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Testo del comunicato

Vedi allegato.

Posteitaliane

POSTE ITALIANE: 2Q & 1H19 RESULTS

- NET PROFIT AT €324M IN 2Q19 (+30% Y/Y) AND €763M IN 1H19 (+4% H/H). ADJUSTED NET PROFIT AT €339M IN 2Q19 (+29% Y/Y) AND €570M IN 1H19 (+18% H/H)
- CONTINUED REVENUE GROWTH IN 2Q19 WITH POSITIVE CONTRIBUTIONS FROM ALL SEGMENTS DRIVEN BY COMMERCIAL FOCUS
- ROBUST PARCEL REVENUES SUPPORTED BY INDUSTRIAL TRANSFORMATION, OFFSETTING MAIL DECLINE
- STRONG PERFORMANCE IN INSURANCE, SOLVENCY II RATIO IN LINE WITH MANAGEMENT AMBITIONS THROUGH THE CYCLE
- ONGOING COST DISCIPLINE ALONG WITH CAPEX DEPLOYMENT TO SUPPORT DELIVER 2022
- CONTINUED DELIVERY OF PLAN COMMITMENTS LEVERAGING A UNIQULEY DIVERSIFIED BUSINESS MODEL
- ALL 2019 GUIDANCE CONFIRMED – INTRODUCING AN INTERIM DIVIDEND POLICY ON FY2019 RESULTS

1H19 Group Financial Highlights

- **Revenues** at €5,521m (+1.7% h/h); **adjusted revenues**[1] at €5,242m (+4.5% h/h) demonstrating solid capacity to generate recurring revenues
- **Total Operating Costs** at €4,441m (+1% h/h) in line with plan; lower FTEs more than offset 2017 agreed salary increase while value added per FTE rises
- **EBIT** at €1,081m (+2.6% h/h); **adjusted EBIT**[2] increased by €123m to €825m (+17.6% h/h) fully on track with 2019 guidance
- **Total Financial Assets** (TFA) at €530bn (+ €16.1bn from December 2018) driven by positive net inflows and market performance: deposits up €6.4bn benefitting from Public Administration and PostePay accounts; insurance net inflows up €2.4bn supported by multiclass offering; mutual funds up €224m
- **PosteVita Group Solvency II Ratio** at 242% as of June 2019 (March 2019: 214%): earnings, improved financial markets and managerial actions more than offset the impact of lower interest rates
- **Group Capex** at €230m (+52.6% h/h) well on track with 2019 guidance; focus on Mail & Parcel sorting and automation technology to drive industrial transformation

[1] Excluding capital gains and IFRS 9 impact of Visa
[2] Excl. capital gains, IFRS 9 impact on Visa, early retirement incentives, capital losses, hedging Visa derivatives, FV change and real estate funds provisions

2Q19 Segment Financial Highlights

- **Mail, Parcel & Distribution**: Revenues at €875m (+1.5% y/y); parcel revenues up 12% with B2C up 22.6%; mail revenues down 1.5% with a slower decline in volumes in Q219 and re-pricing actions in July 2018; EBIT at -€67m, improving by 15.7% (adjusted EBIT improved 29.6% to -€57m)

- **Payments, Mobile & Digital**: Revenues at €167m (+11.2% y/y), thanks to increased card and transaction volumes; telecom revenues resilient due to improved commercial offer; EBIT up 22.3% to €54m also benefitting from positive non-recurring cost items

- **Financial Services**: Revenues at €1,180m (+0.6% y/y); third party loan and mortgage distribution fees increasing as a result of growing volumes; asset management fees up with positive net inflows; EBIT up 2.6% to €174m

- **Insurance Services:** Revenues at €458m (+26.9% y/y) supported by Life and P&C growth; Life revenues up 28% supported by multiclass products at €1.5bn net inflows and higher financial margin taking advantage of positive market conditions; P&C revenues up 20% thanks to all product lines. EBIT up 40.2% to €303m

2Q19 Segment Operational Highlights

- **Mail, Parcel & Distribution**: the Joint Delivery Model has exceeded 80% of target; new parcel sorting hub in Bologna inaugurated on 16 July with full capacity of 250,000 parcels/day; 3,500 alternative delivery locations now operational beyond post offices as part of the PuntoPoste network; Mistral Air now exclusively transporting mail and parcels following full restructuring

- **Payments, Mobile & Digital**: Increasing card stock and transactions driving strong revenue growth. Positive impact from Postepay Connect integrated offer with over 1.2k average daily sales; "other payments" volumes down in line with the trend embedded in Deliver 2022

- **Financial Services**: Third party loan and mortgage distribution revenues up thanks to higher volumes; postal savings on track and positive inflows from mutual funds; visible and sustainable distribution revenues supported by our unrivalled network

- **Insurance Services**: Ongoing diversification with positive contributions from both Life and P&C businesses; successful results from new multiclass products with €1.5bn net inflows in 2Q19

Rome, 31 July 2019, yesterday, the Board of Directors of Poste Italiane S.p.A. ("Poste Italiane" or the "Group") chaired by Maria Bianca Farina approved First Half 2019 Financial Results.

Commenting on the results, Matteo Del Fante, Poste Italiane Chief Executive Officer and General Manager, said: *"Our second quarter results are a further milestone on our Deliver 2022 journey. All business segments positively contributed to revenue growth while we continue to reduce our reliance on capital gains.*
Poste Italiane benefits from a uniquely diversified business model, made up of four different but highly complementary segments. The Deliver 2022 industrial transformation initiated over a year ago is providing solid progression in operational profitability. This began with financial services last year, while our insurance services business is leading the way in the first half of the year.
Given increased visibility on 2019, we confirm our targets for the full year.
In line with market best practise, we have decided to introduce an interim dividend policy and are taking all necessary steps enable payment to our shareholders in the fourth quarter.
Growing parcel revenues continue to offset mail decline, supported by our industrial transformation and our focus on customer experience. This makes us a key partner in Italy to leading e-commerce players, as witnessed by our exclusive agreement with Zalando and the strengthened partnership with Amazon now testing same day delivery in selected Italian cities.
Our continued cost discipline is balanced by an effective capital expenditure plan, as demonstrated by our investment in the state-of-the-art parcel sorting hub in Bologna inaugurated on 16 July.
Our enhanced commercial focus drives our trusted relationship with our 35 million customers which is supported by our commitment, through initiatives like Piccoli Comuni.[3]
With 1.9m daily digital users, Poste Italiane's offer is underpinned by our continued investment in both core IT infrastructure and the integration of new technologies for the benefit of our customers."

[3] *Piccoli Comuni* is a proactive partnership to reinforcing Poste's role in local communities. For further details on the initiatives please refer to: https://www.posteitaliane.it/piccoli-comuni

2Q19 and 1H19 RESULTS
Wednesday 31 July 2019 – 11:30am CEST

WEBCAST
https://edge.media-server.com/mmc/p/6b7fsxzw

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	2Q18	2Q19	Y/Y%	1H18	1H19	H/H%
GROUP						
Revenues	2,546	**2,679**	+5.3%	5,430	**5,521**	+1.7%
Adjusted Revenues	2,535	**2,674**	+5.5%	5,017	**5,242**	+4.5%
EBIT	350	**464**	+32.5%	1,053	**1,081**	+2.6%
Adjusted EBIT	370	**474**	+28.0%	701	**825**	+17.6%
Net Profit	250	**324**	+29.9%	735	**763**	+3.9%
Adjusted Net Profit	262	**339**	+29.4%	482	**570**	+18.3%
MAIL, PARCEL & DISTRIBUTION						
Revenues	862	**875**	+1.5%	1,761	**1,755**	-0.3%
EBIT	(79)	**(67)**	+15.7%	184	**81**	-55.8%
Adjusted EBIT	(81)	**(57)**	+29.6%	(119)	**(110)**	+7.6%
Net Profit	(60)	**(51)**	+15.3%	114	**50**	-55.9%
PAYMENTS, MOBILE & DIGITAL						
Revenues	150	**167**	+11.2%	280	**306**	+9.4%
EBIT	44	**54**	+22.3%	101	**111**	+9.8%
Net Profit	34	**41**	+20.3%	76	**83**	+8.7%
FINANCIAL SERVICES						
Revenues	1,173	**1,180**	+0.6%	2,704	**2,665**	-1.5%
Segment Adjusted Revenues	1,162	**1,174**	+1.0%	2,292	**2,386**	+4.1%
EBIT	169	**174**	+2.6%	408	**435**	+6.5%
Adjusted EBIT	191	**174**	-8.7%	359	**370**	+3.1%
Net Profit	120	**114**	-4.3%	293	**305**	+3.9%
Adjusted Net Profit	135	**115**	-14.6%	258	**257**	-0.4%
INSURANCE SERVICES						
Revenues	361	**458**	+26.9%	685	**795**	+16.2%
EBIT	216	**303**	+40.2%	360	**454**	+26.1%
Net Profit	156	**220**	+40.7%	251	**325**	+29.4%

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In addition to the standard financial indicators required by IFRS, Poste Italiane discloses alternative performance indicators to provide a better understanding of business performance and financial position. These indicators are described in the Interim Report for the six months ended 30 June 2019, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

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MAIL, PARCEL & DISTRIBUTION – *PARCEL GROWTH OFFSETTING MAIL DECLINE*

€m	2Q18	2Q19	Y/Y%	1H18	1H19	H/H%
SEGMENT REVENUES	862	**875**	+1.5%	1,761	**1,755**	-0.3%
INTERSEGMENT REVENUES	1,086	**1,122**	+3.3%	2,456	**2,453**	-0.1%
TOTAL REVENUES	1,948	**1,997**	+2.5%	4,216	**4,208**	-0.2%
EBIT	(79)	**(67)**	+15.7%	184	**81**	-55.8%
Adjusted EBIT	(81)	**(57)**	+29.6%	(119)	**(110)**	+7.6%
EBIT Margin (%)	-4.1%	**-3.4%**	n.m.	4.4%	**1.9%**	n.m.
NET PROFIT	(60)	**(51)**	+15.3%	114	**50**	-55.9%
KPI's						
Mail Volumes (#m)	749	**690**	-7.9%	1,554	**1,407**	-9.4%
Parcels delivered by mailmen (#m)	9	**11**	+22.3%	19	**24**	+21.8%
Parcel Volumes (#m)	29	**34**	+16.2%	58	**68**	+17.8%
B2C Revenues (€m)	66	**81**	+22.6%	129	**167**	+28.7%

Mail, Parcel & Distribution revenues were up 1.5% in 2Q19 to €875m (€1,755m in 1H19, -0.3% h/h) driven by continued strong performance in parcel revenues.

Mail revenues were slightly down in 2Q19, with a marginal improvement on 1Q19 thanks to the continued effect of the mail tariffs increase implemented in July 2018 and positive one-off related to European elections mailings.

Parcel revenues continue to grow led by B2C revenues up 22.6% to €81m in the quarter (€167m in the first half of the year, +28.7%). Positive growth also in B2B volumes leading to 1H19 revenues at €123m (+15.8% compared to the same period last year).

The partnership with Amazon has been further strengthened with the inclusion of same day delivery options. Furthermore an exclusive agreement has been signed with Zalando to manage returns for all customers in Italy in over 12,800 post offices and over 3,500 alternative delivery points.

The Joint Delivery Model is now deployed in over 80% of targeted delivery centres and the state-of-the-art parcel sorting facility in Bologna was officially inaugurated on July 16 with a full capacity of 250,000 parcels per day.

PuntoPoste, Poste's alternative delivery network continues to expand leveraging on the agreement with the Italian Federation of Tobacco Shops (FIT), with 3,500 active points (up almost 3,100 since December 2018) in addition to post offices.

Adjusted EBIT improved by 29.6% to €-57m in 2Q19, in line with expectations and on track with our 2019 target.

PAYMENTS, MOBILE AND DIGITAL – *REVENUES PROGRESSING THANKS TO INCREASED CARD STOCK AND TRANSACTIONS*

€m	2Q18	2Q19	Y/Y%	1H18	1H19	H/H%
SEGMENT REVENUES	150	**167**	+11.2%	280	**306**	+9.4%
Cards Payments (€m)	*68*	***85***	+25.3%	134	**161**	+20.0%
Other Payments (€m)	*25*	***24***	-3.2%	38	**37**	-1.9%
Telecom Services (€m)	*57*	***57***	+0.5%	109	**109**	+0.2%
INTERSEGMENT REVENUES	91	**94**	+3.6%	180	**190**	+5.6%
TOTAL REVENUES	241	**261**	+8.3%	460	**496**	+7.9%
EBIT	44	**54**	+22.3%	101	**111**	+9.8%
EBIT Margin (%)	18.2%	**20.6%**	n.m.	21.9%	**22.3%**	n.m.
NET PROFIT	34	**41**	+20.3%	76	**83**	+8.7%
KPI's						
Postepay cards (#m) *	-	**-**	-	19.0	**19.7**	+3.8%
*of which Postepay Evolution cards(#m)**	-	**-**	-	*6.3*	***6.9***	+10.8%
Total payment cards transactions (#bn)	-	**-**	-	0.51	**0.68**	+32.6%
of which eCommerce transactions (#m)	-	**-**	-	93	**109**	+16.7%
PosteMobile SIM & Casa (#m) *	-	**-**	-	4.1	**4.4**	+7.3%
Digital e-Wallets (#m) *	-	**-**	-	2.8	**3.4**	+20.8%

* 1H18 figures refer to stock at 31 December 2018

Revenues were up 11.2% in the quarter to €167m and up 9.4% to €306m in the first half of the year.

Card payments revenues were up 25.3% in 2Q19 to €85m (+20% to €161m in 1H19) driven by higher number of Postepay cards and strong increase of transaction volumes.

Telecoms revenues were resilient at €109m in 1H19 and up 0.2% to €57m in 2Q19, successfully managing challenging competition in the mobile sector and leveraging the customer base to cross sell the Postepay Connect integrated offer launched in 4Q18: bundling payments and mobile services, including real time data and money transfer in one app, for a single annual fee, Postepay Connect has now over 185,000 new subscribers since launch. This has positively impacted Postepay Evolution cards stock (6.9m at the end of 1H19, +11% in six months) with over 6,000 daily average sales in 1H19.

Operating profitability for Payments, Mobile and Digital was up 9.8% to €111m, also benefitting from positive one-offs on costs.

FINANCIAL SERVICES – *EVOLUTION OF THE COMMERCIAL SALES FORCE BEGINNING TO BEAR FRUIT*

€m	2Q18	2Q19	Y/Y%	1H18	1H19	H/H%
SEGMENT REVENUES	1,173	**1,180**	+0.6%	2,704	**2,665**	-1.5%
ADJUSTED SEGMENT REVENUES	1,162	**1,174**	+1.0%	2,292	**2,386**	+4.1%
INTERSEGMENT REVENUES	156	**179**	+14.7%	338	**372**	+10.0%
TOTAL REVENUES	1,329	**1,359**	+2.3%	3,043	**3,037**	-0.2%
EBIT	169	**174**	+2.6%	408	**435**	+6.5%
ADJUSTED EBIT	191	**174**	-8.7%	359	**370**	+3.1%
EBIT Margin (%)	12.7%	**12.8%**	n.m.	13.4%	**14.3%**	n.m.
NET PROFIT	120	**114**	-4.3%	293	**305**	+3.9%
ADJUSTED NET PROFIT	135	**115**	-14.6%	258	**257**	-0.4%
KPI's						
TOTAL FINANCIAL ASSETS - TFAs (€/bn) *	-	**-**	n.a.	514	**530**	+3.1%
Average Current Account Deposits (€m)	-	**-**	-	58,044	**61,632**	+6.2%
Average Postal Savings Deposits (€m)	-	**-**	-	308,722	**311,411**	+0.9%
Postal Savings Net Inflows (€m)	(1,942)	**(1,893)**	+2.5%	(4,513)	**(3,653)**	+19.0%
Unrealized gains (€m)	-	**-**	-	(1,291)	**(1,889)**	-46.3%
Product Sales (# mln)	2.0	**1.8**	+5.9%	4.2	**4.2**	-0.1%

* figures in 1H18 colum refer to FY2018

Segment revenues were up 0.6% in 2Q19 to €1,180m and down 1.5% to €2,665m in 1H19. Excluding the impact from capital gains, revenues were up 1% to €1,174m in 2Q19 and €2,386m in 1H19 (+4.1% h/h) with positive contributions from all product distribution activities delivering a continued improvement in recurring revenues.

Interest Income was up 10.2% in 1H19 to €823m (+7% in 2Q19 to €413m) benefiting from an active management approach, including strategic investments implemented between the end of 2018 and early 2019.

Fees from Postal Saving distribution in 1H19 at €898m (+0.4% h/h) are in line with the 2019 target.

Third party loan and mortgage distribution revenues were up 20.1% h/h to €154m and up 8.7% y/y to €77m thanks to higher volumes.

Asset Management revenues increased by 12.2% to €50m in 1H19 and 11.1% to €25m in 2Q19.

Total Financial Assets increased €16.1bn, year to date, driven by improving contributions from all product lines and positive market effect.

The Post Office network is MIFID2 and IDD compliant, through post-office based and mobile relationship managers, who are now supported by a new robo-advisory platform, a unified CRM and enhanced commercial front-end, thanks to Deliver 2022 IT investments.

EBIT rose in the quarter to €174m up 2.6% y/y and to €435m in 1H19 up 6.5% h/h, on track to meet 2019 targets.

INSURANCE SERVICES – *CONTINUED OPERATING PROFIT GROWTH DRIVEN BY LIFE DIVERSIFICATION AND EXPANDED P&C OFFER*

€m	2Q18	2Q19	Y/Y%	1H18	1H19	H/H%
SEGMENT REVENUES	361	**458**	+26.9%	685	**795**	+16.2%
Life (inc. Private Pension Plan)	*327*	***418***	+27.6%	622	**718**	+15.5%
P&C	*34*	***40***	+19.7%	63	**77**	+23.5%
INTERSEGMENT REVENUES	1	**0**	-98.3%	1	**0**	-68.7%
TOTAL REVENUES	362	**458**	+26.7%	685	**796**	+16.1%
EBIT	216	**303**	+40.2%	360	**454**	+26.1%
EBIT Margin (%)	59.8%	**66.2%**	n.a.	52.6%	**57.1%**	n.a.
NET PROFIT	156	**220**	+40.7%	251	**325**	+29.4%
KPI's						
Gross Written Premiums (€m)	3,576	**4,184**	+17.0%	8,912	**10,173**	+14.1%
GWP - Life + Private Pension Plans (€m)	3,528	**4,129**	+17.0%	8,816	**10,039**	+13.9%
GWP - P&C (€m)	48	**54**	+12.3%	96	**133**	+38.2%

Insurance Services segment revenues grew by 26.9% in 2Q19 to €458m and up 16.2% to €795m in 1H19.

Life insurance (excluding Private Pension Plans) revenues increased 27.5% to €386m in the quarter (+15.6% to €672m in 1H19) thanks to business growth and successful diversification to multiclass offer, embedding enhanced margins on all life products. P&C revenues increased strongly to €77m in 1H19 (+23.5%), thanks to all product lines.

The successful multiclass offer recorded strong net inflows of €3.4bn in 1H19 (€272m in the same period last year). This offer now represents 37% of GWP in 2Q19 (32% in 1Q19), in line with the long-term target embedded in the Deliver 2022 strategic plan.

In 1H19 €7.6bn outflows were registered mainly related to traditional products, such as class I policies (embedding minimum guaranteed returns), whilst placing €10bn gross written premium with a significantly different product mix: no minimum guaranteed return and over one-third being capital-light multiclass products. As a result Poste will benefit from higher recurring management fees on new products along with lower capital absorption thus helping to positively contribute to stabilize the Solvency II ratio over the plan.

At the end of June 2019, Poste Vita Group's Solvency II Ratio stood at 242% as the reduction caused by lower interest rates was more than offset by organic capital generation, improving financial markets and managerial actions.

EBIT grew consequently by 40.2% in the quarter to €303m and by 26.1% in 1H19 to €454m, in line with 2019 targets.

INTEGRATION OF THE 2019 CALENDAR OF CORPORATE EVENTS

A change has been made to Poste Italiane’s calendar of corporate events for 2019 previously published on 30 January 2019. In particular, the interim dividend for the year 2019 is forecast to be paid on 20 November 2019, with "ex-dividend" date coinciding with 18 November 2019 and record date (i.e. date of dividend payment eligibility) on 19 November 2019.

RECENT EVENTS AND BUSINESS OUTLOOK

Poste Italiane Group is engaged in the implementation of the objectives outlined in the five-year Deliver 2022 Plan, as approved by the Board of Directors on 26 February 2018 and, the targets set out in the budget for 2019, as approved by the Board of Directors on 19 March 2019 and presented to the market.

The Mail, Parcels and Distribution Strategic Business Unit (SBU) is engaged in the implementation of the new Joint Delivery model, with 755 delivery centres to be reorganized by the end of 2019 (81% completed by 30th June 2019). The SBU is adopting new automation technologies, with the aim of boosting the efficiency and quality of sorting processes. In addition, a further three mail sorting machines (Naples, Rome and Bologna) and one parcel sorting machine (Brescia) will become operational in 2019.

The aim of this investment is to maximise synergies in Poste's logistics network and leverage all Group assets to improve its competitive position in the parcel market by taking advantage of e-commerce opportunities.

In addition, as part of the ongoing fleet modernization process, the Group is introducing 3-wheeled electric delivery vehicles, improving occupational safety. In the next 12 months, approximately 200 electric vehicles are scheduled to join the Group's fleet.

In 1H19, a series of initiatives have been undertaken with regards to Piccoli Comuni, Poste's "10 commitments to support small communities". Launched in 2018m the program aims to improve customer services across Italy. As of 15 July 2019:

- there have been no post office closures,
- 1 central office now provides dedicated support for small towns,
- 381 new ATMs have been installed in as many towns,
- 3,928 Wi-Fi connections have been installed in 3,526 towns,
- 403 architectural barriers have been removed in 384 towns,
- 2,509 video-surveillance systems have been installed in 1,234 towns,
- 2,715 new post boxes have been installed in 1,849 towns.

The Payments, Mobile and Digital SBU aims to become Italy's leader in payments across physical and digital channels. PostePay SpA is introducing new integrated products and services to meet changing consumer, business and Public Administration needs.

The promotion of mobile telecommunications services to exploit the Group's positioning will continue in the second half of the year. The Postepay Connect bundled offer aims to meet the needs of different targets and take advantage of customer loyalty through innovative

pricing strategies. Postepay Connect will be the first product to be sold online through a fully digital process using the Postepay App.
The ability to make payments to Public Administration using payment slips will be extended to third-party networks with which Poste Italiane has concluded agreements. New methods of communication between Public Administration and citizens have enabled digital payments to be introduced via push and pull Payment Notices.
Further acquiring services will be added to the Postepay Tandem App for Mobile POS users. These are designed to support businesses by providing training in the procedures to be followed by merchants and tools for monitoring the performance of collections, including comparisons with competitors operating in the same area or sector.
In line with the Deliver 2022 Plan, the Financial Services SBU will continue to leverage the Group's existing strengths: its customer base, distribution network and brand. It will also take advantage of opportunities resulting from MiFID II and IDD regulatory changes.
Within the scope of the Cassa Depositi e Prestiti agreement, work on the progressive simplification of front-end operations for Postal Savings will continue, with the aim of boosting efficiency and the quality of the sales and after-sales customer experience. New initiatives will also be launched with a view to expanding the digital offer, thanks to new online services and communication initiatives.
Development of Poste's current account offering will focus on meeting the needs of mutliple customer segments and compliance with the new PSD2 Directive, which will come into effect in September 2019.
In loan and mortgage distribution, the agreement with Intesa Sanpaolo regarding property mortgages allows the Group to further expand its offer. In addition, the launch of Personal Loans in collaboration with Intesa is expected to take place in the last quarter of 2019. The launch of the partnership with Unicredit, covering salary backed loans, has enabled the Group to develop a multi-partner strategy.
In asset management, the launch of mutual funds focused on specific themes will take place in the second half of 2019 with a view to expanding the product range,
Posta Previdenza Valore, a multi-strategy Supplementary Pension Fund will be launched, with three investment strategies: Guaranteed, Life Cycle and Dynamic.
In protection products, the Group will continue with commercial and promotional initiatives. Both the sales process and product range will be reviewed with the aim of simplifying procedures and ensuring Poste meets the full range of customer needs.

The Insurance Services SBU will consolidate the Group's leadership, supported by a progressive rebalancing of the offer to provide multiclass products providing greater value, while maintaining a moderate risk-return profile suited to the Group's customer base. In the Non-life segment, the aim is to continue growth in the welfare and non-motor sectors as well as the launch of a motor insurance offering, initially for employees.

ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by IFRS, Poste Italiane has included a number of indicators in this report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

NET WORKING CAPITAL – the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities.

This indicator is also presented separately for each Strategic Business Unit.

NON-CURRENT ASSETS – this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also presented separately for each Strategic Business Unit.

NET INVESTED CAPITAL – this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and provisions for employee termination benefits and pension plans and non-current assets and disposal groups held for sale and liabilities related to assets held for sale. This indicator is also presented separately for each Strategic Business Unit.

CET1 CAPITAL: this indicator includes initial capital and retained earnings (Tier 1 capital), applied on a transitional basis (EU Regulation 2017/2395).

CET1 RATIO: this ratio measures the adequacy of Tier 1 capital with respect to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

COMBINED RATIO is a measure of profitability, calculated by taking total claim-related losses and general business costs and dividing them by the value of gross earned premiums and gross premium revenue. It is the sum of the Loss Ratio and the Expense Ratio.

EBIT (Earnings before interest and taxes) - this is an indicator of operating profit before financial expenses and taxation.

EBIT margin – this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also presented separately for each Strategic Business Unit.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) – this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

EXPENSE RATIO is calculated as the ratio of total expenses (operating costs and fees and commissions) and gross premium revenue.

LAPSE RATE: this is an indirect measure of customer loyalty. It is based on surrenders during the period as a percentage of mathematical provisions at the beginning of the period.

LEVERAGE RATIO: this is the ratio of CET1 Capital to total assets, the latter after adjustments for derivative financial instruments and off-balance sheet exposures.

LOSS RATIO is a measure of the technical performance of an insurance company providing Non-life cover and is calculated as the ratio of total losses incurred (including claims expenses) and gross earned premiums.

GROUP NET CASH POSITION - the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT – this is the sum of the following items, shown according to the format recommended by ESMA, the European Securities and Markets Authority (document 319 of 2013): financial liabilities after adjusting for intersegment transactions, current financial assets after adjusting for intersegment transactions and cash and cash equivalents.

ROE (Return On Equity) – this is calculated as the ratio of annualised net profit to average equity (net of the fair value reserves) at the beginning and end of the reporting period.

RWA (Risk-Weighted Assets): this indicator measures the risk exposure of assets in accordance with Basel III regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risk.

TOTAL ASSETS: total assets in the statement of financial position.

It is calculated as Surrenders / Mathematical Provisions (on a linear basis over 12 months).

TSR (Total Shareholder Return): this measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

ADJUSTED EBIT, NET PROFIT AND ROE – to provide an improved basis for assessment and comparison, the following statement shows the reconciliation of reported EBIT, net profit and ROE and adjusted EBIT, net profit and ROE:

EXPLANATORY NOTES TO ADJUSTED FIGURES

(€m)	H1 2018	H1 2019	H1 2019 vs H1 2018
REPORTED REVENUE	**5,430**	**5,521**	**92**
ADJUSTMENTS	**413**	**279**	**(134)**
Gross gains	*404*	*261*	*(142)*
Visa (FV measurement under IFRS 9)	*9*	*17*	*7*
Visa - gain on sale of shares	*0*	*1*	*1*
ADJUSTED REVENUE	**5,017**	**5,242**	**225**
REPORTED COSTS	**4,377**	**4,441**	**64**
ADJUSTMENTS	**61**	**23**	**(38)**
Early retirement incentives	*19*	*9*	*(11)*
Provision for real estate funds	*17*	*0.2*	*(17)*
Losses	*25*	*6*	*(19)*
Change in fair value of derivative hedging VISA shares	*0*	*9*	*9*
ADJUSTED COSTS	**4,316**	**4,418**	**102**
REPORTED EBIT	**1,053**	**1,081**	**28**
TOTAL ADJUSTED ITEMS	**(352)**	**(256)**	**96**
ADJUSTED EBIT	**701**	**825**	**123**
REPORTED PROFIT BEFORE TAX	**1,075**	**1,099**	**24**
ADJUSTED FINANCE COSTS	**0**	**0**	**0**
Impairment loss on financial receivable following sale of MCC	*0*	*0*	*0*
Impairment loss on Anima	*0*	*0*	*0*
ADJUSTED PROFIT BEFORE TAX	**723**	**843**	**120**
REPORTED NET PROFIT	**735**	**763**	**28**
ADJUSTMENTS	**(253)**	**(193)**	**60**
ADJUSTMENT TO EBIT (AFTER TAXATION)	*(253)*	*(185)*	*69*
*POSTE VITA - deferred tax assets**	*0*	*(9)*	*(9)*
ADJUSTED NET PROFIT	**482**	**570**	**88**

* Deferred tax assets on the non-deductible movement in technical provisions for the Life business

(€m)	H1 2018	H1 2019	H1 2019 vs H1 2018
NET PROFIT	**735**	**763**	**28**
ANNUALISED PROFIT**	*664*	*339*	*(325)*
ANNUALISED NET PROFIT (A)	*1,399*	*1,102*	*(296)*
AVERAGE EQUITY*	**7,659**	**8,306**	**647**
ROE	**18.3%**	**13.3%**	**-5.0%**
ANNUALISED ADJUSTMENTS TO NET PROFIT	*(236)*	*152*	*388*
ANNUALISED ADJUSTMENTS TO AVERAGE EQUITY	*(55)*	*(97)*	*(42)*
ADJUSTED ANNUALISED NET PROFIT	**1,163**	**1,254**	**91**
ADJUSTED AVERAGE EQUITY*	**7,604**	**8,210**	**605**
ADJUSTED ROE	**15.3%**	**15.3%**	**0.0%**

** Results and equity annualised on the basis of the second half of 2018.

Composition of net financial position* (€m):

	MAIL, PARCEL AND DISTRIBUTION	PAYMENTS, MOBILE AND DIGITAL	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 30 June 2019						
Financial liabilities	3,132	5,151	79,356	332	-7,414	80,557
Technical reserves for the insurance business	0	0	0	134,074	0	134,074
Financial assets	-1,388	-5,009	-77,716	-135,571	6,721	-212,963
Technical reserves attributable to reinsurers	0	0	0	-71	0	-71
Cash and deposits attributable to BancoPosta	0	0	-3,606	0	0	-3,606
Cash and cash equivalents	-980	-273	-84	-873	685	-1,525
Net Financial Position*	764	-131	-2,050	-2,109	-8	-3,534
Balance at 31 December 2018						
Financial liabilities	1,259	4,307	67,022	1,034	-6,693	66,929
Technical reserves for the insurance business	0	0	0	125,148	0	125,148
Financial assets	-1,417	-4,097	-64,578	-126,545	5,773	-190,864
Technical reserves attributable to reinsurers	0	0	0	-71	0	-71
Cash and deposits attributable to BancoPosta	0	0	-3,318	0	0	-3,318
Cash and cash equivalents	-973	-246	-1,323	-1,574	921	-3,195
Net Financial Position*	-1,131	-36	-2,197	-2,008	0	-5,372

* Net financial position: (Surplus) / Net debt

TABLES

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS	at 30 June 2019	at 31 December 2018
Non-current assets		
Property, plant and equipment	1,908	1,945
Investment property	46	48
Intangible assets	542	545
Right of use assets	1,321	-
Investments accounted for using the equity method	493	497
Financial assets	184,274	170,922
Trade receivables	6	7
Deferred tax assets	1,475	1,368
Other receivables and assets	3,474	3,469
Technical provisions attributable to reinsurers	71	71
Total	**193,610**	**178,872**
Current assets		
Inventories	141	136
Trade receivables	2,363	2,192
Current tax assets	111	117
Other receivables and assets	1,006	1,111
Financial assets	28,689	19,942
Cash and deposits attributable to BancoPosta	3,606	3,318
Cash and cash equivalents	1,525	3,195
Total	**37,441**	**30,011**
TOTAL ASSETS	**231,051**	**208,883**

LIABILITIES AND EQUITY	at 30 June 2019	at 31 December 2018
Equity		
Share capital	1,306	1,306
Reserves	1,435	1,531
Own shares	(40)	-
Retained earnings	5,413	5,268
Equity attributable to owners of the Parent	**8,114**	**8,105**
Equity attributable to non-controlling interests	-	-
Total	**8,114**	**8,105**
Non-current liabilities		
Technical provisions for insurance business	134,074	125,149
Provisions for risks and charges	590	656
Employee termination benefits	1,188	1,187
Financial liabilities	11,993	7,453
Deferred tax liabilities	747	701
Other liabilities	1,300	1,379
Total	**149,892**	**136,525**
Current liabilities		
Provisions for risks and charges	780	863
Trade payables	1,521	1,583
Current tax liabilities	341	12
Other liabilities	1,839	2,319
Financial liabilities	68,564	59,476
Total	**73,045**	**64,253**
TOTAL EQUITY AND LIABILITIES	**231,051**	**208,883**

CONSOLIDATED STATEMENT OF NET PROFIT (LOSS) OF THE PERIOD

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Revenue from Mail, Parcels & other	1,755	1,761
Revenue from Payments, Mobile & Digital	306	307
Revenue from Financial Services	2,664	2,676
Revenue from Insurance Services after movements in technical provisions and other claims expenses	795	685
Insurance premium revenues	10,126	8,871
Income from insurance activities	3,264	1,729
Net change in technical provisions for insurance business and other claim expenses	(12,480)	(9,078)
Expenses from insurance activities	(115)	(837)
Net operating revenue	**5,520**	**5,429**
Cost of goods and services	1,089	1,126
Expenses from financial activities	35	35
Personnel expenses	2,832	2,846
Depreciation, amortisation and impairments	381	272
Capitalised costs and expenses	(14)	(6)
Other operating costs	87	93
Impairment loss/(reversal) on debt instruments, receivables and other assets	29	10
Operating profit/(loss)	**1,081**	**1,053**
Finance costs	40	40
Finance income	54	54
Impairment loss/(reversal) on financial instruments	-	-
Profit/(Loss) on investments accounted for using the equity method	4	8
Profit/(Loss) before tax	**1,099**	**1,075**
Income tax expense	336	340
NET PROFIT FOR THE YEAR	**763**	**735**
of which, attributable to owners of the Parent	763	735
of which, attributable to non-controlling interests	-	-
Earnings per share	**0.587**	**0.563**
Diluted earnings per share	**0.587**	**0.563**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

		For the six months ended 30 June 2019	For the six months ended 30 June 2018
Unrestricted net cash and cash equivalents at beginning of period		**1,639**	**1,978**
Unrestricted net cash and cash equivalents at beginning of period		1,556	448
Current account overdrafts		-	1
Cash and cash equivalents at beginning of period		**3,195**	**2,428**
Cash and cash equivalents at beginning of period		**3,195**	**2,428**
Profit/(loss) for the period		763	735
Depreciation, amortisation and impairments		381	272
Losses and impairments/(recoveries) on receivables		22	13
(Gains)/Losses on disposals		1	-
(Increase)/decrease in inventories		(5)	-
(Increase)/decrease in receivables and other assets		(186)	(533)
Increase/(decrease) in payables and other liabilities		(190)	(242)
Movement in provisions for risks and charges		(149)	(99)
Movement in provisions for employee termination benefits and pension plans		(62)	(47)
Differences in accrued finance costs and income (cash correction)		20	(28)
Other changes		(7)	147
Net cash flow generated by/(used in) non-financial operating activities	[a]	588	218
Increase/(decrease) in liabilities attributable to financial activities		9,273	4,557
Net cash generated by/(used for) held for trading financial assets attributable to financial activities		(11,858)	(7,603)
(Income)/Expenses and other non-cash components		(3,278)	(1,453)
Increase/(decrease) in net technical provisions for insurance business		4,793	5,132
Cash generated by/(used for) assets and liabilities attributable to insurance activities	[b]	(1,070)	633
Net cash flow from/(for) operating activities	**[c]=[a+b]**	**(482)**	**851**
Investing activities			
Property, plant and equipment, investment property and intangible assets		(230)	(151)
Investments		-	(30)
Other financial assets		(1)	-
Disposals			
Property, plant and equipment, investment property and intangible assets and assets held for sale		-	2
Investments		1	-
Other financial assets		23	163
Net cash flow from/(for) investing activities	**[d]**	**(207)**	**(16)**
Proceeds from/(Repayments of) borrowings		(367)	(1,011)
(Increase)/decrease in loans and receivables		-	-
(Purchase)/disposal own shares		(40)	-
Dividends paid		(574)	(549)
Net cash flow from/(for) financing activities and shareholder transactions	**[e]**	**(981)**	**(1,560)**
Net increase/(decrease) in cash	**[f]=[c+d+e]**	**(1,670)**	**(725)**
Cash and cash equivalents at end of period		**1,525**	**1,703**
Cash and cash equivalents at end of period		**1,525**	**1,703**
Cash and cash equivalents at end of period		(617)	(541)
Current account overdrafts		-	-
Unrestricted net cash and cash equivalents at end of period		**908**	**1,162**

* * *

The document containing the Interim Financial Report as of 30 June 2019 will be published by the deadline set out by the law, made available to the public at the Company's head office, on the Company's website (www.posteitaliane.it), on the website of the authorised storage system "eMarket Storage" (www.emarketstorage.com), and filed with Borsa Italiana S.p.A. (www.borsaitaliana.it), the Italian stock exchange.

Declaration by the Executive responsible for preparing the corporate accounting documents

The undersigned, Tiziano Ceccarani, in his capacity as Executive responsible for preparing Poste Italiane's corporate accounting documents (Dirigente Preposto)

DECLARES

that, pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, accounting information disclosed in this document corresponds to document results and accounting books and records.

This document includes summary financial information and should not be considered a substitute for Poste Italiane Group Interim Financial Report as of 30 June 2019.

Rome, 31 July 2019

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