>651</b>	<b>827</b>	<b>176</b>	<b>27%</b>
Income tax expense	5	44	39	<i>n.m.</i>	152	210	58	38%
<b>Profit for the period</b>	<b>128</b>	<b>190</b>	<b>62</b>	<b>48%</b>	<b>499</b>	<b>617</b>	<b>118</b>	<b>24%</b>





# INSURANCE SERVICES

## PROFIT & LOSS

€m	4Q 2017	4Q 2018	Var.	Var.%	2017	2018	Var.	Var.%
Segment revenue	423	421	-2	0%	1,456	1,470	15	1%
Intersegment revenue	0	1	1	n.m.	1	2	1	92%
<b>Total revenues</b>	<b>423</b>	<b>423</b>	<b>-1</b>	<b>-0.2%</b>	<b>1,457</b>	<b>1,472</b>	<b>16</b>	<b>1%</b>
Personnel expenses	10	10	-1	-6%	36	38	1	4%
<i>of which personnel expenses</i>	9	9	0	-3%	35	37	1	4%
<i>of which early retirement incentives</i>	1	0	-0.4	-42%	1	1	0	-1%
Other operating costs	20	25	5	26%	84	84	0	0%
Depreciation, amortisation and impairments	4	5	1	19%	17	17	0	-1%
Intersegment costs	115	108	-8	-7%	519	467	-53	-10%
<b>Total costs</b>	<b>150</b>	<b>147</b>	<b>-2</b>	<b>-2%</b>	<b>657</b>	<b>606</b>	<b>-51</b>	<b>-8%</b>
<b>EBIT</b>	<b>274</b>	<b>275</b>	<b>2</b>	<b>1%</b>	<b>799</b>	<b>866</b>	<b>67</b>	<b>8%</b>
EBIT MARGIN	65%	65%			55%	59%		
Finance income/(costs)	14	1	-13	-96%	44	51	7	15%
<b>Profit/(Loss) before tax</b>	<b>287</b>	<b>276</b>	<b>-11</b>	<b>-4%</b>	<b>843</b>	<b>917</b>	<b>73</b>	<b>9%</b>
Income tax expense	89	(308)	-397	n.m.	297	(84)	-382	n.m.
<b>Profit for the period</b>	<b>198</b>	<b>584</b>	<b>386</b>	<b>195%</b>	<b>546</b>	<b>1,001</b>	<b>455</b>	<b>83%</b>

# GROUP PERFORMANCE

## MAIN KPI'S

OPERATIONAL KPI's		4Q 2017	4Q 2018	Δ% YoY	2017	2018	Δ% YoY
 <b>MAIL PARCELS &amp; DISTRIBUTION</b>	Mail Volumes (#m)	816	754	-7.6%	3,124	2,951	-5.5%
	Parcels delivered by mailmen(#m)	11.5	14.3	24.7%	33.5	44.5	32.9%
	Parcel Volumes (#m)	32.1	38.9	21.2%	113.2	127.4	12.6%
	B2C Revenues (€m)	73.4	98.4	34.0%	235.5	301	27.8%
 <b>PAYMENTS, MOBILE &amp; DIGITAL</b>	PostePay cards (#m)	17.7	19.0	7.6%	17.7	19.0	7.6%
	<i>of which PostePay Evolution cards (#m)</i>	4.7	6.3	33.0%	4.7	6.3	33.0%
	Total payment cards transactions (#bn)	0.26	0.31	19.2%	0.93	1.1	18.0%
	<i>of which eCommerce transactions (#m)</i>	47.9	59.6	24.5%	164.7	201.6	22.4%
	PosteMobile new products (#m)	0.306	0.256	-16.4%	1.123	1.1	-2.6%
Digital e-Wallets (#m)	1.734	2.843	64.0%	1.734	2.843	64.0%	
 <b>FINANCIAL SERVICES</b>	Total Financial Assets - TFAs (€/bn)	510	514	0.8%	510	514	0.8%
	Product Sales (#m)	2.0	2.1	-3.9%	8.0	8.4	4.1%
	Unrealized gains (€m)	1,615	-1,687	n.m.	1,615	-1,687	n.m.
 <b>INSURANCE SERVICES</b>	Gross Written Premiums (€m)	3,967	4,029	1.6%	20,404	16,797	-17.7%
	GWP – Life (€m)	3,593	3,636	1.2%	19,189	15,514	-19.1%
	GWP – Private Pension Plan (€m)	338	348	3.0%	1,075	1,095	1.9%
	GWP – P&C (€m)	36	44	24.3%	141	187	32.6%



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Pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, the executive (*Dirigente Preposto*) in charge of preparing the corporate accounting documents at Poste Italiane, Tiziano Ceccarani, declares that the accounting information contained herein corresponds to document results and accounting books and records.

This presentation includes summary financial information and should not be considered a substitute for Poste Italiane's full financial statements.

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