

POSTE ITALIANE

Q1 2020 FINANCIAL RESULTS

Rome, May 13, 2020



EXECUTIVE SUMMARY

BUSINESS REVIEW

APPENDIX

POSTE ITALIANE – CONFIRMED ROLE OF STRATEGIC PILLAR FOR ITALY

WELL POSITIONED TO ADDRESS UNCHARTERED TERRITORIES: DIVERSIFIED AND RESILIENT, WITH A STRONG FINANCIAL PROFILE

FOCUS ON COST REDUCTION AND NEW COMMERCIAL INITIATIVES – BUILDING A STRONGER AND SUSTAINABLE BUSINESS

**2020 PERFORMANCE IMPACTED BY LOCKDOWN WHILE EMERGING TRENDS ACCELERATED
DELIVER 2022 STRATEGIC DIRECTIONS**

PROMPT REACTION TO EMERGENCY

STRONGER REPUTATION: INCREASING IMPORTANCE OF BEING A SYSTEMIC PLAYER

PRIORITY

ACTIONS

KEY FIGURES AT PEAK



TAKING CARE OF OUR EMPLOYEES

- Company driven service reduction to protect our colleagues' health and safety:
 - Reduced physical presence in post offices and sorting centers
 - Personal Protective Equipment (PPE) provided to front office and logistic chain personnel
 - Constant sanitization of fleets, post offices, sorting centers and HQs
 - Smart working promptly enabled for all staff functions



SAFEGUARDING OUR CUSTOMERS

- Company initiatives to provide a reduced yet continued service:
 - Regulating daily footfall in post offices to ensure social distancing
 - Promoting digital & mobile app usage versus post office operations
 - Maintaining parcel delivery as a priority, responding to client's needs during lockdown
 - Ensuring orderly pension payments on a pre-agreed schedule



SUPPORTING OUR COMMUNITIES

- Poste, a strategic pillar for Italy, providing essential services with a reduced yet continued activity:
 - Service provider for Emergency income support to most financially vulnerable citizens
 - Facilitating State wage support (furlough) payment
 - Supporting municipalities with social aid and PPEs distribution
 - Agreement with the Carabinieri Corps to home-deliver pensions to most vulnerable seniors

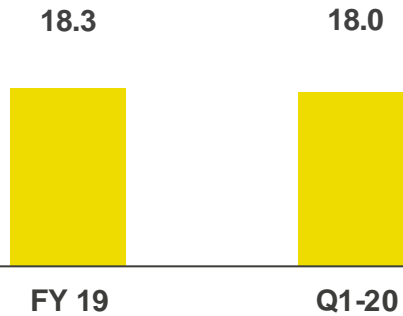
- **FTE in post offices: -55%**¹
- 15,000 FTE in smart working
- **€23m costs to face emergency**
- **Postini in service: -40%**¹

- **422k customers served vs. 1.2m daily visits**¹
- **531k daily average parcels delivered (+6%)**²
- **Digital channel transactions: +46%**³
- **Over 5m pensions paid**
- **At least one post office open on a weekly basis in all municipalities**
- **About 35k applications for furlough payments received**
- **Reprtrack index: +5.4p.p.**⁴

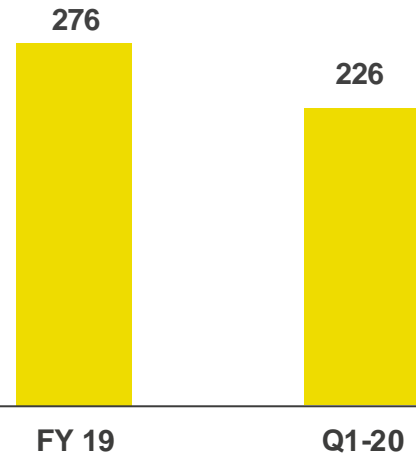
STRONG CAPITAL POSITION AND LARGE LIQUIDITY

STRONG CAPITALISATION ACROSS SUBSIDIARIES...

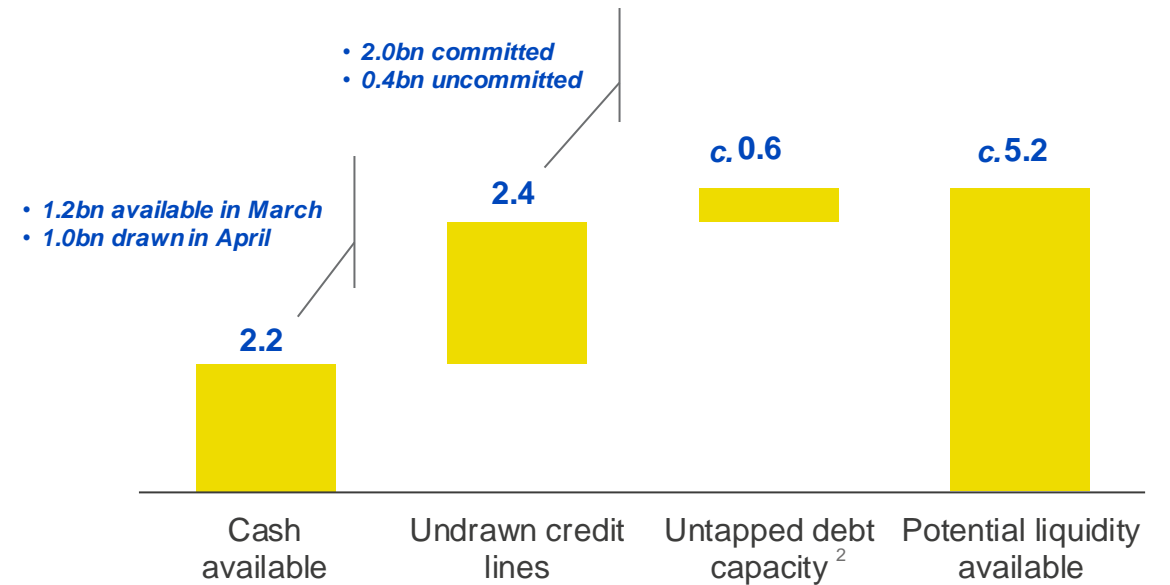
**BANCOPOSTA
CET1 (%)**



**POSTE VITA GROUP SOLVENCY
(%, EXCLUDING TRANSITIONAL MEASURES)**

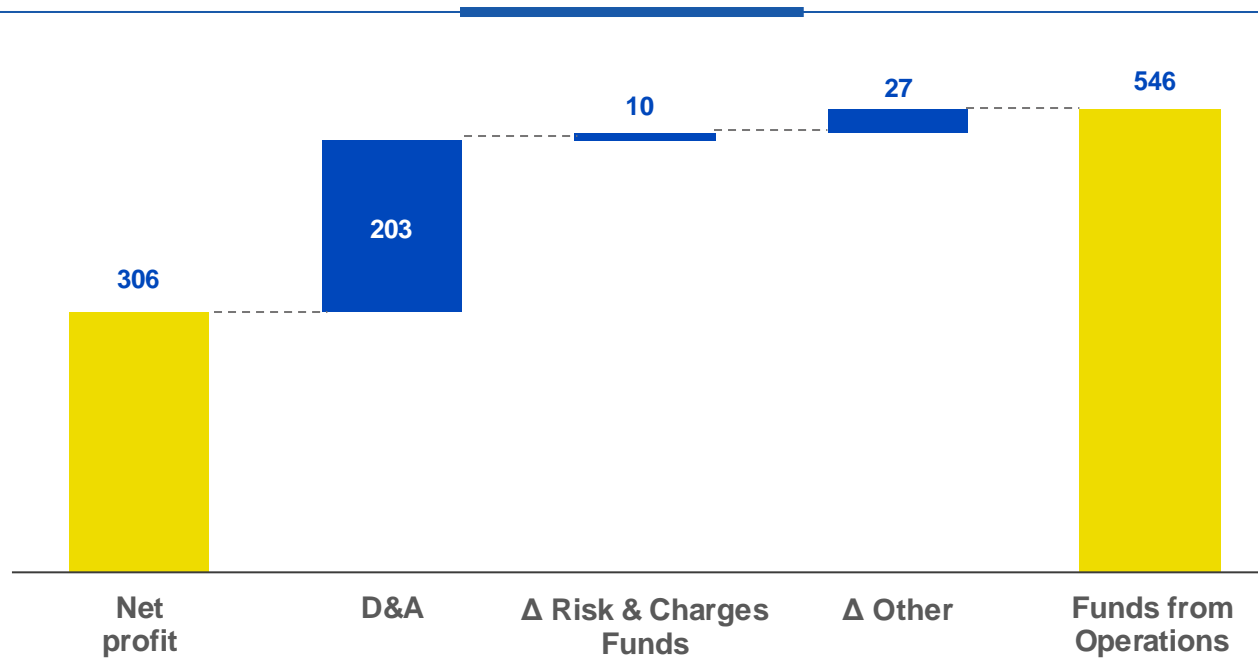


...SIGNIFICANT LIQUIDITY RESOURCES¹ (€ bn)

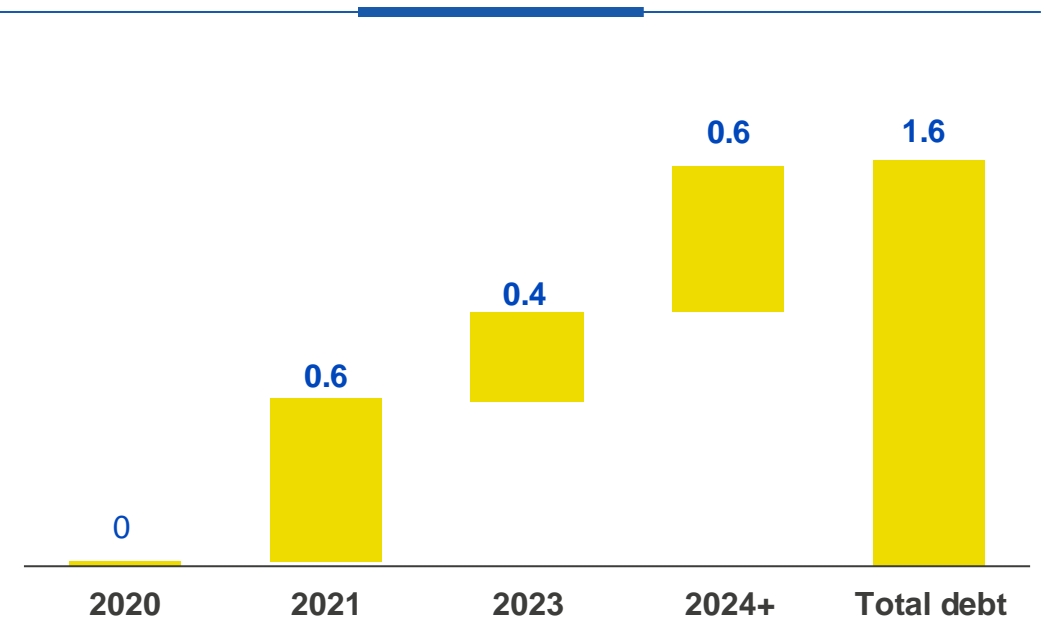


STRONG CASH GENERATION, LIMITED AND BALANCED DEBT PROFILE

GROUP FUNDS FROM OPERATIONS (FFO) – Q1-20 (€ m)



BALANCED MATURITY PROFILE (€ bn)



ACCELERATING DELIVER 2022 INITIATIVES, IN LINE WITH EMERGING TRENDS

FOCUS ON RETAIL CUSTOMERS' BASIC NEEDS, WITH SIMPLE AND TRANSPARENT PRODUCTS

BUSINESS AREA

EMERGING TRENDS

KEY INITIATIVES



**MAIL, PARCEL
&
DISTRIBUTION**

- **+32% B2C** parcel volumes¹
- **-31% mail** volumes²

Growing B2C, mitigating mail decline:

- Increase focus on B2C from China to diversify customer base
- Premium delivery services to seize e-commerce opportunities
- Accelerate efficiency and business development: signed new partnership with Microsoft



**FINANCIAL &
INSURANCE
SERVICES**

- **Poste.it daily sessions:**
+62%³
- Strong Q1 retail net inflows

Conservative & diversified offer for clients' financial and protection needs:

- Remote advisory & sales of investment and protection products
- Modular offer for tailored P&C products
- New insurance multiclass accumulation product



**PAYMENTS
&
MOBILE**

- App Usage⁴:
 - **Postepay:** +34%
 - **BancoPosta:** +20%
- **Transactions on third party networks:** +92%⁵

Focus on digital payments and integrated telco offers:

- Cards: accelerate sales through digital channels leveraging on bundled products
- Roll-out of new products for SMEs acquiring
- Increase access to third party networks for payments
- Telecom offer to boost online sales and new enhanced home connectivity product

Q1-20 RESULTS OVERVIEW

RESULTS AFFECTED BY LOCKDOWN, ADJ. EBIT EMBEDDING ONE-OFF COSTS FOR EMERGENCY

€ m unless otherwise stated

	Q1-19	Q1-20	Var.	Var. (%)
REPORTED REVENUES	2,842	2,755	(87)	(3.0%)
ADJUSTED REVENUES ¹	2,569	2,456	(112)	(4.4%)
REPORTED EBIT	617	441	(177)	(28.6%)
ADJUSTED EBIT ¹	351	211	(140)	(40.0%)
REPORTED NET PROFIT	439	306	(133)	(30.2%)
ADJUSTED NET PROFIT ¹	247	143	(104)	(42.2%)



EXECUTIVE SUMMARY

BUSINESS REVIEW

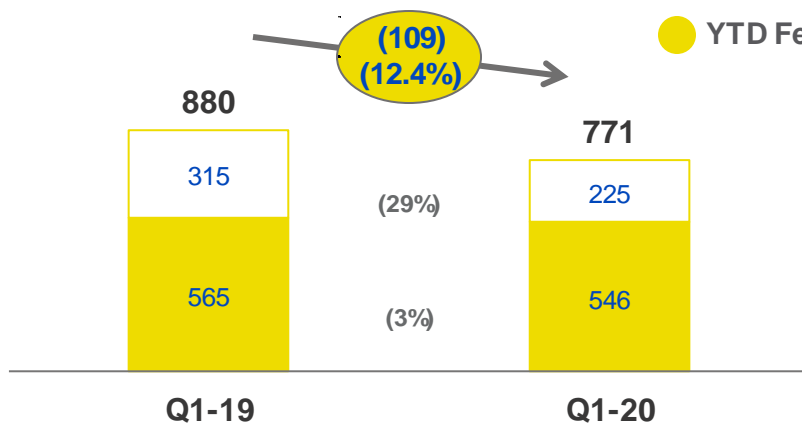
APPENDIX

SEGMENT REVENUES

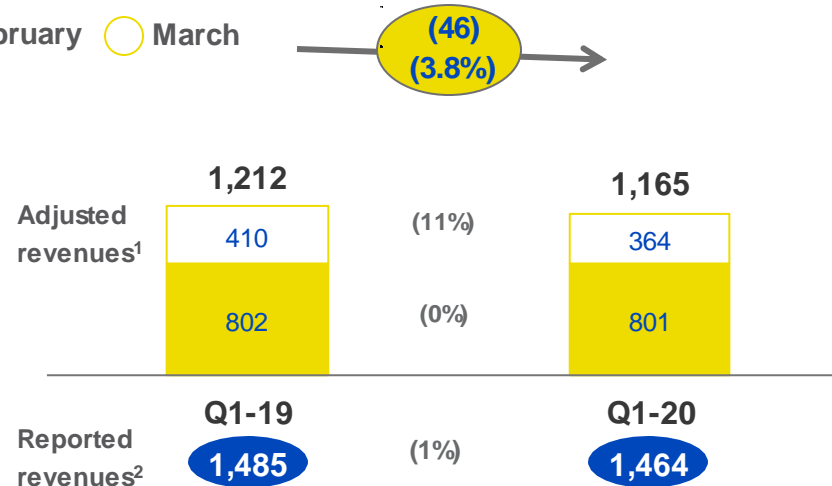
JAN-FEB TRENDS IN LINE WITH PLAN, MARCH PERFORMANCE IMPACTED BY LOCKDOWN

€ m unless otherwise stated

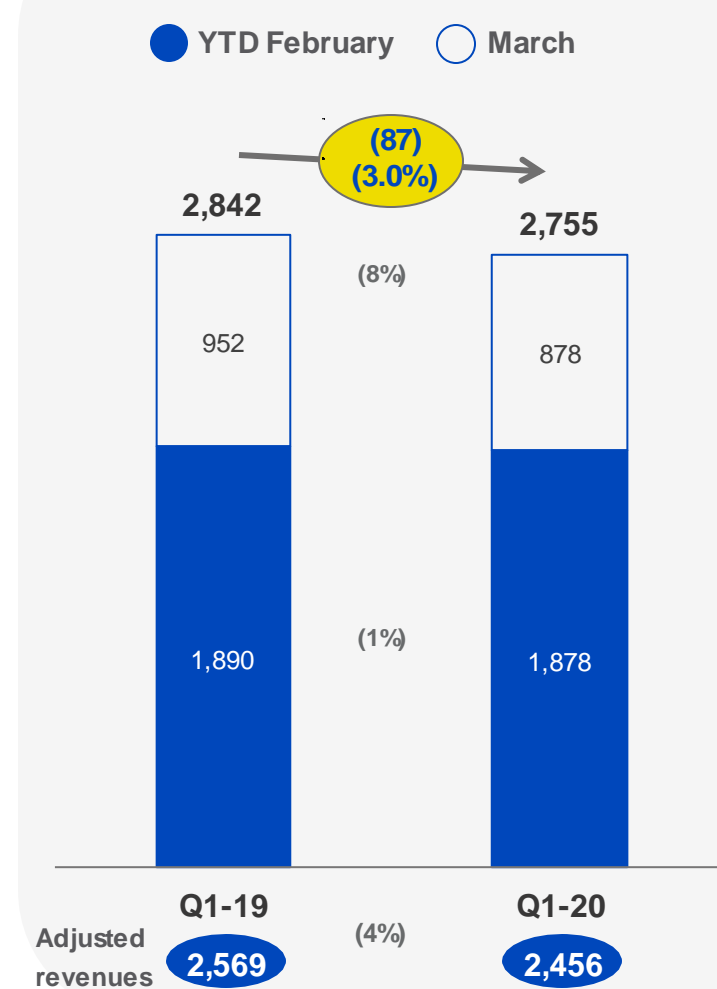
MAIL, PARCEL & DISTRIBUTION



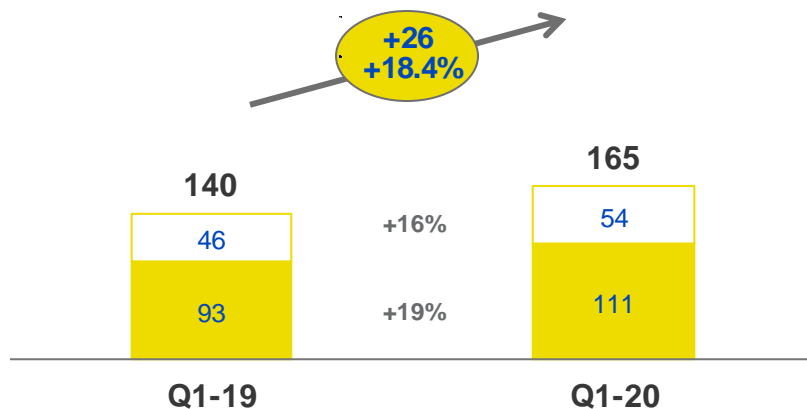
FINANCIAL SERVICES



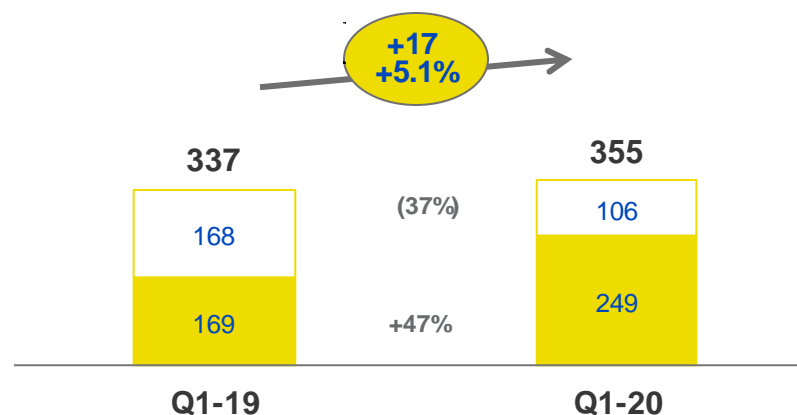
GROUP



PAYMENTS & MOBILE



INSURANCE SERVICES



MAIL, PARCEL & DISTRIBUTION REVENUES

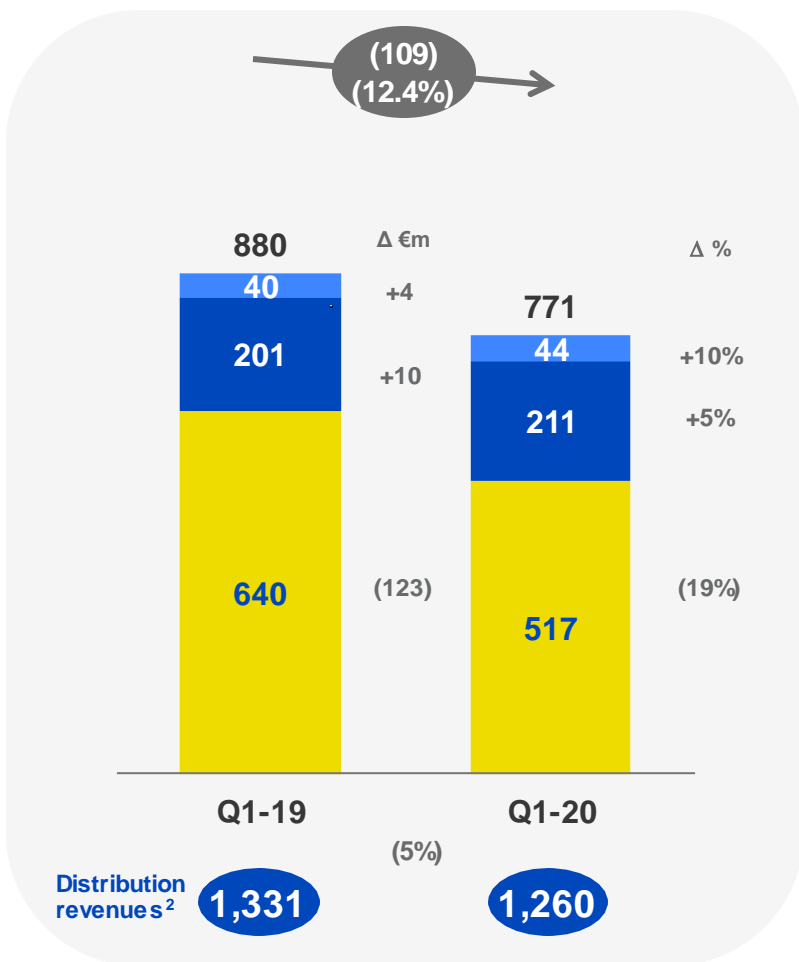
MAIL AND B2B PARCELS IMPACTED BY LOCKDOWN, WHILE B2C ACCELERATED



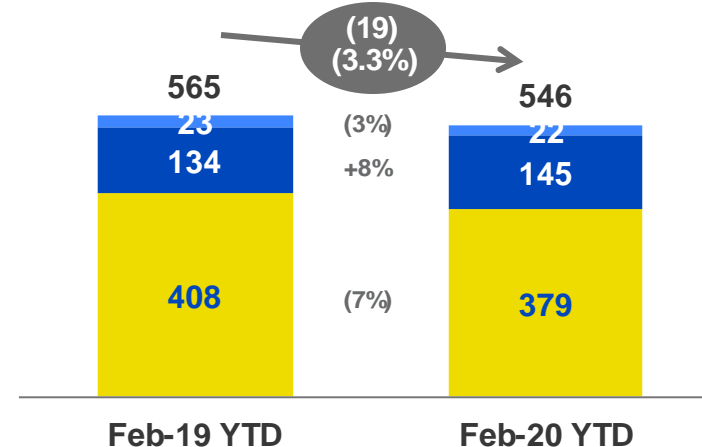
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● Mail ● Parcels ● Other¹

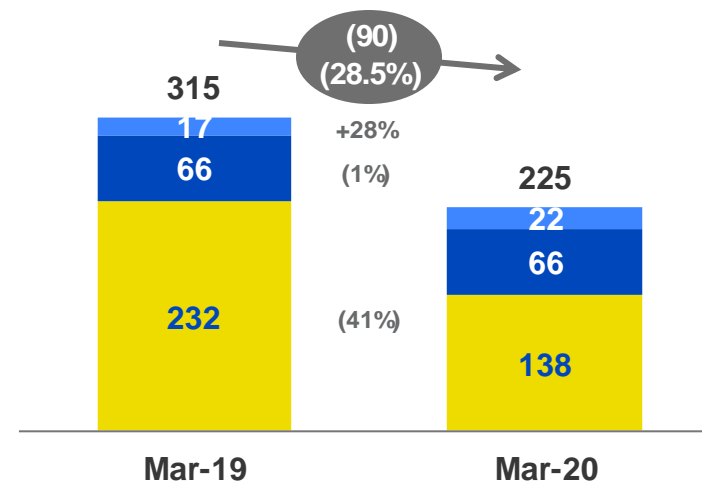
QUARTERLY SEGMENT REVENUES



FEBRUARY YTD



MARCH



KEY HIGHLIGHTS

- Mail revenues down 19% with all products impacted by lockdown and voluntarily reduced activity
- Parcel revenues up 5% with B2C growing ahead of plan, while B2B and C2X impacted by economic downturn
- February YTD impacted by lower mail inbound flows from China
- Distribution revenues down 5% impacted by lower financial and insurance product sales

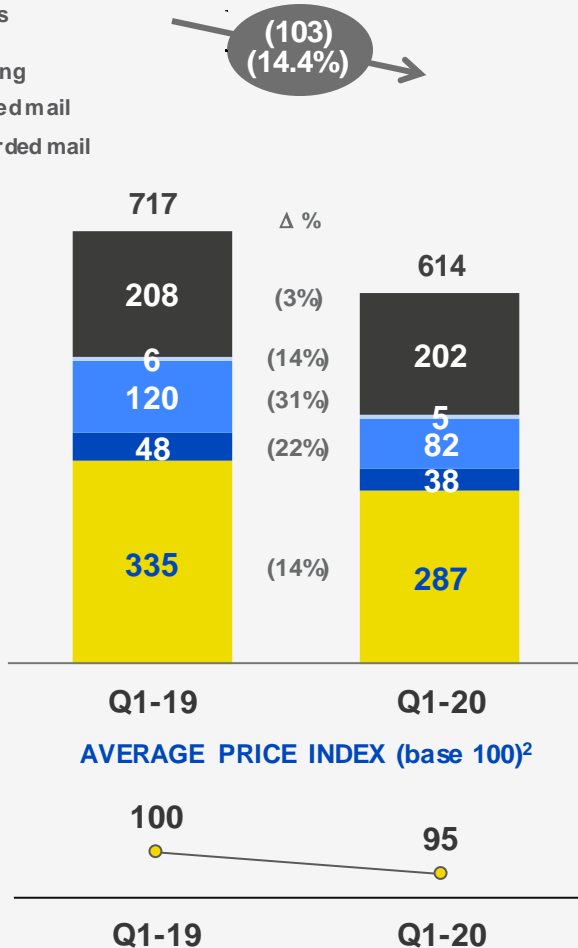
MAIL VOLUMES AND PRICING

VOLUMES DECLINE ACROSS ALL CATEGORIES, ACCELERATING IN MARCH

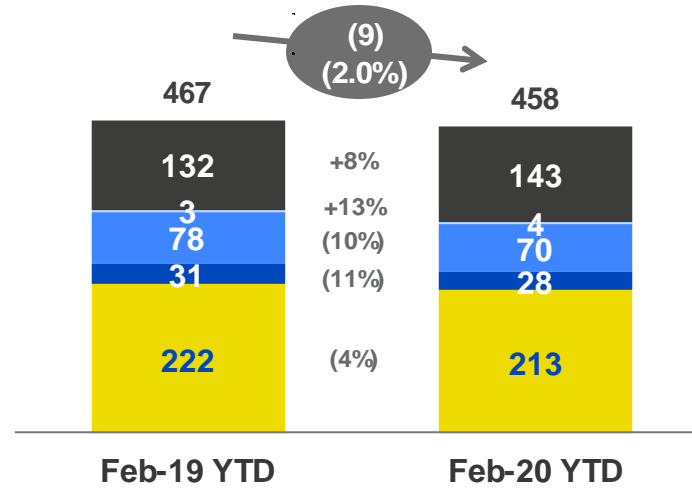


MAIL VOLUMES (M/PC)

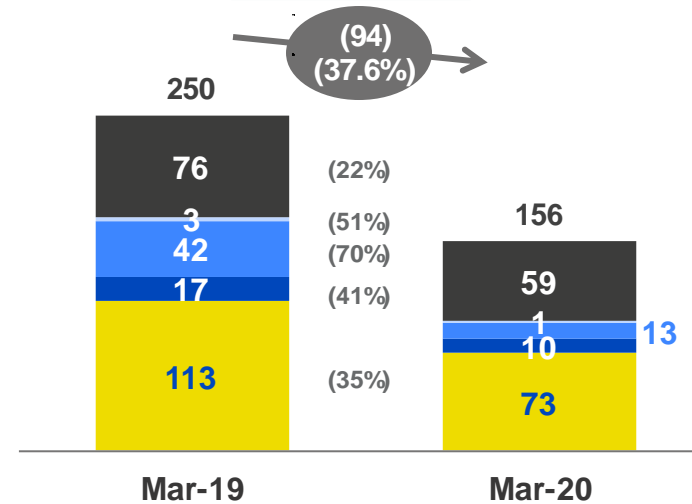
- Other¹
- Integrated services
- Direct marketing
- Recorded mail
- Unrecorded mail



FEBRUARY YTD



MARCH



KEY HIGHLIGHTS

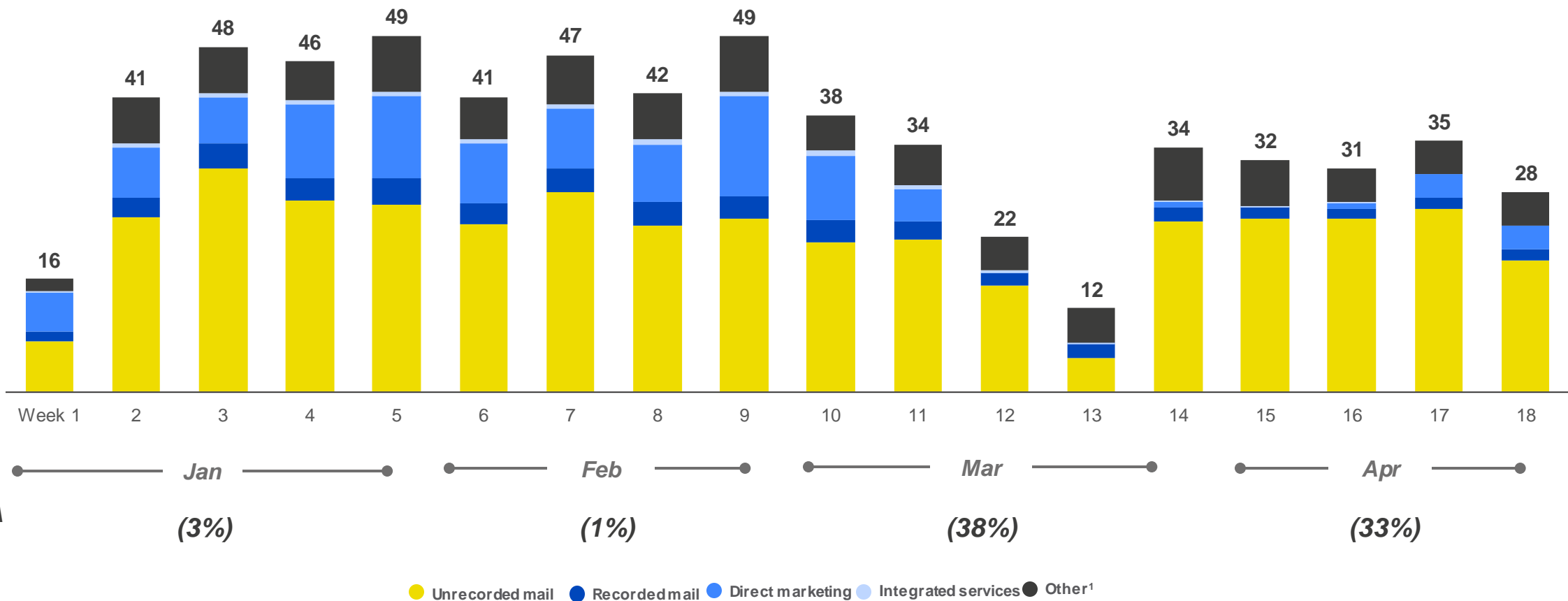
- Mail volumes holding up in January and February, whilst strongly impacted by lockdown and voluntarily reduced activity across all product categories
- Direct marketing strongly affected by lockdown
- Recorded mail suspended during lockdown
- Average tariff down due to product mix effect

WEEKLY MAIL VOLUME EVOLUTION

GRADUAL RECOVERY VS MID-MARCH TROUGH, MAINLY THANKS TO POSTPONED ITEMS



WEEKLY MAIL VOLUME EVOLUTION (M/PC)



1. Includes multichannel services, editorial services and other basic services

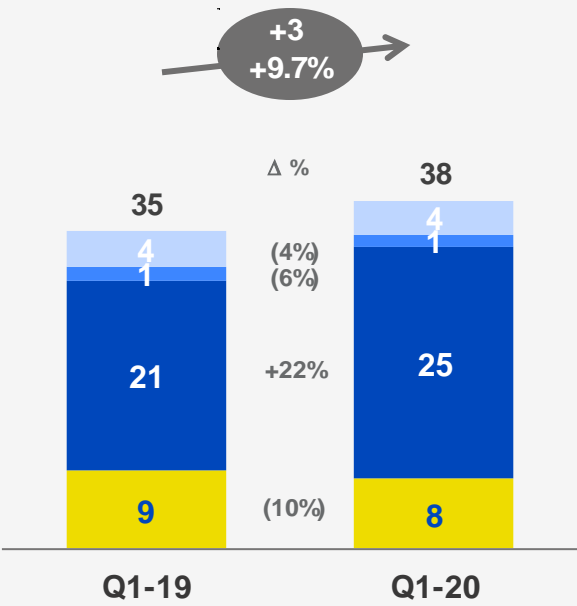
PARCEL VOLUMES AND PRICING

SUCCESSFUL B2C STRATEGY WITH HIGHER PARCEL VOLUMES DURING LOCKDOWN



PARCEL VOLUMES (M/PC)

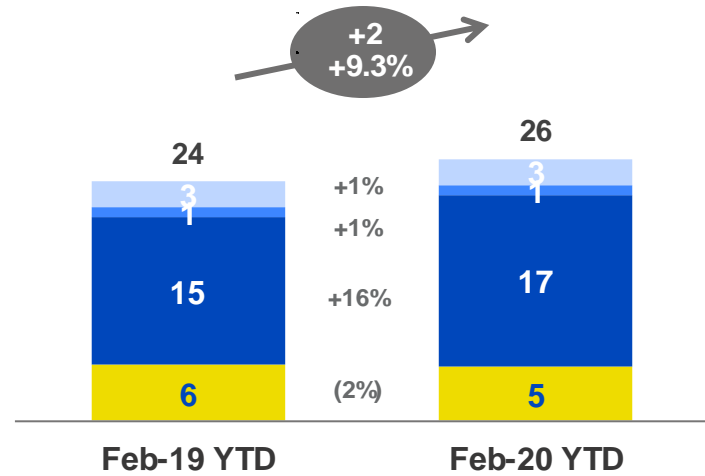
- Other¹
- C2X
- B2C
- B2B



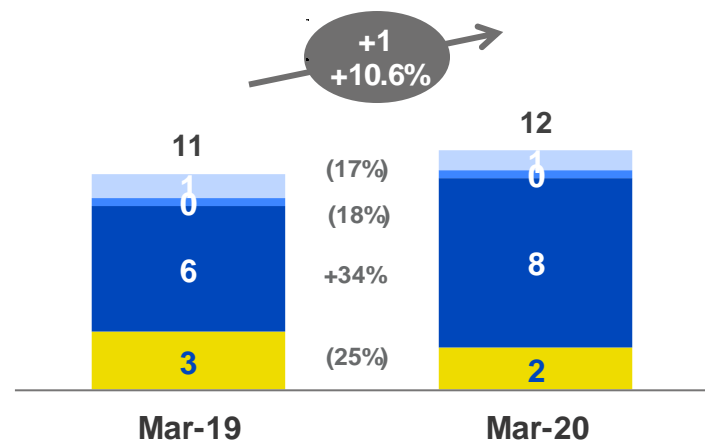
AVERAGE PRICE INDEX (base 100)²



FEBRUARY YTD



MARCH



KEY HIGHLIGHTS

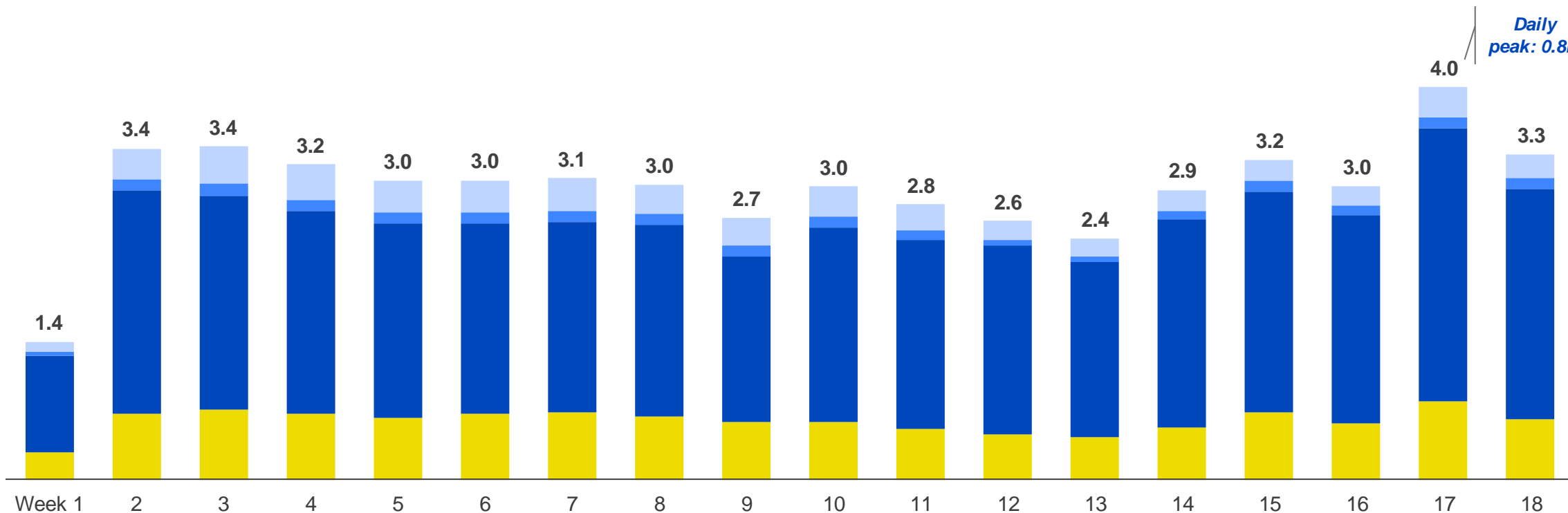
- Parcel volumes in line with plan supported by increased B2C activity starting from March, more than offsetting lower B2B and C2X:
 - B2C volumes up, also supported by inbound flows from China
 - B2B and C2X volumes down impacted by economic downturn
- Average tariffs down related to underlying changing product mix

WEEKLY PARCEL VOLUME EVOLUTION

B2C RECORD PEAKS, WITH INBOUND FROM CHINA DIVERSIFYING CUSTOMER BASE



WEEKLY PARCEL VOLUME EVOLUTION (M/PC)



Daily peak: 0.8m

B2C Monthly Δ Y/Y
O.W. CHINA Monthly Δ Y/Y

Month	B2C Monthly Δ Y/Y	O.W. CHINA Monthly Δ Y/Y
Jan	+16%	+195%
Feb	+16%	+91%
Mar	+34%	+187%
Apr	+58%	+440%

● B2B ● B2C ● C2X ● Other

PAYMENTS AND MOBILE

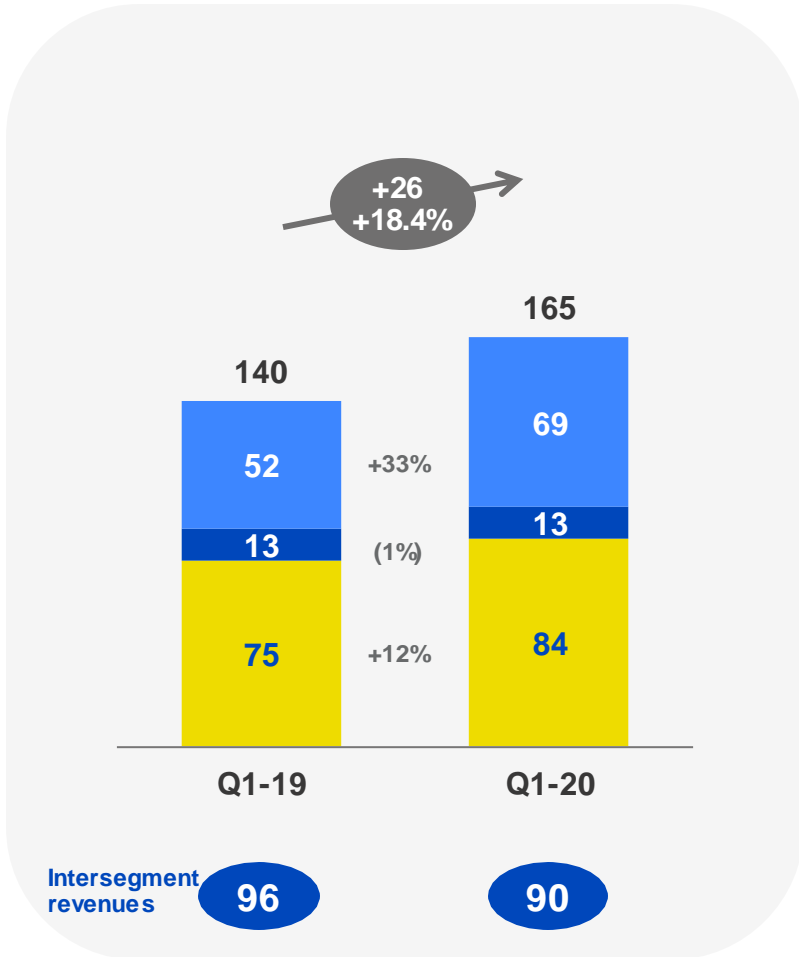
REVENUES STRONGLY UP IN A CHALLENGING ENVIRONMENT

€ m unless otherwise stated

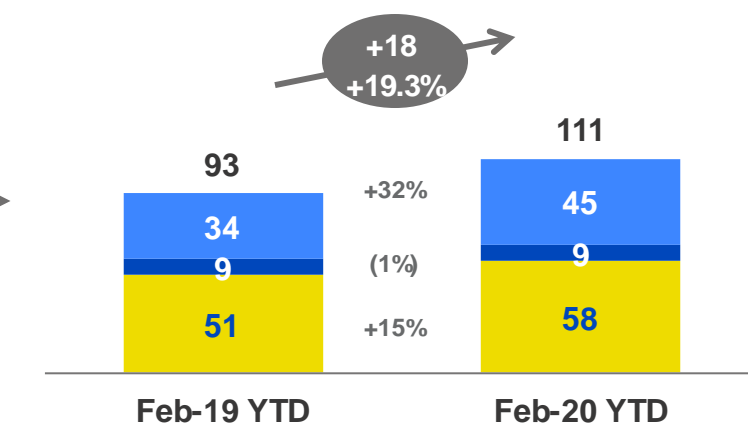


● Card payments ● Other payments ● Telecom

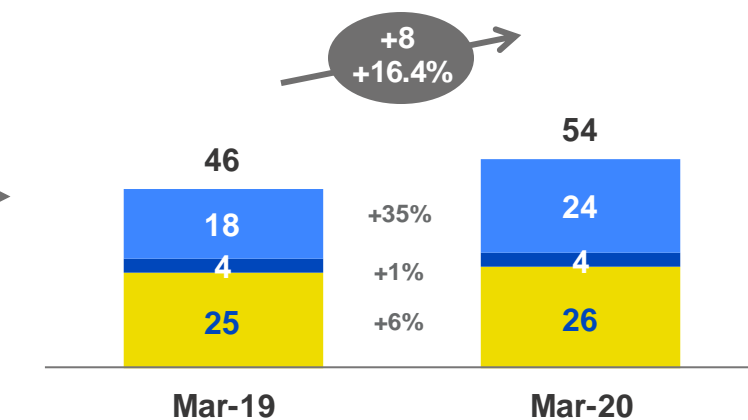
QUARTERLY SEGMENT REVENUES



FEBRUARY YTD



MARCH



KEY HIGHLIGHTS

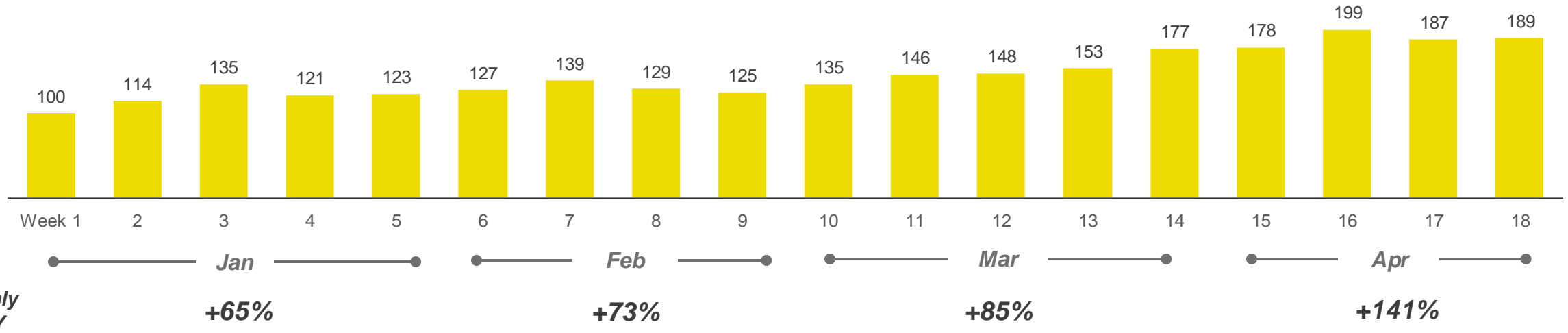
- Segment revenues benefitting from successful 2019 commercial initiatives
- Payment revenues up thanks to higher transaction volumes and shift towards higher margin Postepay Evolution cards
- Telecom revenues increasing against a downward market trend, thanks to increasing customer base
- Intersegment revenues down due to lower payment slips

PAYMENTS AND MOBILE

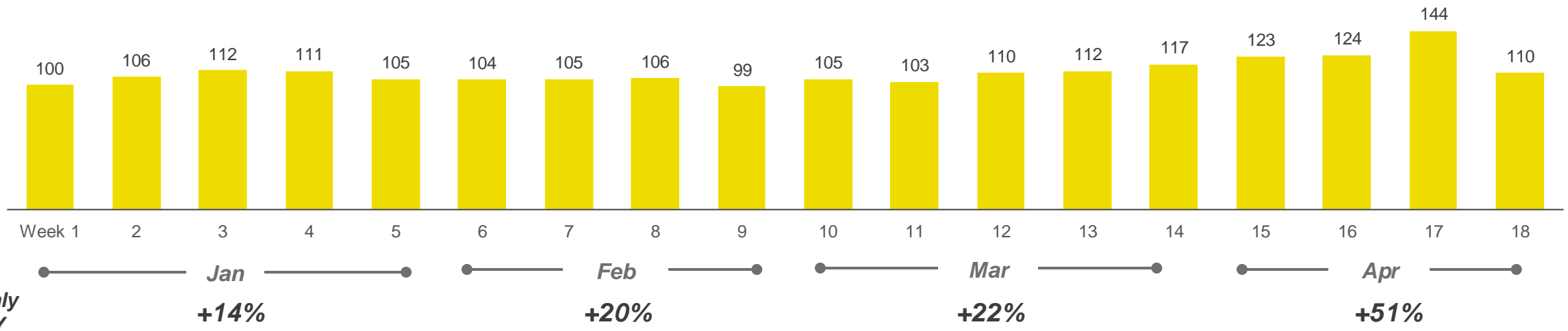
WELL POSITIONED TO CAPITALIZE ON ACCELERATING DIGITAL PAYMENTS



POSTEPAY: WEEKLY APP TRANSACTIONS (BASE 100)



POSTEPAY: WEEKLY E-COMMERCE TRANSACTIONS (BASE 100)

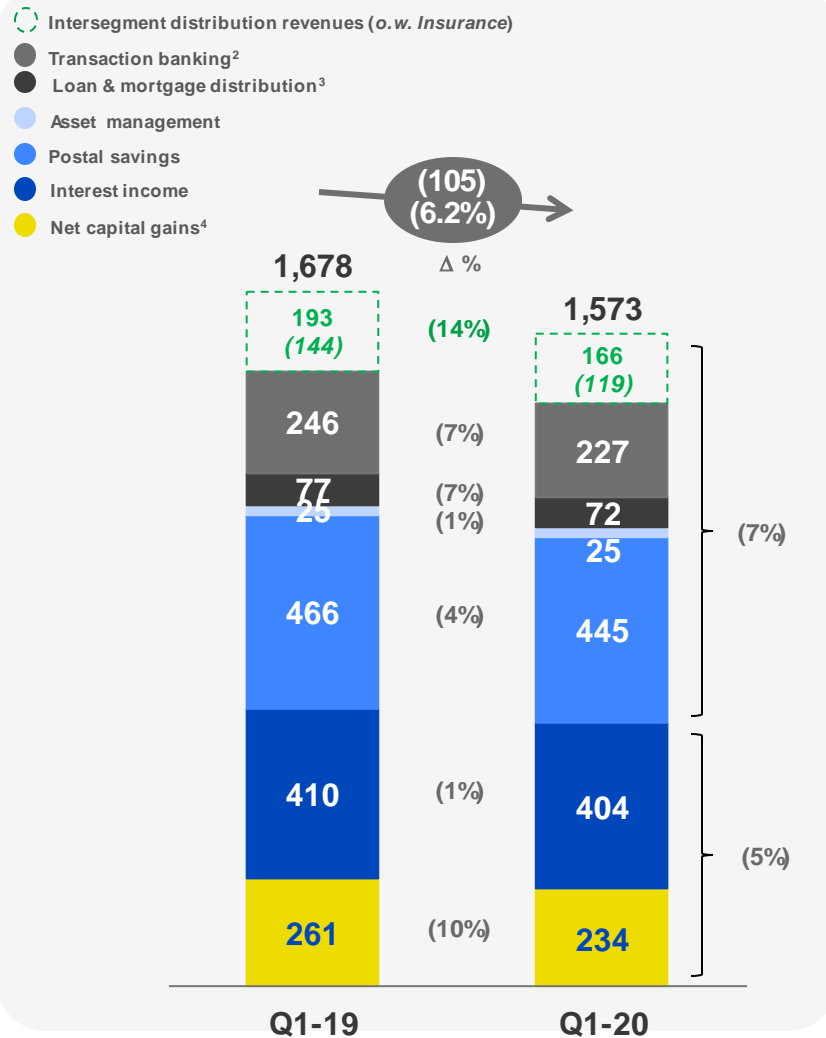


FINANCIAL SERVICES

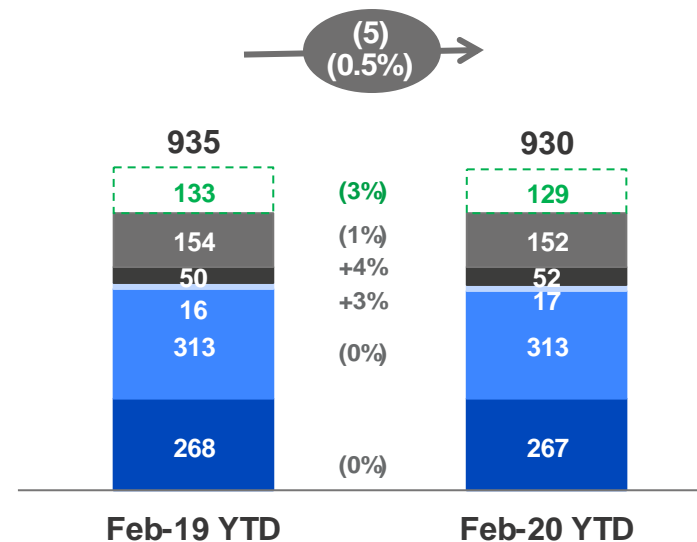
COMMERCIAL INITIATIVES UP TO SPEED, ADAPTING SERVICE MODEL TO THE “NEW NORMAL”

€ m unless otherwise stated

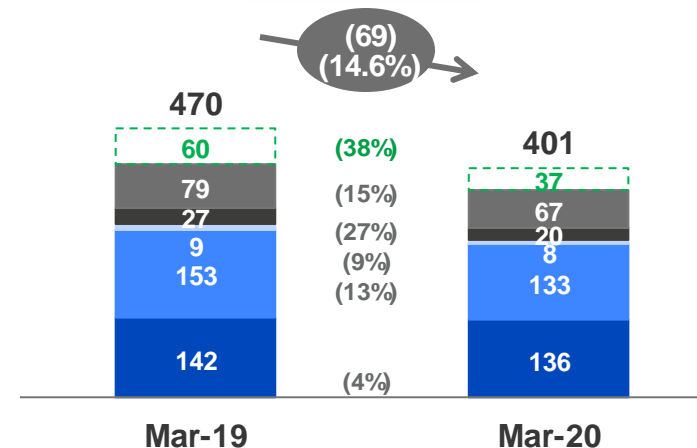
QUARTERLY GROSS REVENUES¹



FEBRUARY GROSS ADJ. REVENUES YTD



MARCH GROSS ADJ. REVENUES



KEY HIGHLIGHTS

- Postal saving fees down on fewer campaign bonds distribution in March
- Resilient Asset Management revenues thanks to recurring fees
- Loan & mortgage distribution fees impacted by reduced commercial activity since March
- Transaction banking down on strong reduction in payment slips
- Net capital gains in line with plan
- Interest income holding up thanks to higher volumes
- Intersegment distribution revenue down due to lower insurance product sales

GROUP TOTAL FINANCIAL ASSETS

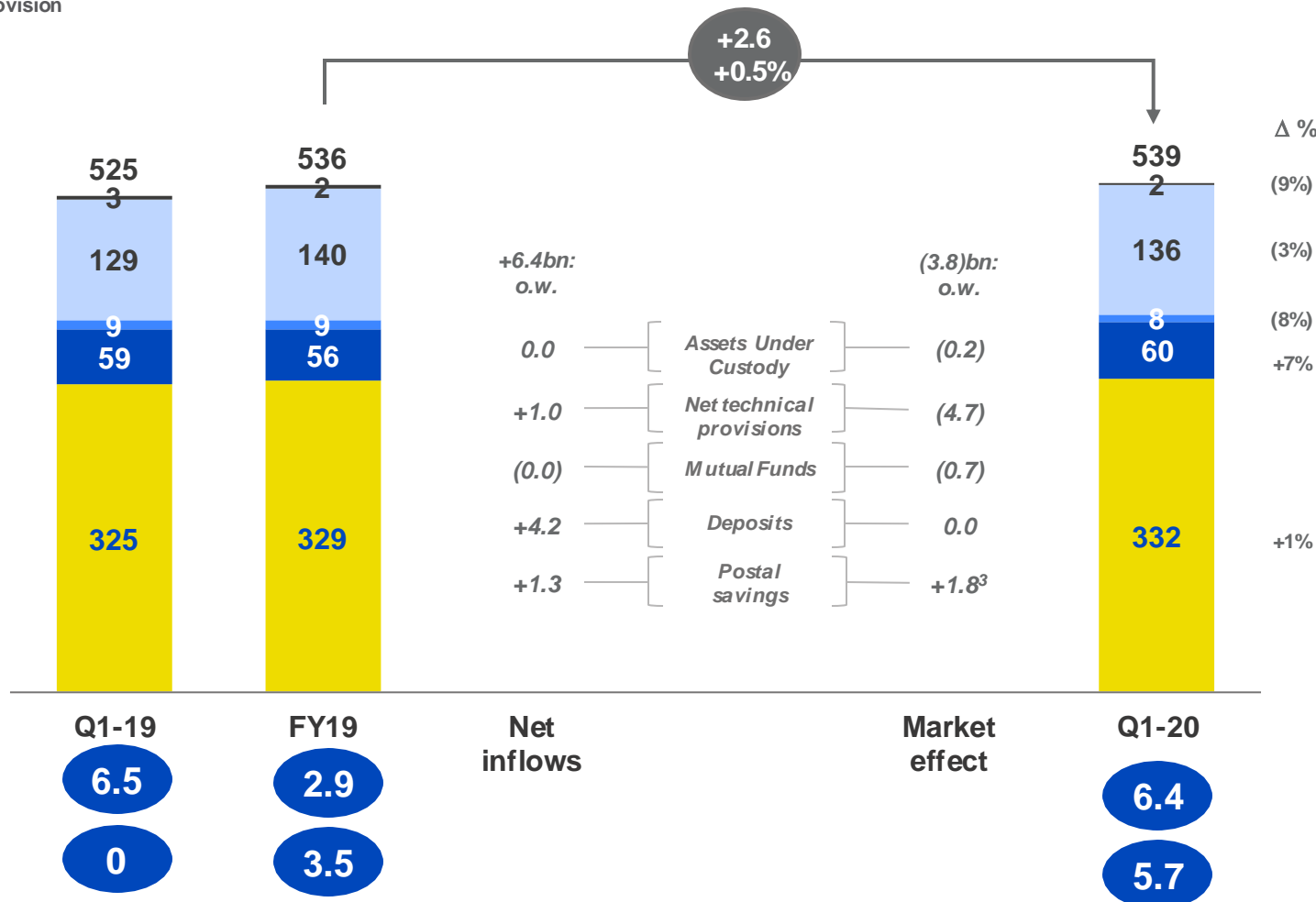
STRONG RETAIL NET INFLOWS, SUPPORTED BY LIQUIDITY PRODUCTS IN A VOLATILE MARKET



€ bn unless otherwise stated

TFA EVOLUTION¹

- Assets under custody
- Net technical provision
- Mutual funds
- Deposits²
- Postal savings



KEY HIGHLIGHTS

- TFA up by 2.6bn, to 539bn, with 6.4bn positive net inflows more than offsetting -3.8bn market effect
- Net inflows driven by:
 - Customers' trust and preference for liquidity products resulting in +4.2bn deposits and +1.3bn postal savings
 - Insurance products +1.0bn thanks to multiclass accumulation product with gradual risk exposure sold in February

1. End of period TFA
 2. Deposits do not include Repo and Poste Italiane liquidity
 3. Includes accrued interests

INSURANCE SERVICES

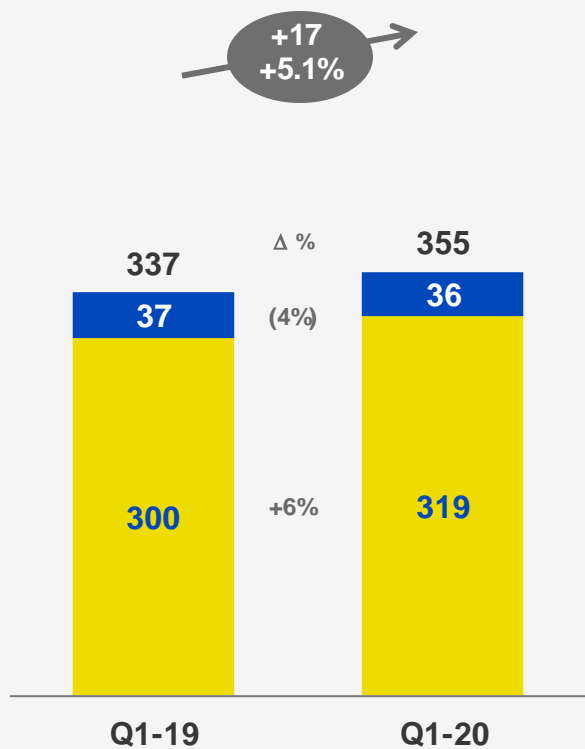
RESILIENT BUSINESS, HIGHER VOLUMES YOY OFFSETTING REDUCED CUSTOMER ACTIVITY IN MARCH



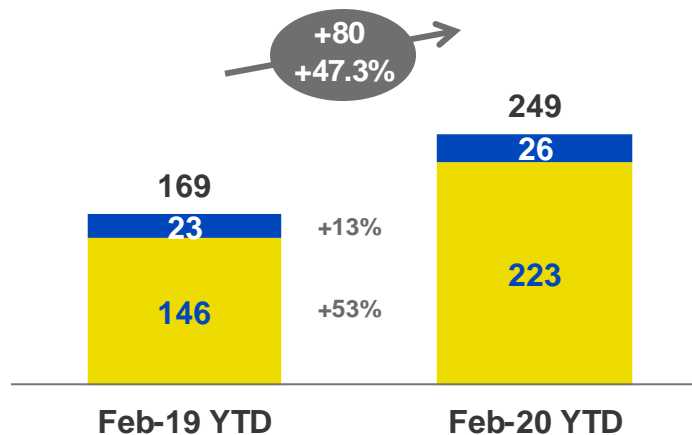
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QUARTERLY SEGMENT REVENUES

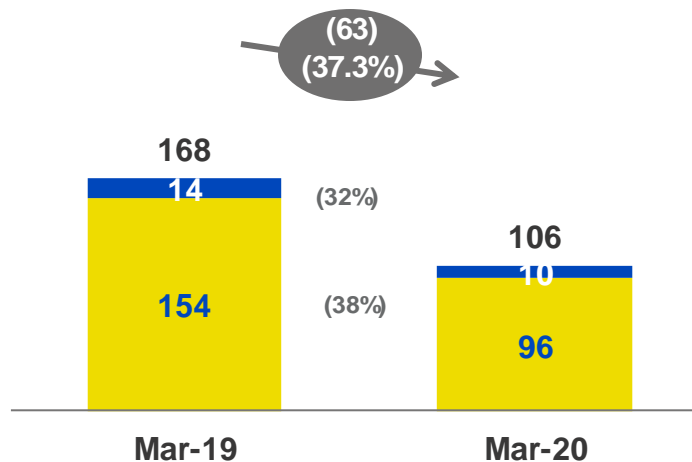
● P&C¹
● Life²



FEBRUARY YTD



MARCH



KEY HIGHLIGHTS

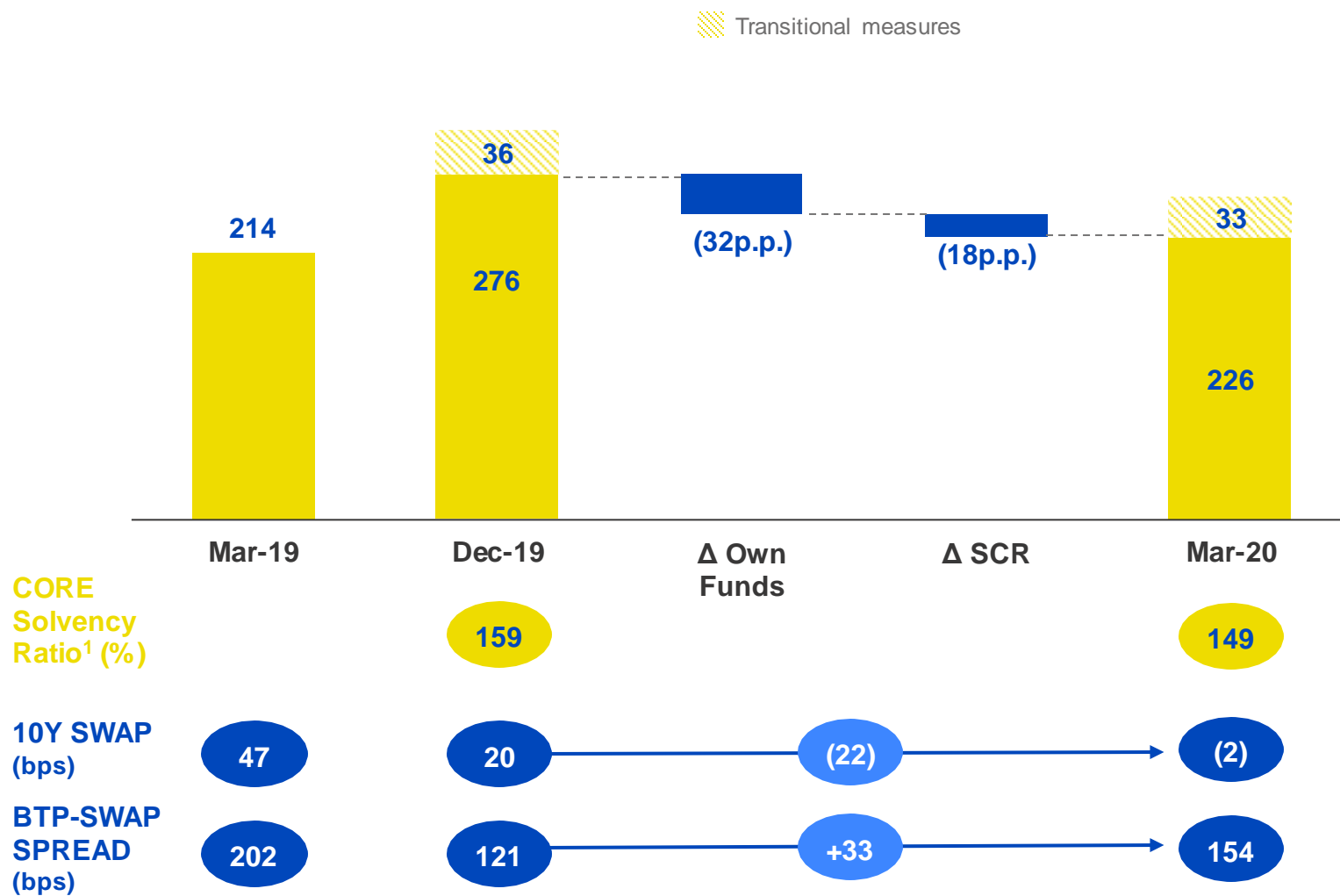
- Life revenues up with:
 - Increasing financial margin on higher volumes and improved product margin
 - Offsetting lower upfront fees due to reduced distribution activity
- Non-life revenues broadly stable; positive feedback from new modular offer's first week sale

SOLVENCY II RATIO

ABOVE 200% MANAGERIAL AMBITION THROUGH THE CYCLE, RESILIENT IN A VOLATILE MARKET



SOLVENCY II RATIO EVOLUTION



KEY HIGHLIGHTS

- Solvency II ratio at 226%, above managerial ambition in a volatile environment
- Negative impact from lower risk free rates, higher BTP-Bund and corporate & high yield spreads
- Positive impact from Currency Volatility Adjustment, up 39bps vs December
- Core Solvency II ratio broadly stable in a volatile market
- Transitional measures provide additional 33p.p. buffer to address market volatility

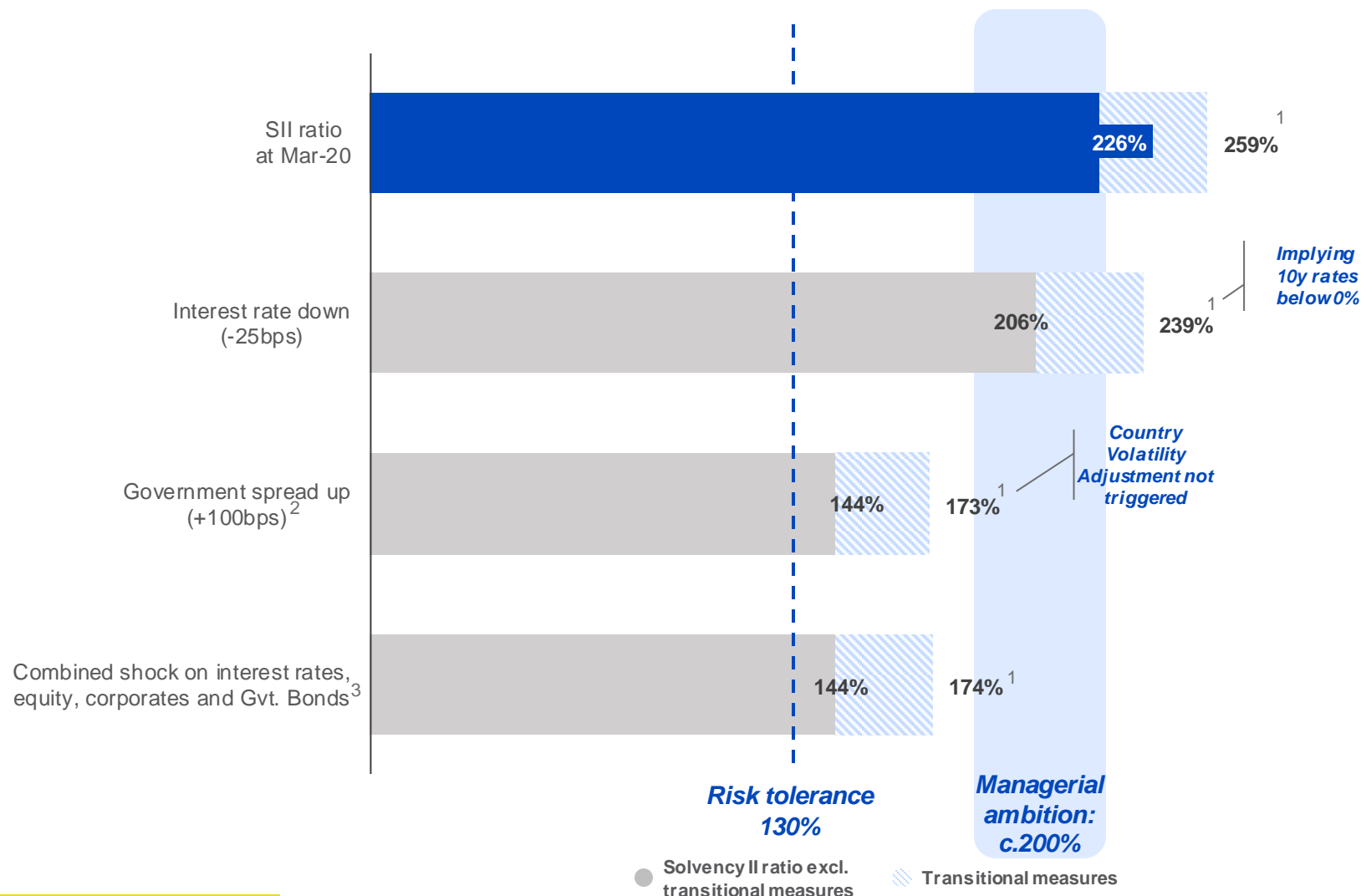
SOLVENCY II RATIO KEY SENSITIVITIES

RESILIENT TO FURTHER MARKET CONDITIONS DETERIORATION



SOLVENCY II RATIO SENSITIVITIES

KEY HIGHLIGHTS

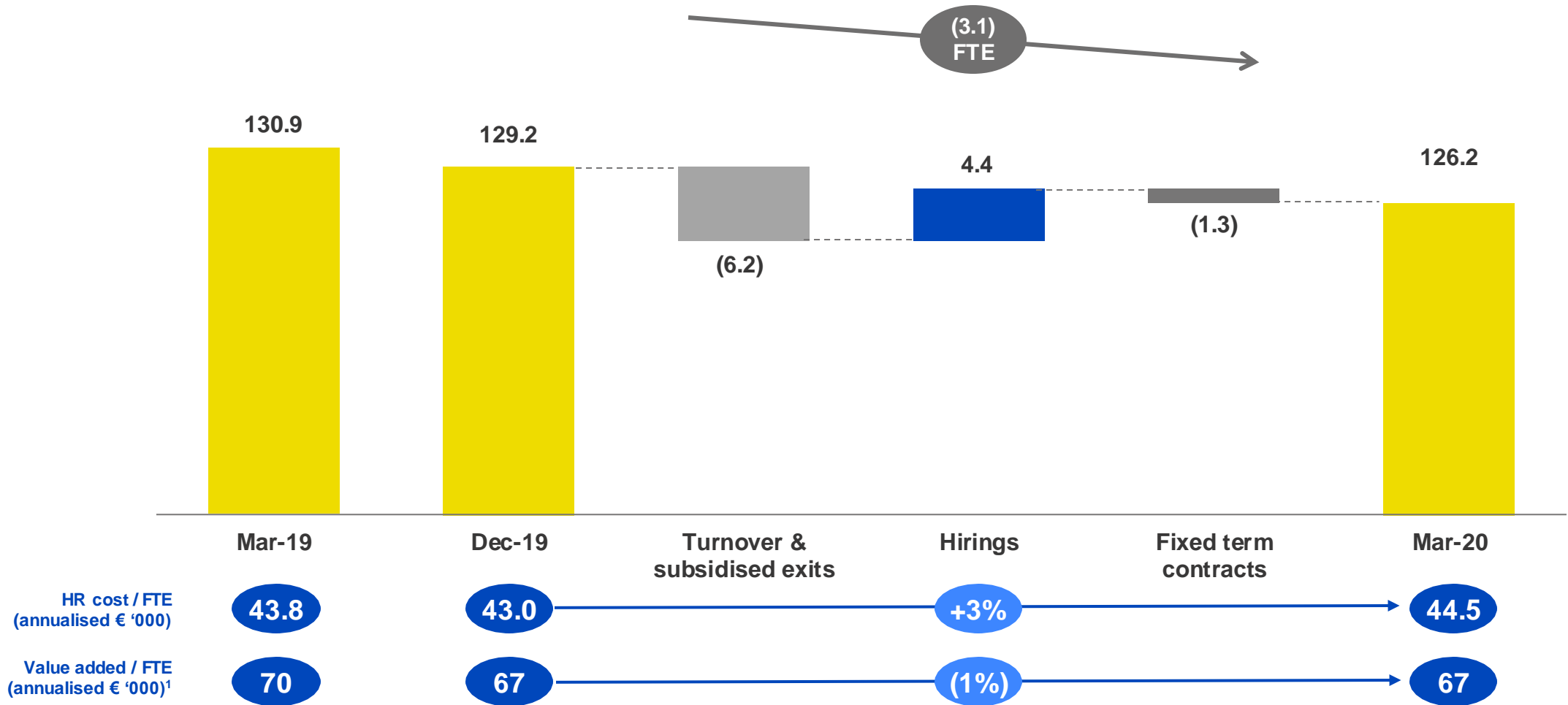


- Solvency II ratio in line with risk tolerance under all assumed scenarios, even excluding transitional measures
- Government spread up 100bps vs asset swap resulting in Solvency II ratio above risk tolerance, with BTP-Bund spread at c.300bps and country VA not triggered
- Combined shock on interest rates (-25bps), equity (-30%), corporate spread (+100bps) and Government bond spread (+100bps) still projecting Solvency II ratio above risk tolerance, mitigated by currency VA
- Process to develop internal model, as approved by the BoD, contributing to reduce volatility going forward

GROUP WORKFORCE EVOLUTION

HEADCOUNT REDUCTION AHEAD OF PLAN TO SUPPORT TRANSFORMATION

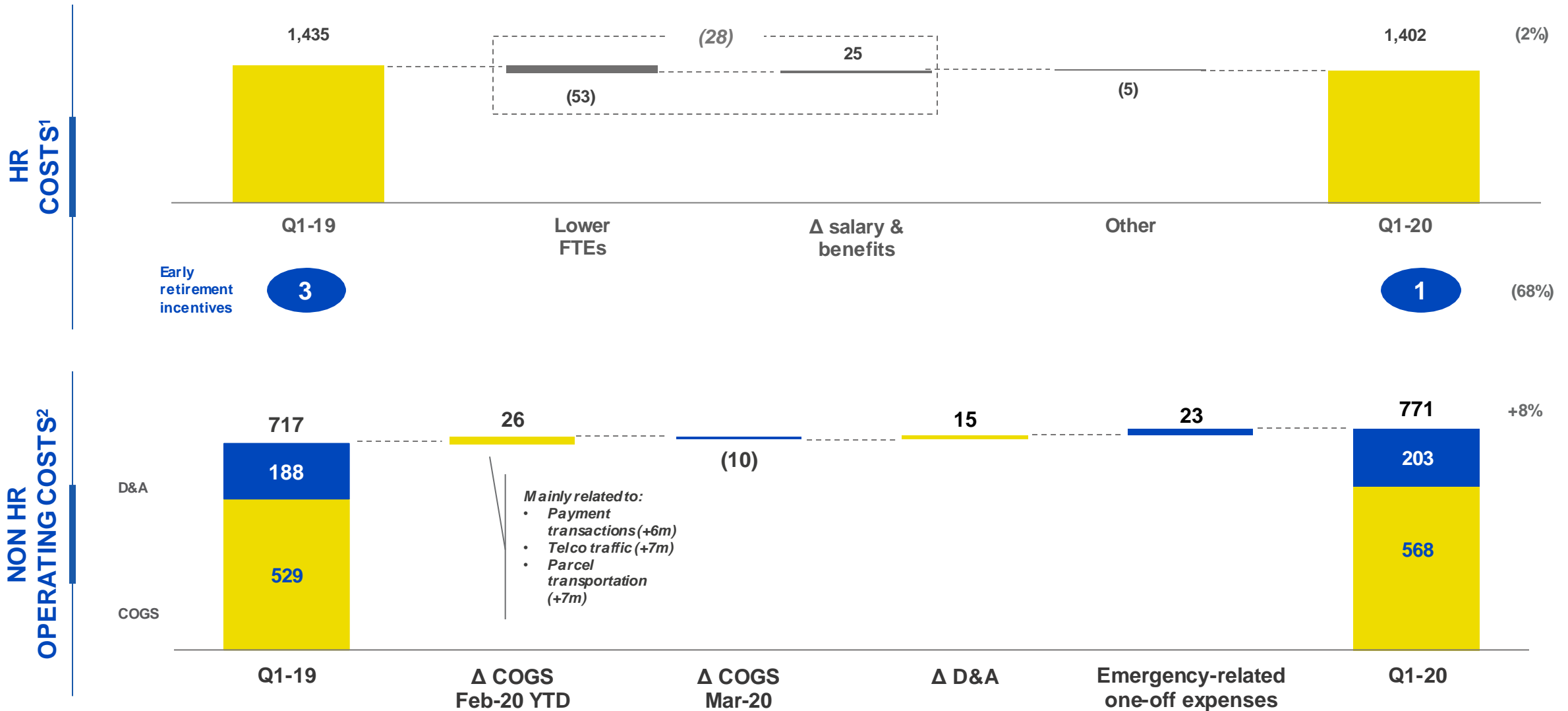
AVERAGE HEADCOUNT ('000)



GROUP COSTS– Q1-20

COSTS UNDER CONTROL, EMERGENCY-RELATED ONE-OFF COSTS IMPACTING COGS

€ m unless otherwise stated

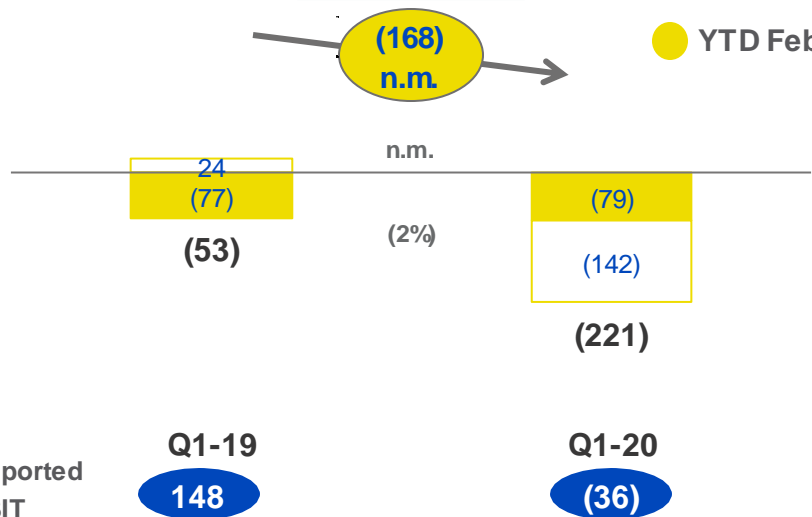


SEGMENT OPERATING PROFITABILITY

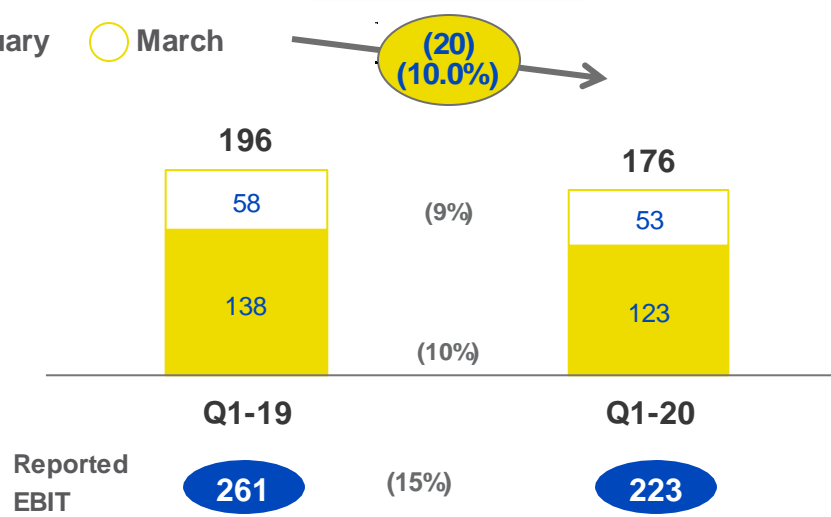
LOWER REVENUES AND HIGHER ONE-OFF COSTS TO FACE COVID-19 EMERGENCY

€ m unless otherwise stated

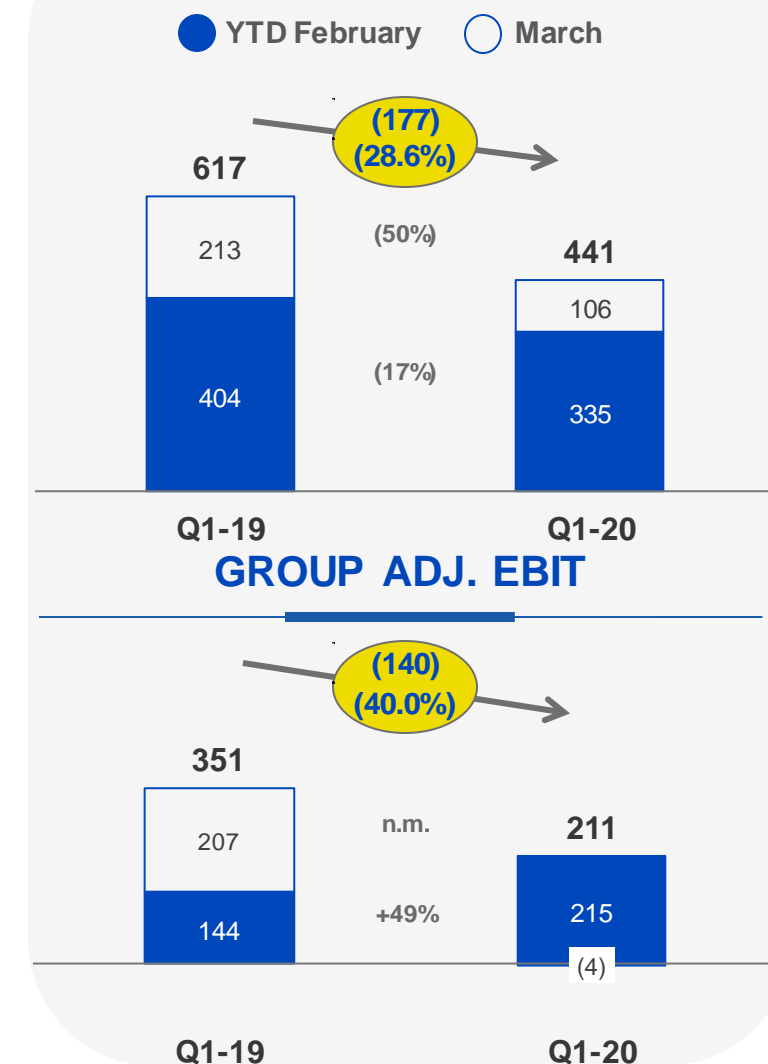
MAIL, PARCEL & DISTRIBUTION (ADJ.)



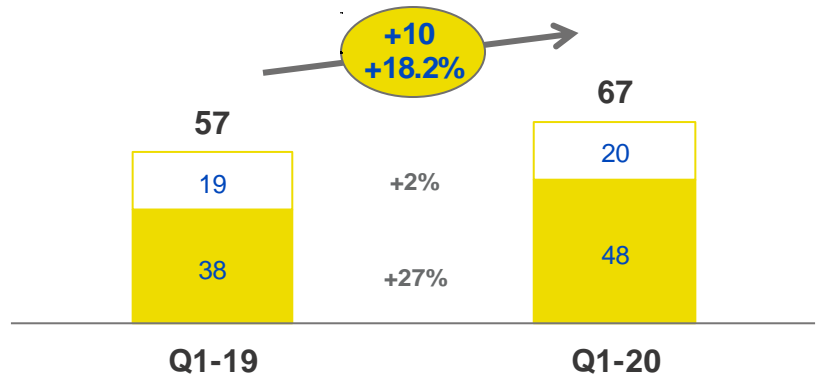
FINANCIAL SERVICES (ADJ.)¹



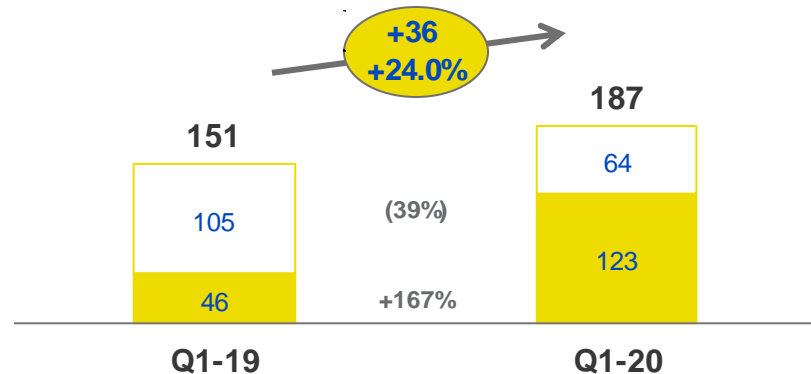
GROUP EBIT



PAYMENTS & MOBILE



INSURANCE SERVICES



COST REDUCTION LEVERS

POTENTIAL INITIATIVES TO REDUCE MEDIUM-LONG TERM COSTS WHILE PRESERVING BUSINESS SUSTAINABILITY

COST INITIATIVES

DESCRIPTION

COST BASE UNDER REVIEW (€ M)

PROPENSITY TO ACTIVATE IN 2020

HR COSTS

PERFORMANCE RELATED INCENTIVES

- Review of incentives related to commercial targets achievement and overall performance

c.400



HEADCOUNT FLEXIBILITY

- Capability to adapt the workforce quickly to changing business needs
- Targeting a lean organization to support business, also via early retirement plans

c.500



OTHER MEASURES

- Smart working & reskilling, State wage support for employees in the emergency

c.100



NON-HR COSTS¹

OTHER DISCRETIONARY COSTS

- Consultancies, insourcing, travel expenses

c.100



SUSTAINABLE AND RESILIENT OPERATIONAL & BUSINESS MODEL

SUPPORTING ALL STAKEHOLDERS – STRONGER REPUTATION AND TRUST

DELIVER 2020 STRATEGIC DIRECTIONS CONFIRMED AND ACCELERATED, BOTH DURING THE EMERGENCY AND IN THE “NEW NORMAL”

FOCUS ON COST REDUCTION AND NEW COMMERCIAL INITIATIVES – BUILDING A STRONGER AND SUSTAINABLE BUSINESS

2019 DIVIDEND CONFIRMED, NEW BoD TO REVIEW DELIVER 2022 DURING Q4



EXECUTIVE SUMMARY

BUSINESS REVIEW

APPENDIX

POSTE ITALIANE RANKED WITHIN MAJOR SUSTAINABILITY INDICES

Dow Jones Sustainability Indices

Since 2019 Poste has been included in the Dow Jones Sustainability World Index and in the more selective Europe Dow Jones Sustainability Index



Poste Italiane ranks top ten among best performing companies in the insurance sector worldwide. The Group has been awarded the 'Industry Mover' award for the best score improvement y/y compared to selected sector peers



The Group is included in the international index and in the regional indices Euronext Vigeo Eurozone 120 and Europe 120. Poste Italiane ranked #5 in the Vigeo Eiris' performance evaluation, among 134 companies worldwide and 46 at European level in 'Transports and Logistics'



Since 2019 Poste has been included in the FTSE4Good Europe and FTSE4Good Developed indices, standing out for transparent management and the application of sustainable criteria



Poste Italiane ranked #1 in the Environment and Social fields by Institutional Shareholder Services Inc. (ISS)



Since 2019 Poste Italiane has been included in the Bloomberg Gender-Equality Index (GEI) 2020, assessing gender equality and reporting transparency



In 2019 Poste Italiane ranked #98 within Stoxx Europe 600, within the Gender Diversity Index (GDI) in relation to gender diversity in top management positions



Poste Italiane ranked #6 in the Integrated Governance Index

POSTE GROUP: Q1-20 ADJUSTMENTS

EXPLANATORY NOTES TO ADJUSTED FIGURES

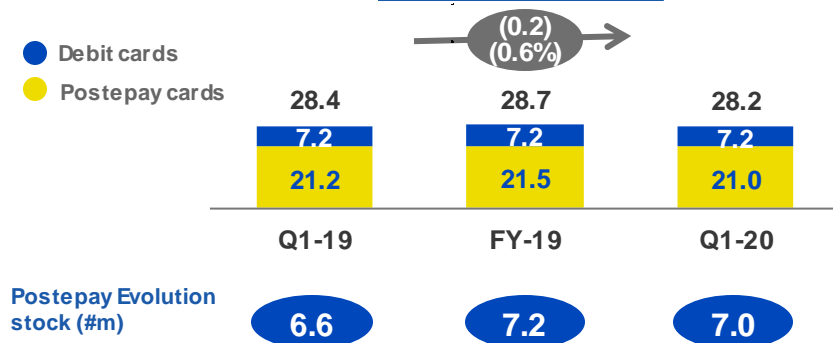
	Q1-19	Q1-20	€ m	%
REPORTED REVENUES	2,842	2,755	(87)	(3%)
<i>GROSS CAPITAL GAINS ON INVESTMENT PORTFOLIO</i>	261	291		
<i>VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE</i>	12	8		
ADJUSTED REVENUES	2,569	2,456	(112)	(4%)
REPORTED COSTS	2,225	2,315	90	+4%
<i>CAPITAL LOSSES ON INVESTMENT PORTFOLIO</i>	0	57		
<i>EARLY RETIREMENT INCENTIVES</i>	3	1		
<i>VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE</i>	4	11		
ADJUSTED COSTS	2,218	2,246	28	+1%
REPORTED EBIT	617	441	(177)	(29%)
ADJUSTED EBIT	351	211	(140)	(40%)
REPORTED NET PROFIT	439	306	(133)	(30%)
ADJUSTED NET PROFIT	247	143	(104)	(42%)

GROWTH IN PAYMENTS & MOBILE

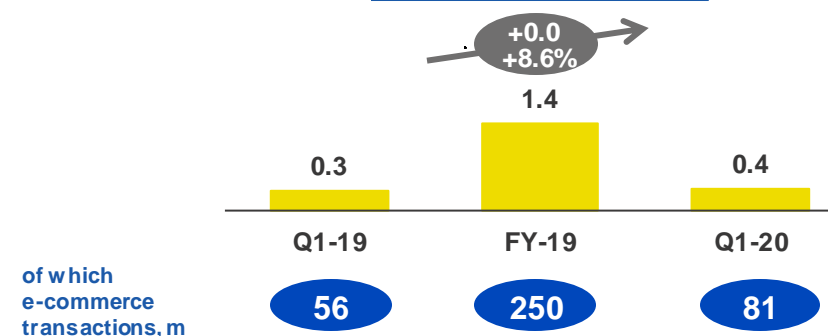
KEY METRICS CONSTANTLY IMPROVING



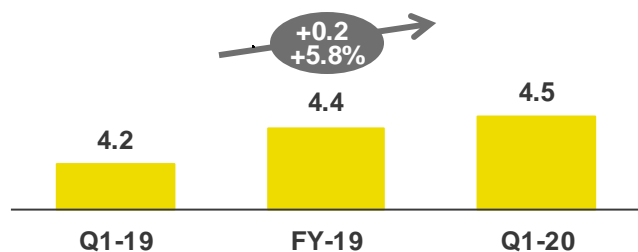
CARD STOCK¹



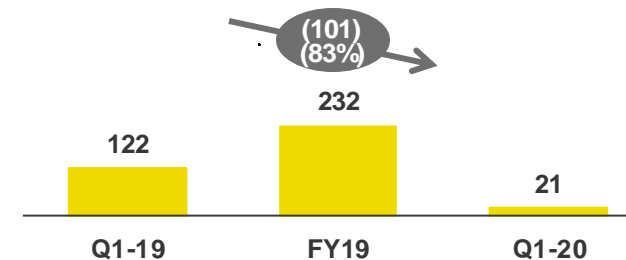
TOTAL PAYMENT CARD TRANSACTIONS (# BN)



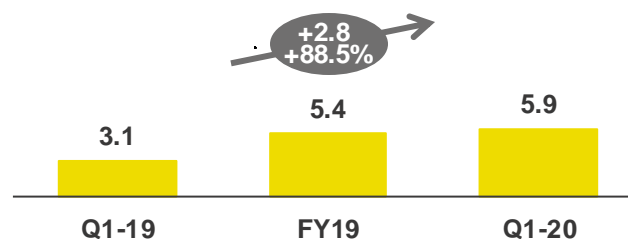
MOBILE & LAND LINE, STOCK (# M)



POSTEPAY CONNECT SUBSCRIPTIONS (# K)



POSTE ITALIANE DIGITAL E-WALLET (# M)²

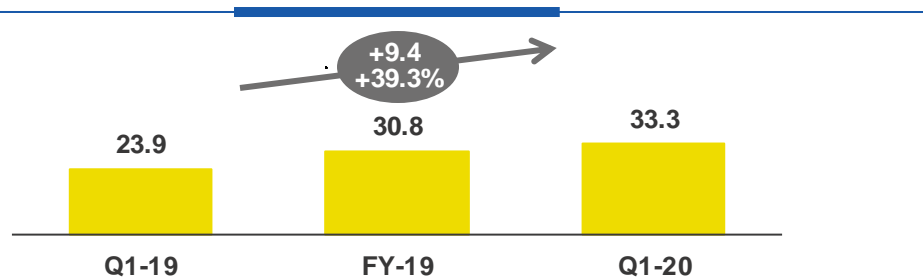


POSTE ITALIANE DIGITAL FOOTPRINT

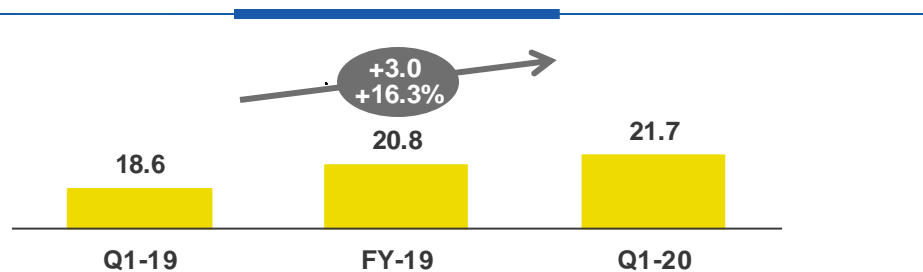
KEY METRICS CONSTANTLY IMPROVING

m

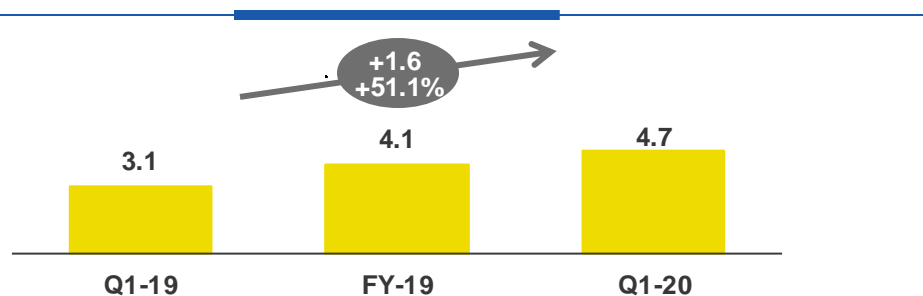
CUMULATED APP DOWNLOADS¹



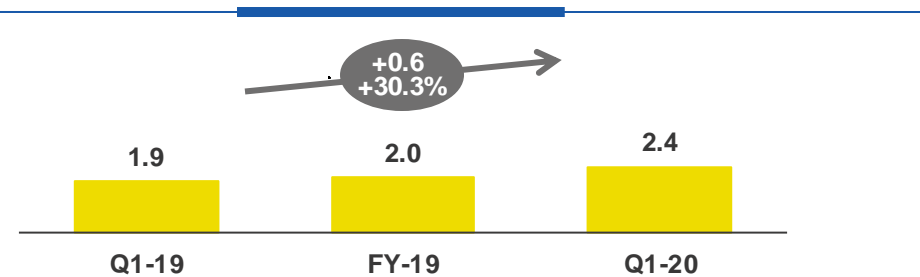
REGISTERED ONLINE USERS



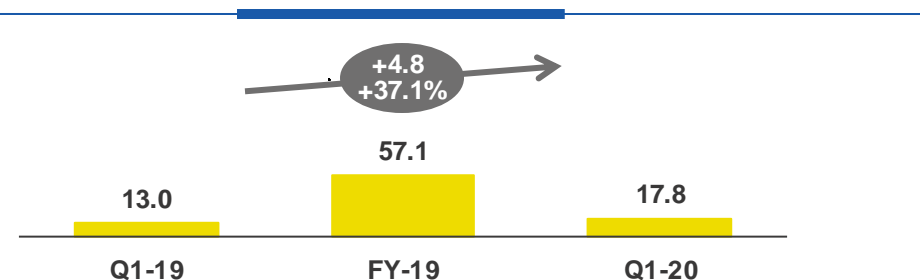
ELECTRONIC IDENTIFICATION² STOCK



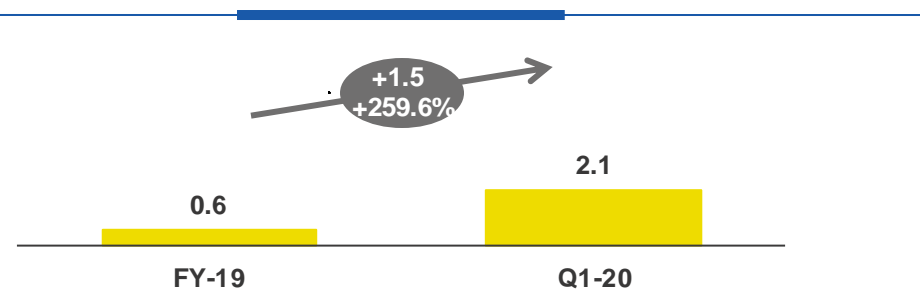
DAILY ONLINE USERS



CONSUMER FIN. TRANSACTIONS



PRIVATE DIGITAL IDs



1. Source: App stores (iOS and Android)
2. Electronic identification refers to number of ID outstanding

FINANCIAL SERVICES: Q1-20 ADJUSTMENTS

EXPLANATORY NOTES TO ADJUSTED FIGURES



	Q1-19	Q1-20	€ m	%
SEGMENT REPORTED REVENUES	1,485	1,464	(21)	(1%)
<i>GROSS CAPITAL GAINS ON INV. PORTFOLIO</i>	261	291		
<i>VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE</i>	12	8		
SEGMENT ADJUSTED REVENUES	1,212	1,165	(46)	(4%)
<i>INTERSEGMENT REVENUES</i>	193	166	(27)	(14%)
ADJUSTED TOTAL REVENUES	1,405	1,331	(74)	(5%)
REPORTED COSTS	1,417	1,408	(9)	(1%)
<i>EARLY RETIREMENT INCENTIVES</i>	1	0		
<i>CAPITAL LOSSES ON INV. PORTFOLIO</i>	0	57		
<i>CAPITAL GAINS COMMISSIONING</i>	204	185		
<i>VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE</i>	4	11		
ADJUSTED COSTS	1,209	1,155	(54)	(4%)
REPORTED EBIT	261	223	(39)	(15%)
ADJUSTED EBIT	196	176	(20)	(10%)
REPORTED NET PROFIT	190	155	(35)	(18%)
ADJUSTED NET PROFIT	142	123	(19)	(13%)

BANCOPOSTA ASSETS AND LIABILITIES STRUCTURE

PRUDENT ALM STRATEGY TO MATCH ASSETS AND LIABILITIES



€ bn unless otherwise stated

AVERAGE CURRENT ACCOUNT DEPOSITS

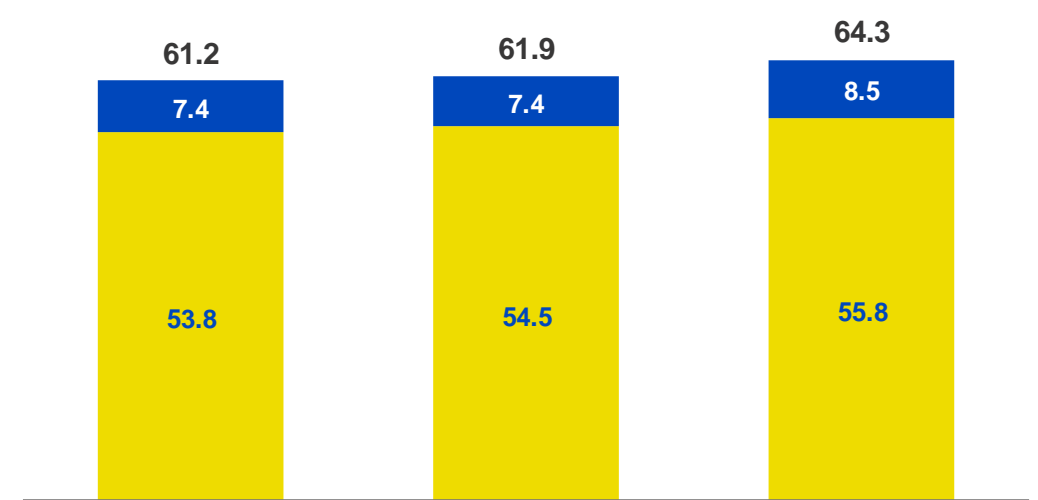
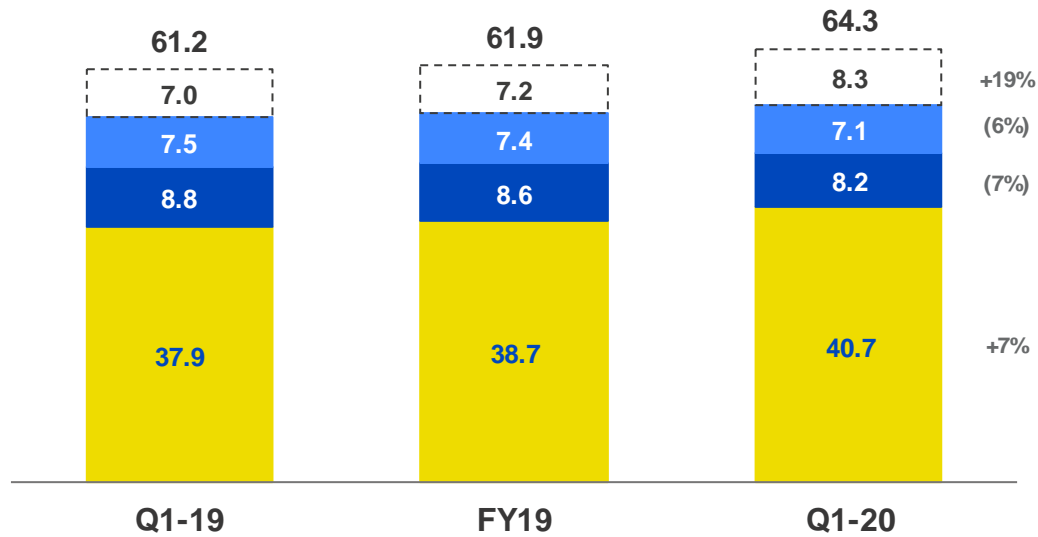
AVERAGE INVESTMENT PORTFOLIO

- Public Administration¹
- REPO
- Corporate customers & other²
- Retail + PostePay

- Deposit @ MEF³
- Italian Government Bonds

+3.1
+5.0%

+3.1
+5.0%



	Q1-19	FY19	Q1-20
Avg. return excl. cap. gains (%) ⁴	2.65	2.57	2.46
BTP investment ptf. duration (# of years)	5.4	5.5	6.2

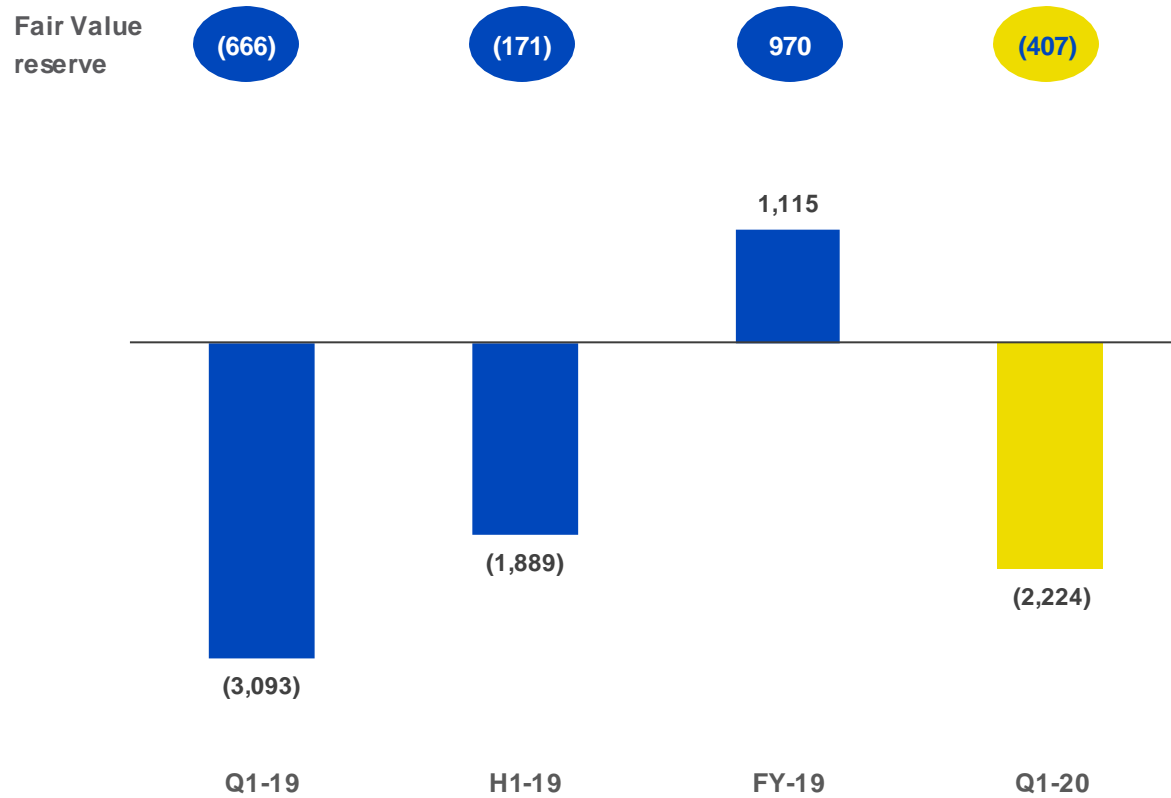
BANCOPOSTA ASSETS AND LIABILITIES STRUCTURE

NET UNREALIZED LOSSES AT 2.2BN

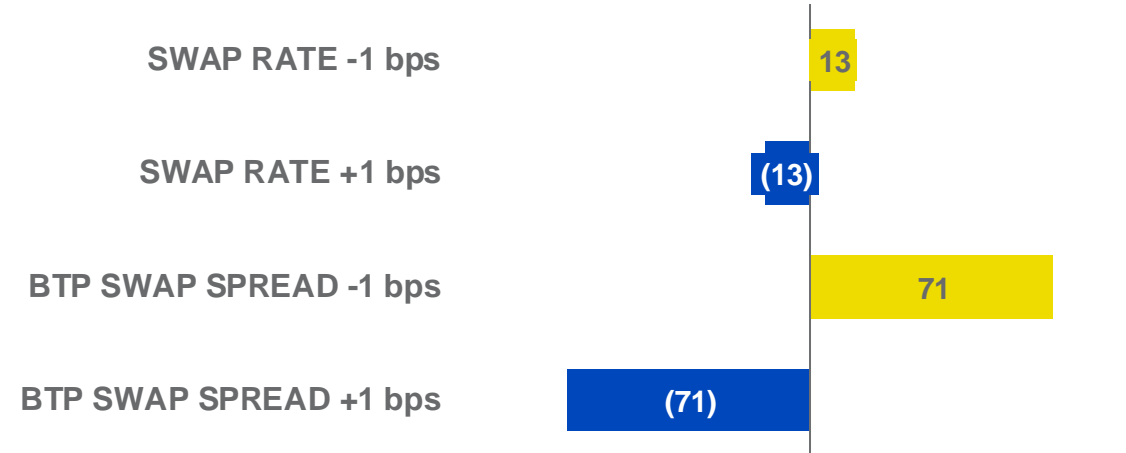


€ m unless otherwise stated

UNREALIZED GAINS/LOSSES



UNREALIZED GAINS SENSITIVITIES



	Q1-19	H1-19	FY-19	Q1-20	Var (bps) Q1-20 vs FY19
BTP 10Y	2.49	2.10	1.41	1.52	+11
SWAP 10Y	0.47	0.18	0.20	(0.02)	(22)
BTP 15Y	3.08	2.55	1.89	1.92	+3
SWAP 15Y	0.82	0.49	0.46	0.16	(30)
BTP 30Y	3.47	3.09	2.47	2.44	(3)
SWAP 30Y	1.07	0.72	0.63	0.17	(46)

POSTAL SAVINGS

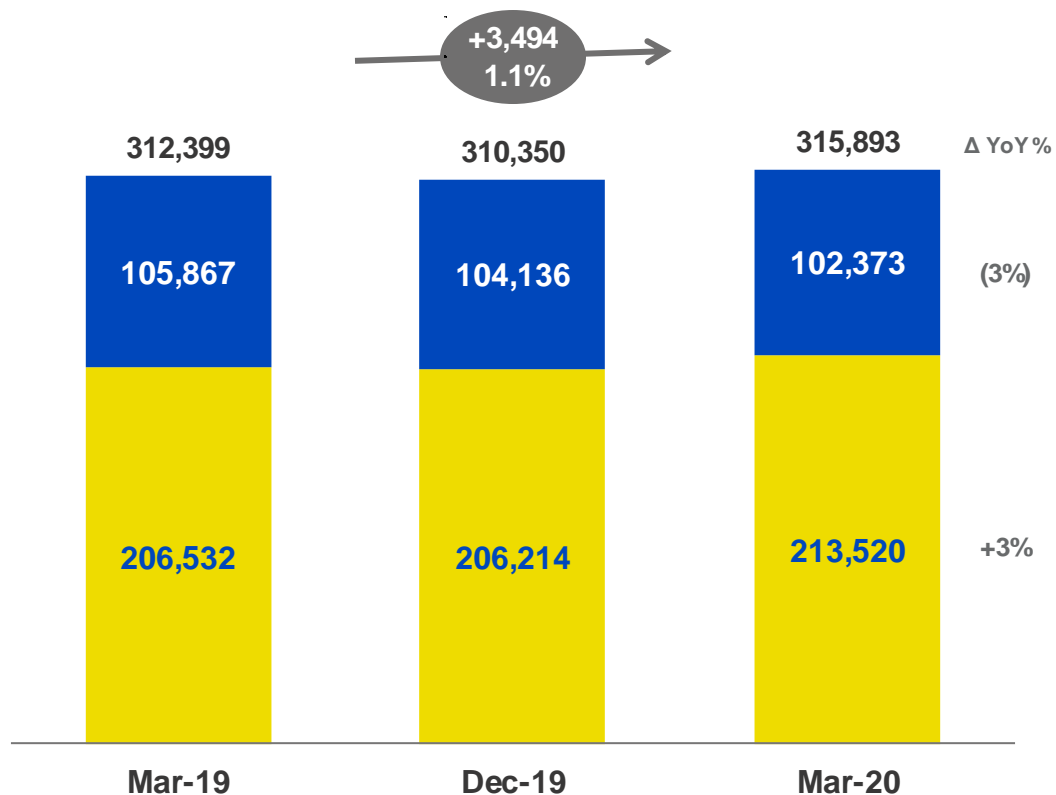
CUSTOMER PREFERENCE FOR LIQUIDITY PRODUCTS RESULTED IN 1.3BN NET INFLOWS

€ m unless otherwise stated

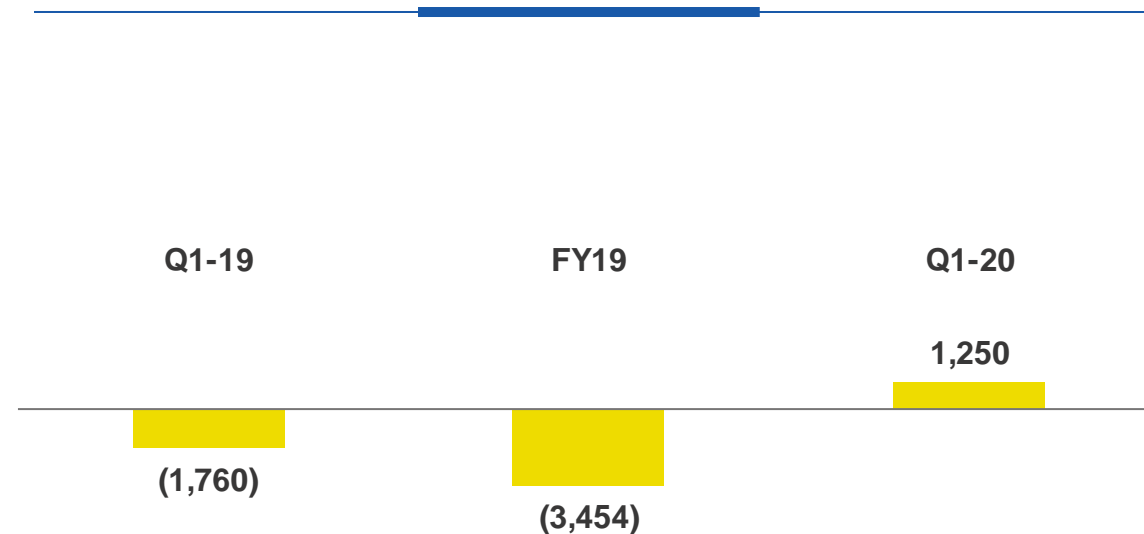


AVERAGE POSTAL SAVINGS

- Postal saving books
- Postal bonds



POSTAL SAVINGS NET INFLOWS



ASSET MANAGEMENT PROGRESSING

POSITIVE NET INFLOWS MITIGATING THE IMPACT OF MARKET EFFECT

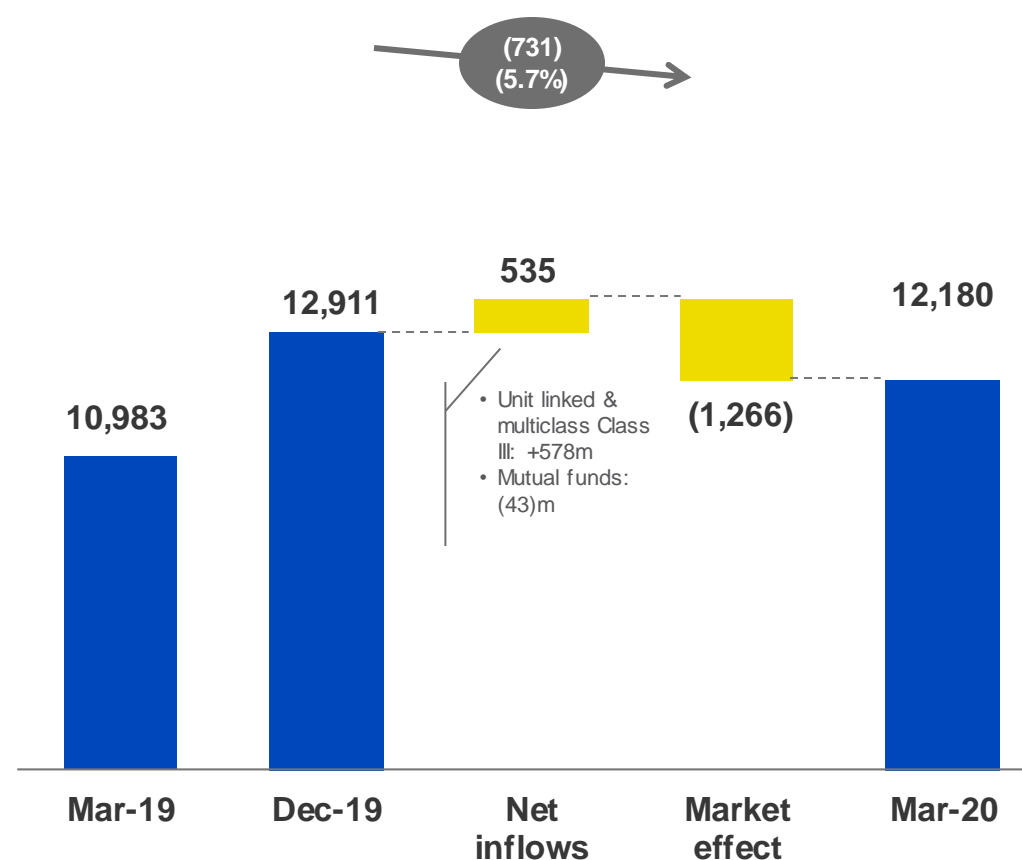
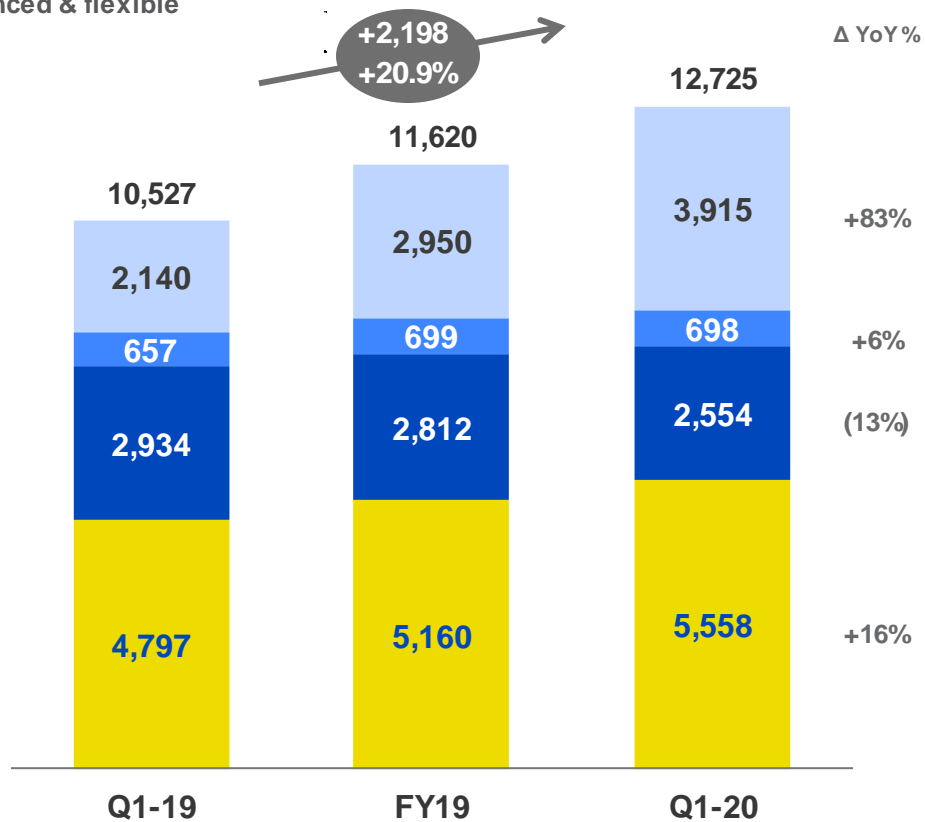
€ m unless otherwise stated



AVERAGE ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT EVOLUTION – EOP

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



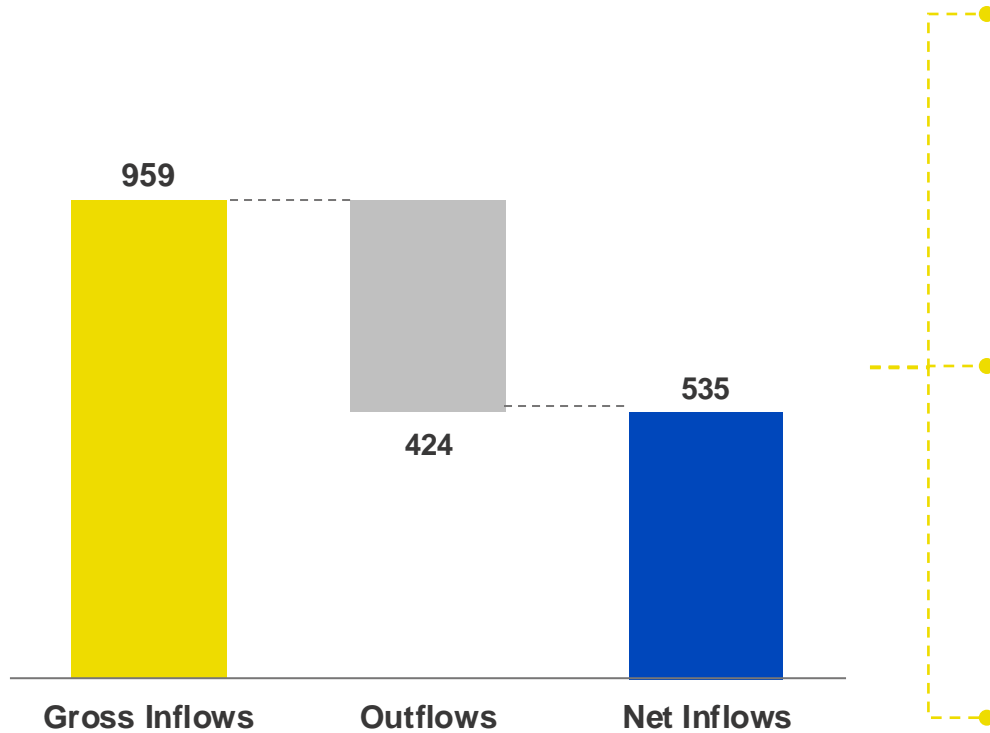
ASSET MANAGEMENT NET INFLOWS INCREASING IN Q1-20

POSITIVE NET INFLOWS THANKS TO MULTICLASS CLASS III COMPONENT OF INSURANCE PRODUCTS



€ m unless otherwise stated

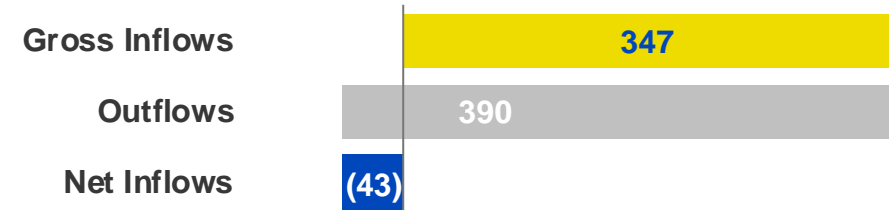
TOTAL NET INFLOWS – Q1-20



MULTICLASS CLASS III¹ – Q1-20



MUTUAL FUNDS – Q1-20



UNIT LINKED (CLASS III) – Q1-20

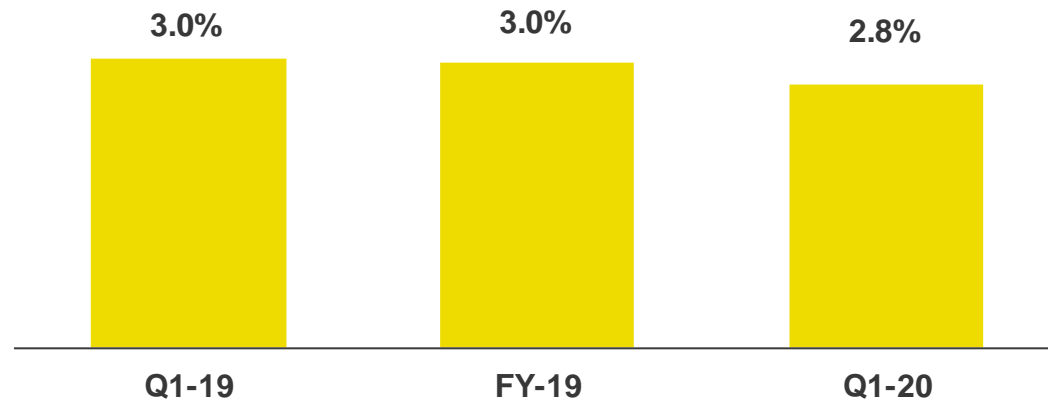


BANCOPOSTA'S SOLID AND EFFICIENT CAPITAL POSITION

AN ASSET GATHERER WITH A CAPITAL LIGHT BALANCE SHEET



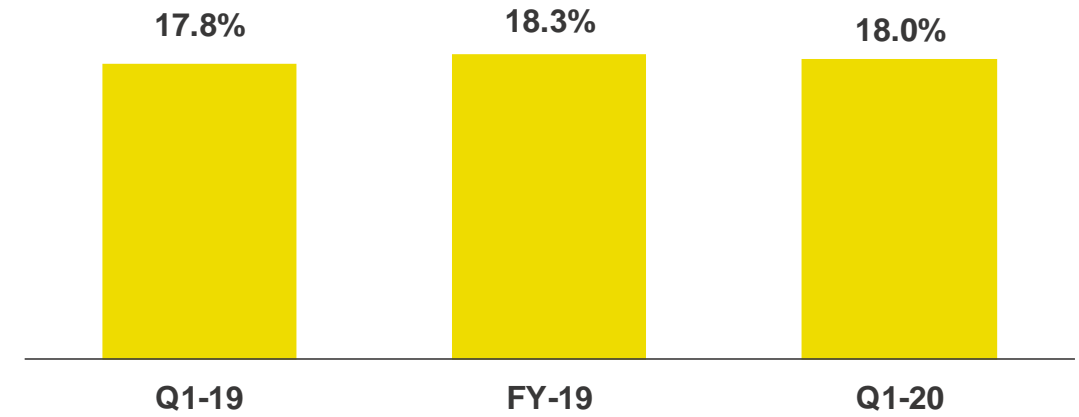
LEVERAGE RATIO



Exposure Measure (€ bn)



CET 1 RATIO



RWA (€ bn)



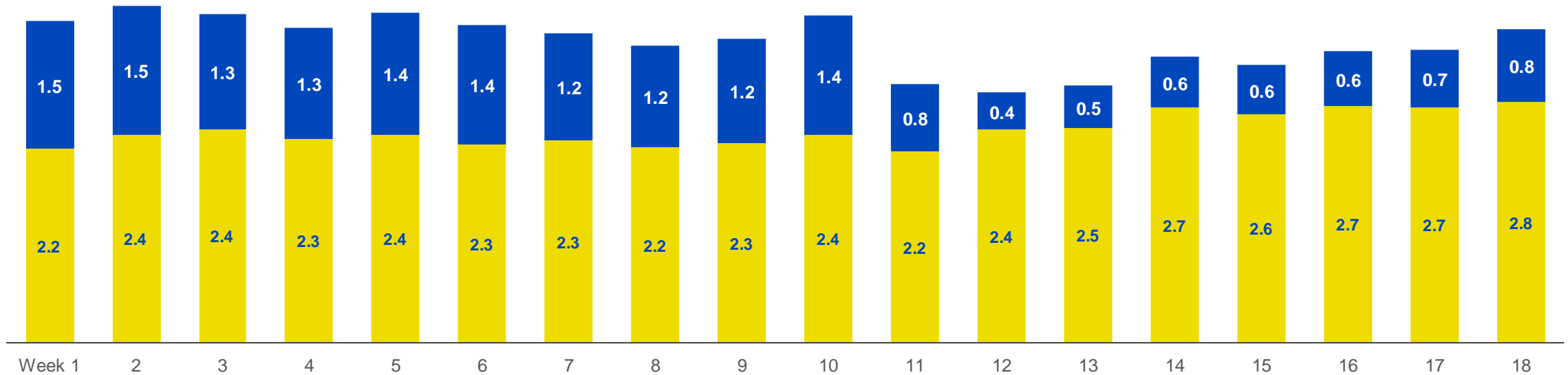
FINANCIAL SERVICES

HIGHER DIGITAL USAGE SINCE LOCKDOWN TROUGH; INVESTMENT INFLOWS FLOWS SHOWING RECOVERY SIGNS



AVERAGE WEEKLY FOOTFALL IN POST OFFICES AND DIGITAL PRESENCE¹ (M)

■ Daily average digital presence ■ Daily average postal office footfall



Jan Feb Mar Apr

Open Postal Offices ('000)²



Gross Inflows (Base 100)³



1. Number of unique visitors on Poste.it website and APPs users; weekly average
 2. Weekly average
 3. Insurance products, mutual funds and postal bonds

INSURANCE SERVICES

SOLVENCY II EVOLUTION

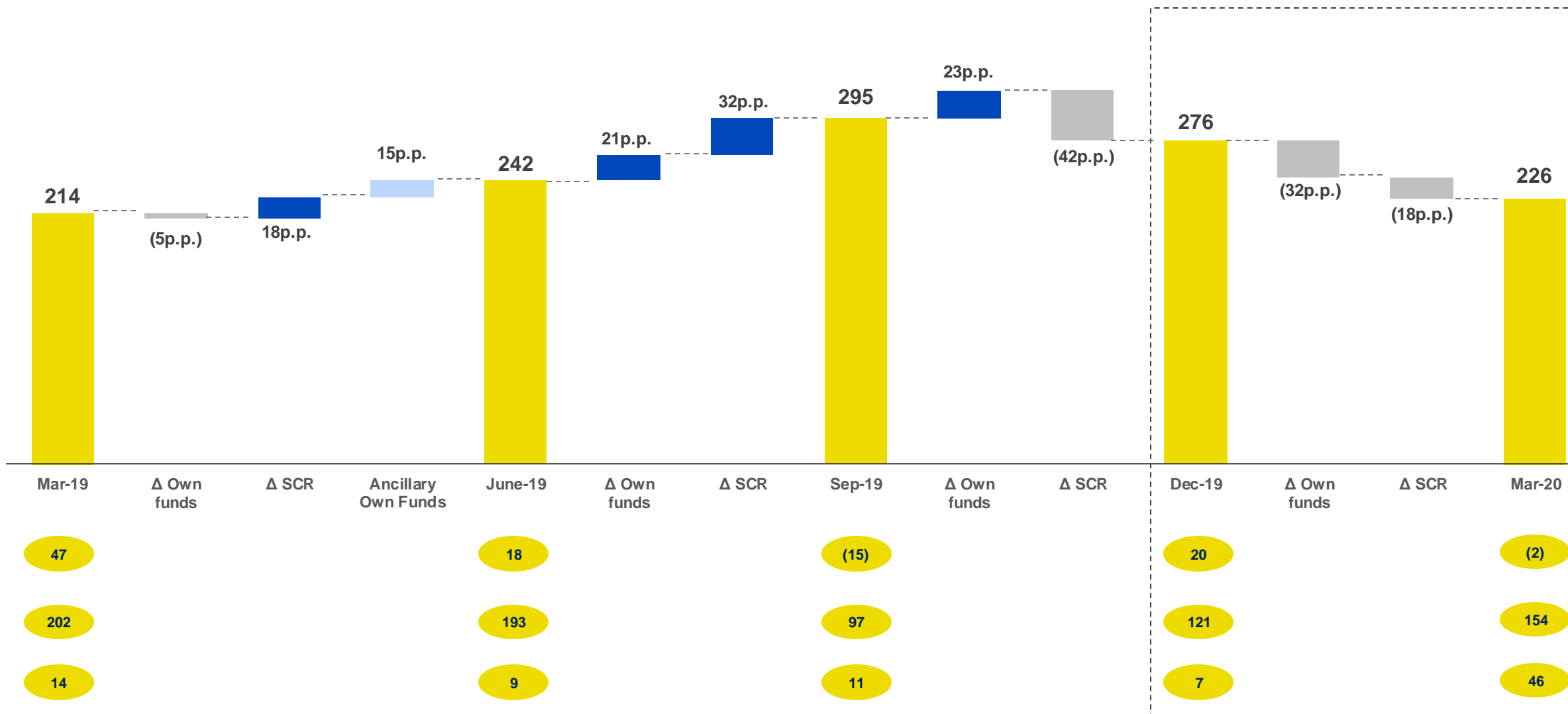


Q2-19

Q3-19

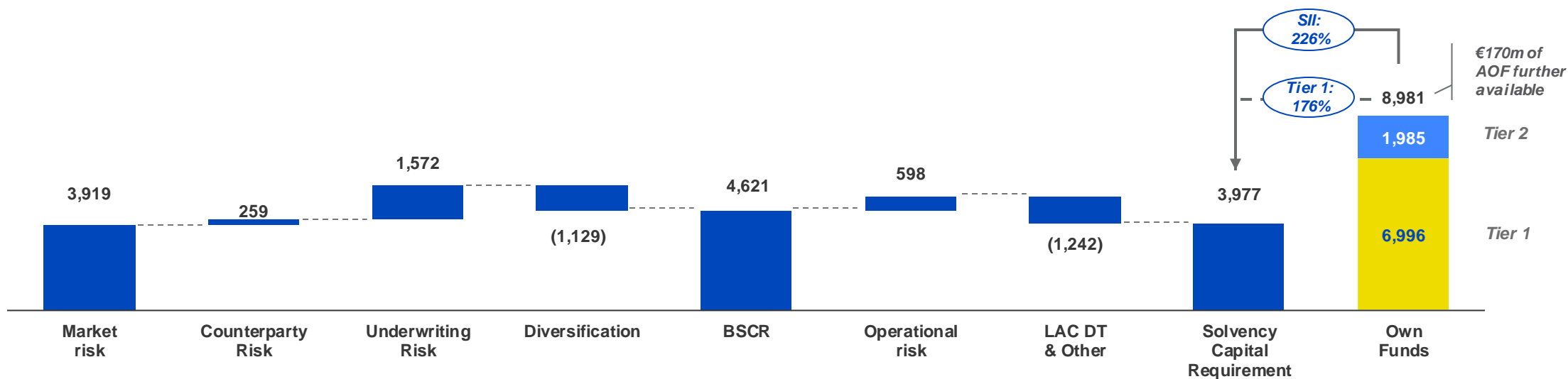
Q4-19

Q1-20

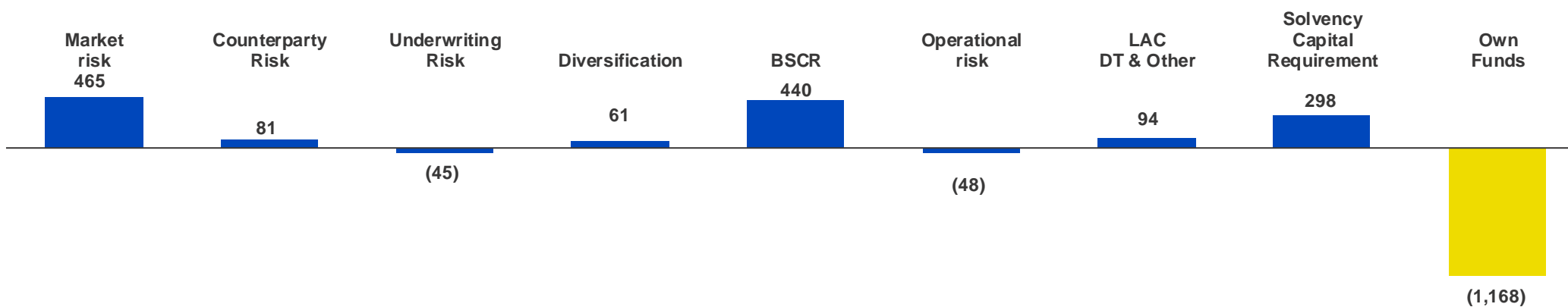




SOLVENCY II CAPITAL AND SOLVENCY II CAPITAL REQUIREMENT EVOLUTION (€ M)



CHANGE VS. DECEMBER 2019 (€ M)



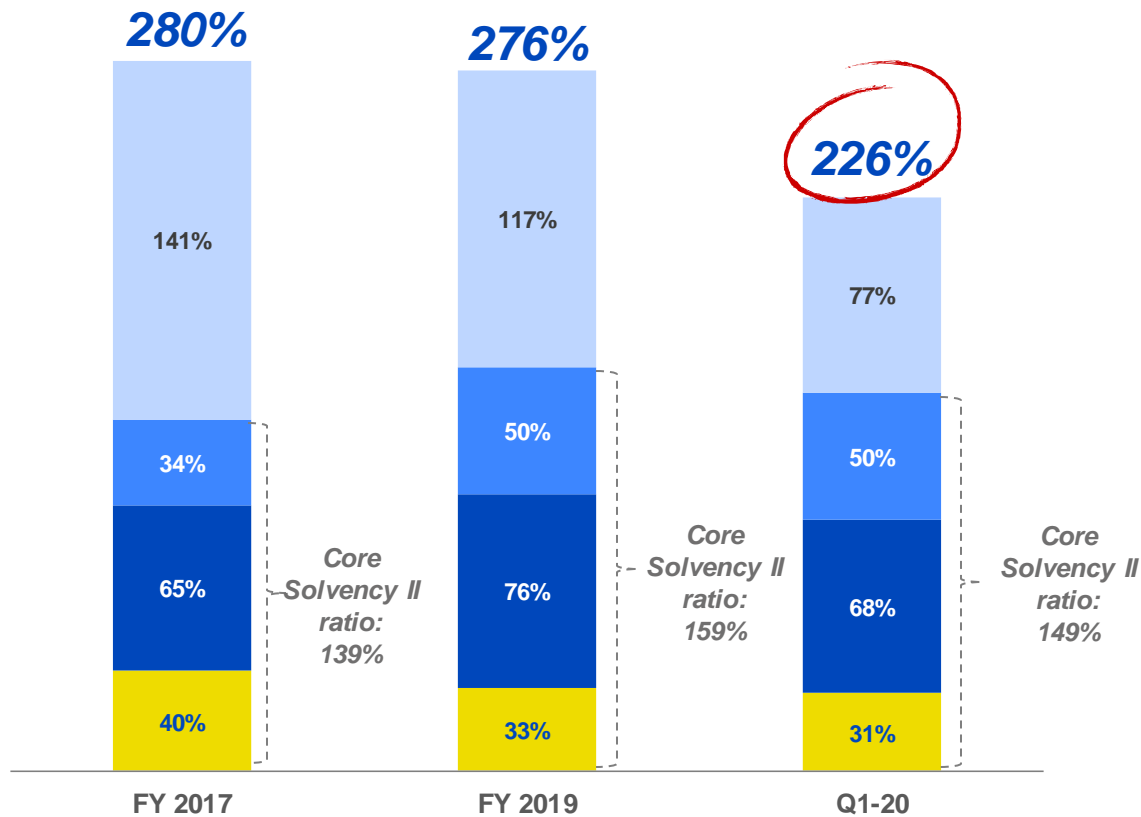
INSURANCE SERVICES: SOLVENCY II RATIO COMPOSITION

CORE SOLVENCY II RATIO BROADLY STABLE IN A VOLATILE MARKET



CORE SOLVENCY II RATIO – EXCLUDING TRANSITIONAL MEASURES

- Reconciliation reserve
- Tier 2
- Retained earnings
- Share capital



KEY HIGHLIGHTS

- Market volatility mainly impacting solvency II reconciliation reserve, while shareholders' equity and subordinated liabilities contribute to stabilize the ratio
- "Core" Solvency II ratio down 10 p.p. only to 149% vs FY19, showing resiliency to market volatility

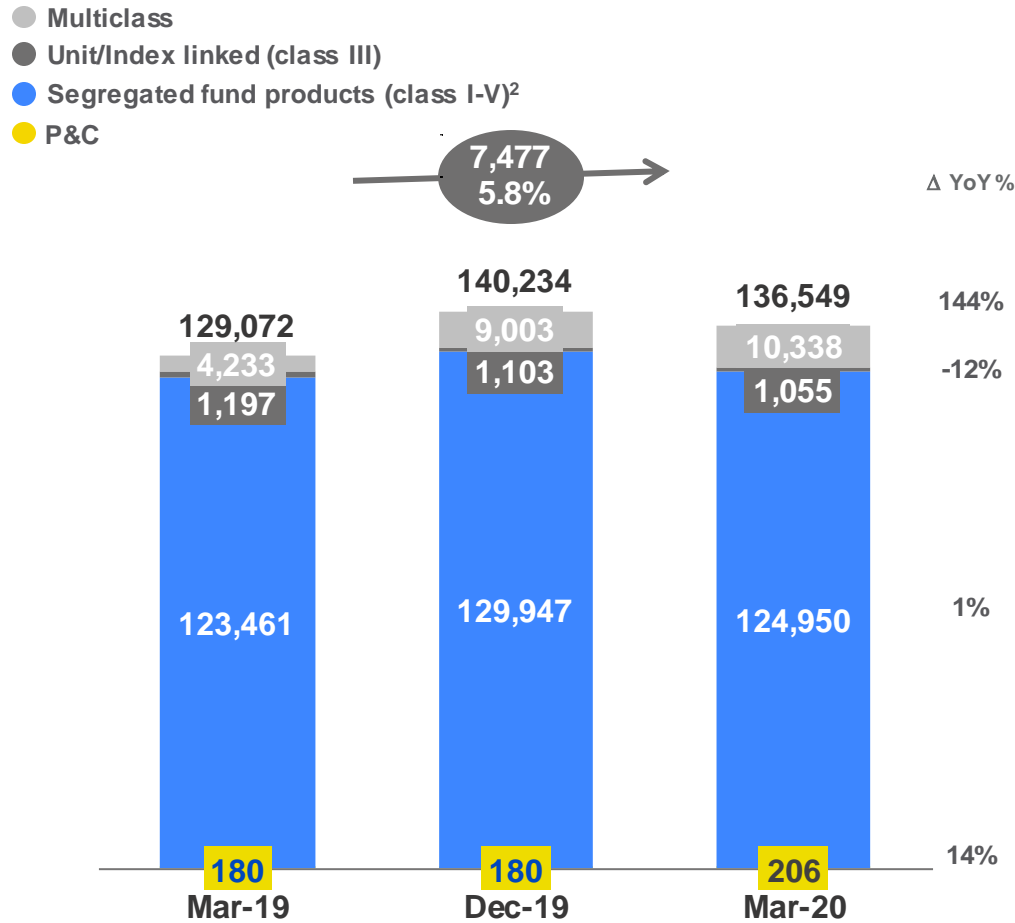
INSURANCE SERVICES

CONTINUED DIVERSIFICATION TOWARDS MORE CAPITAL EFFICIENT PRODUCTS

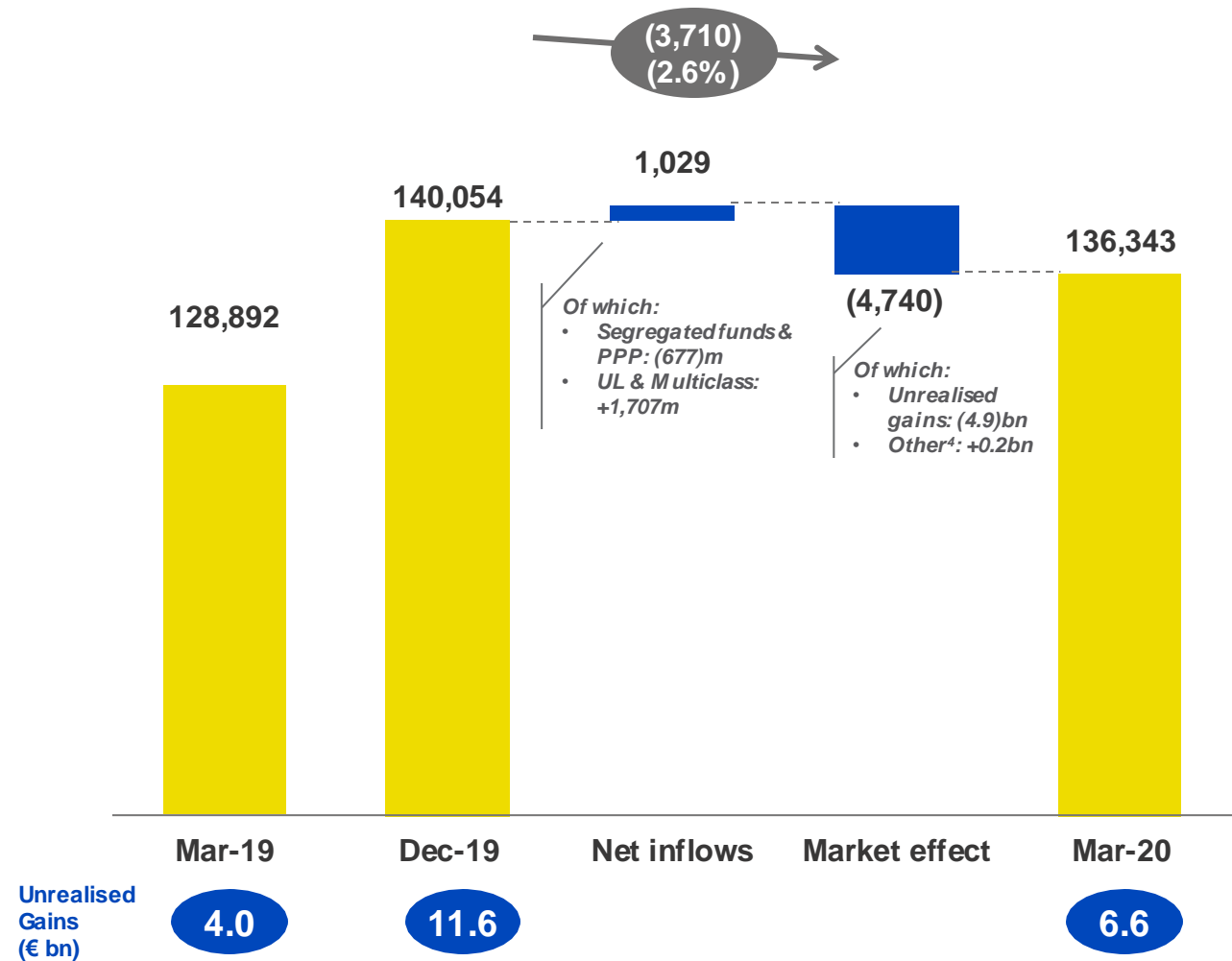


€ m unless otherwise stated

GROUP NET TECHNICAL PROVISIONS¹



LIFE NET TECHNICAL PROVISIONS EVOLUTION³



INSURANCE SERVICES

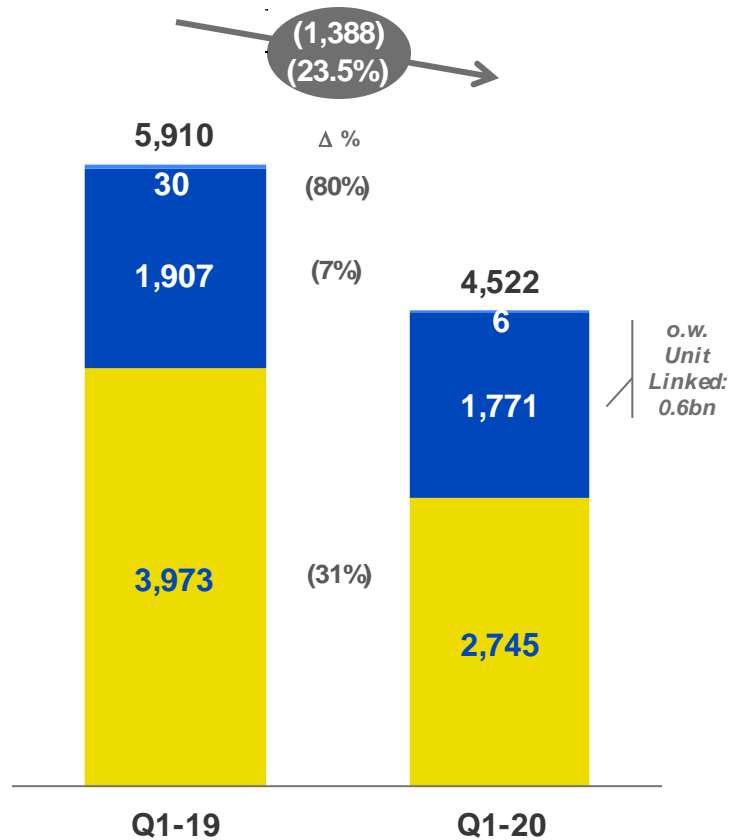
GROSS WRITTEN PREMIUM MIX IN Q1-20



€ m unless otherwise stated

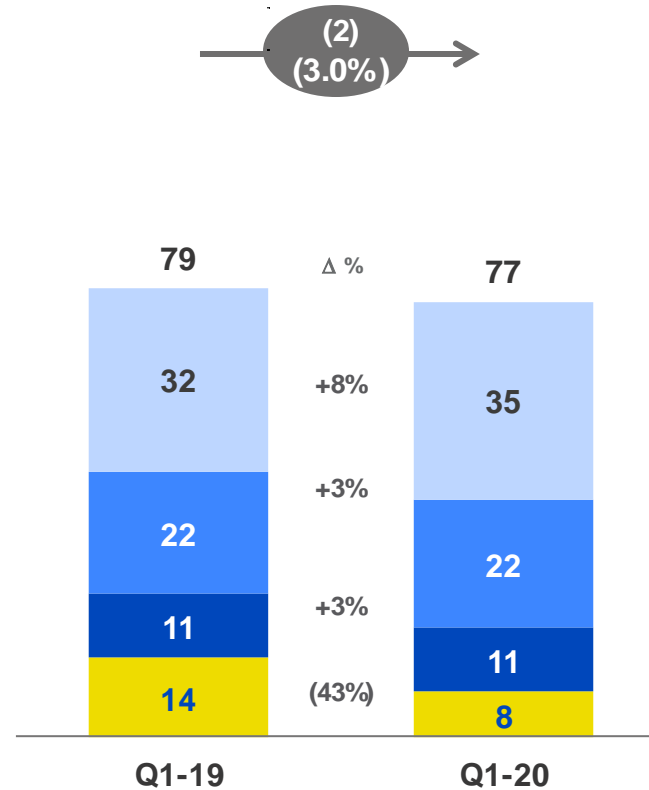
LIFE

- Unit linked (class III)
- Multiclass
- Segregated fund products (class I-V)¹



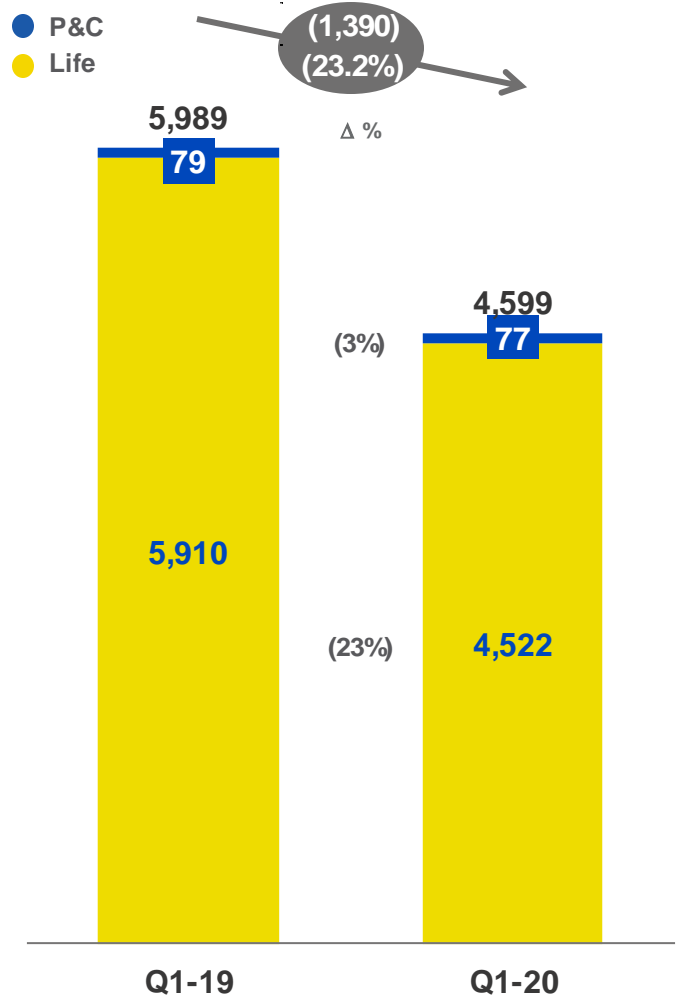
NON-LIFE

- Welfare
- Personal
- Property
- Payments



TOTAL

- P&C
- Life



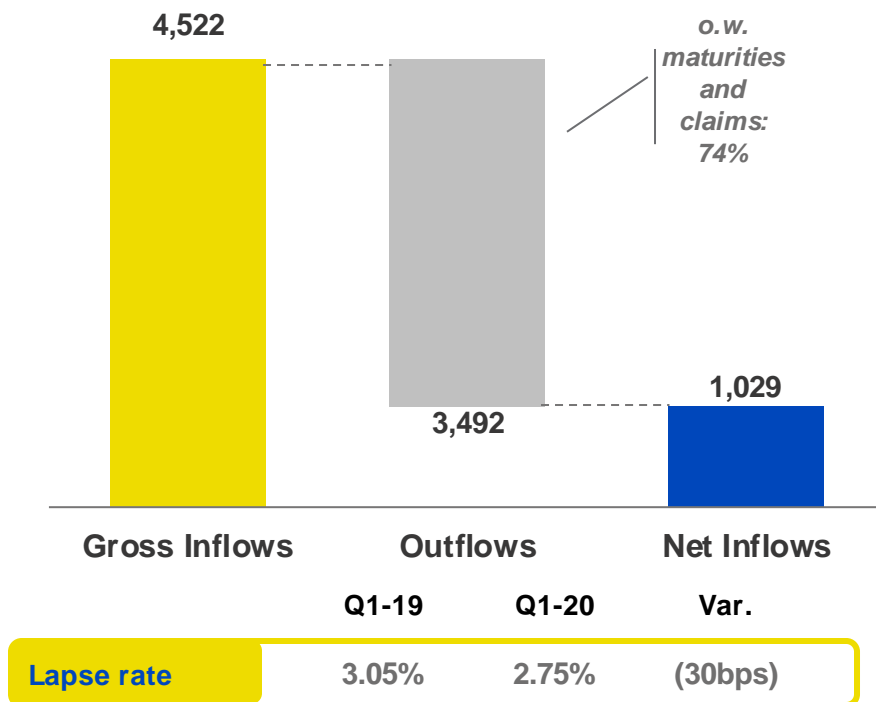
INSURANCE SERVICES

POSITIVE NET INFLOWS IN Q1 THANKS TO NEW MULTICLASS ACCUMULATION PRODUCT



€ m unless otherwise stated

TOTAL NET INFLOWS – QUARTER



UNIT LINKED (CLASS III)

Gross written premiums		6
Outflows		12
Net Outflows	(6)	

MULTICLASS

Gross written premiums	1,771
Outflows	59
Net Inflows	1,712

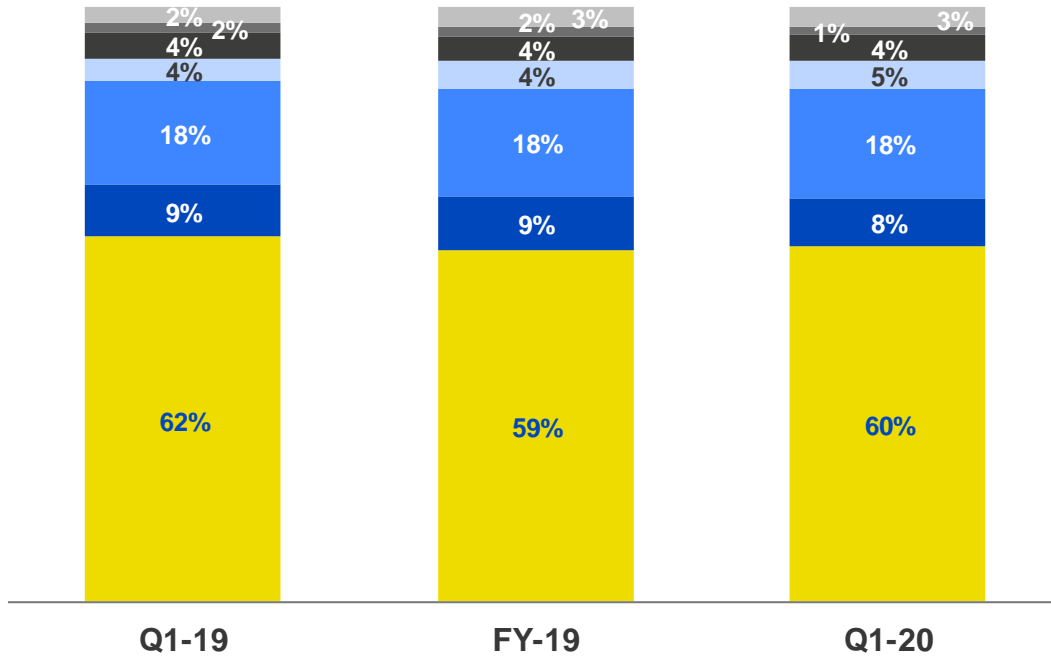
SEGREGATED FUNDS & PPP¹

Gross written premiums	2,745
Outflows	3,422
Net Outflows	(677)



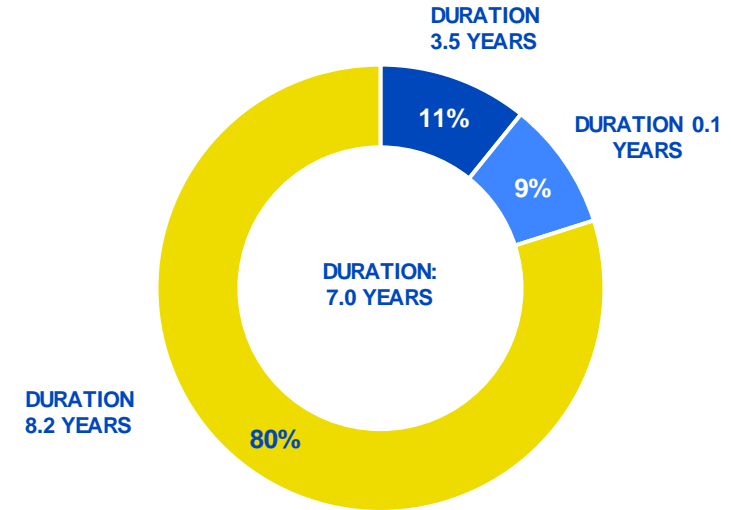
INVESTMENT PORTFOLIO BREAKDOWN

- Private markets
- Equity
- Emerging markets
- High yield
- Corporate bonds
- Global govies
- Italian Govies



FIXED INCOME BREAKDOWN BY RATE TYPE

- Floating
- Inflation linked
- Fixed income



	Q1-19	1H 2019	FY 2019	Q1-20	Var. YoY
Minimum guaranteed return (Class I) (%)	0.75	0.72	0.67	0.64	(11)bps
Segregated fund return (%)	1.92	2.36	2.38	2.06	14bps

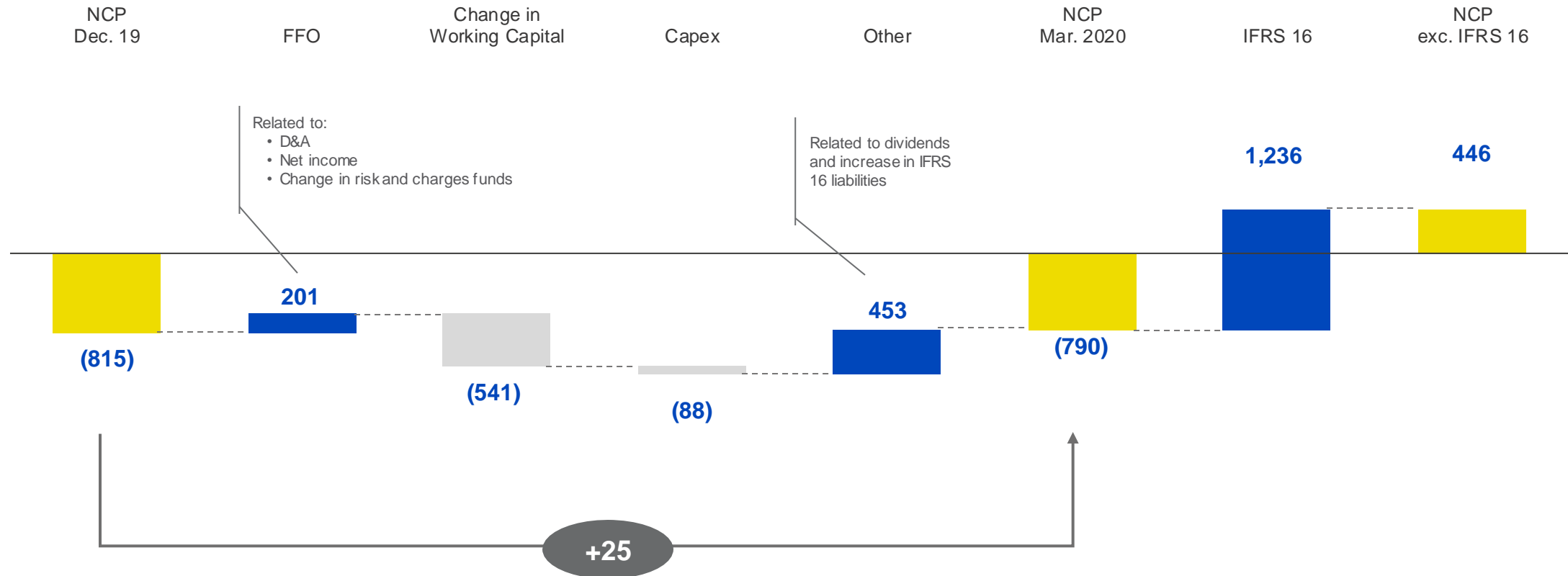
MAIL, PARCEL & DISTRIBUTION NET CASH POSITION

SOLID AND IMPROVING NET CASH POSITION







€ m unless otherwise stated

NET CASH POSITION (+CASH – DEBT)



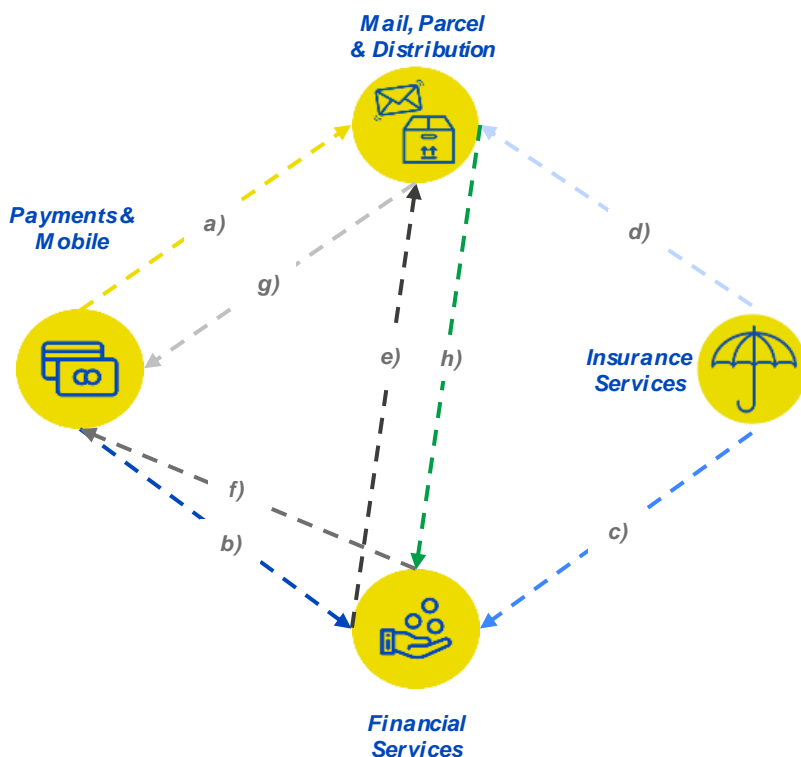
GROUP PERFORMANCE

MAIN KPIs

OPERATIONAL KPI's		Q1-19	Q1-20	Δ% YoY
 MAIL PARCEL & DISTRIBUTION	Mail Volumes (#m)	717	614	(14%)
	Parcels delivered by mailmen (#m)	12	14	+15%
	Parcel volumes (#m)	35	38	+10%
	B2C Revenues (€m)	86	108	+26%
 PAYMENTS & MOBILE	PostePay cards (#m)	21.2	21.0	(1%)
	<i>of which PostePay Evolution cards (#m)</i>	6.6	7.0	+6%
	Total payment cards transactions (#bn)	0.3	0.4	+9%
	<i>of which eCommerce transactions (#m)</i>	55.8	81.4	+46%
	Mobile & land-line (#m)	4.2	4.5	+6%
Digital e-Wallets (#m)	3.1	5.9	+88%	
 FINANCIAL SERVICES	Total Financial Assets - TFAs (€/bn)	525	539	+3%
	Product Sales (#m)	2.3	1.8	(22%)
	Unrealized gains (€m)	(3,093)	(2,224)	+28%
 INSURANCE SERVICES	Gross Written Premiums (€m)	5,989	4,599	(23%)
	GWP – Life (€m)	5,637	4,273	(24%)
	GWP – Private Pension Plan (€m)	273	249	(9%)
	GWP – P&C (€m)	79	77	(3%)

INTERSEGMENT COSTS AS OF Q1-20

INTERSEGMENT COST FLOWS



MAIN RATIONALE

INDICATIVE MAIN REMUNERATION SCHEME

€ m

Δ Y/Y

• Payments and Mobile remunerates:

- a) **Mail, Parcel and Distribution** for providing IT, delivery volume and other corporates services¹;
- b) **Financial Services** for promoting and selling card payments and other payments (e.g. tax payments) throughout the network;

- a) Number of payment transactions x flat fee (depending on the product)
- b) Fixed % of revenues

Total: 87

• Insurance Services remunerates:

- c) **Financial Services** for promoting and selling insurance products² and for investment management services³;
- d) **Mail, Parcel and Distribution** for providing corporate services¹;

- c) Fixed % of upfront fees
- d) Depending on service/product

c) 119 (17%)

d) 7 63%

Total: 127

• Financial Services remunerates:

- e) **Mail, Parcel and Distribution** for promoting and selling Financial, Insurance and PMD products throughout the network and for proving corporate services⁴;
- f) **Payments & Mobile** for providing certain payment services⁵

- e) Fixed % (depending on the product) of revenues
- f) Depending on service/product

e) 1,203 (6%)

f) 80 (7%).

Total: 1,284

• Mail, Parcel and Distribution remunerates:

- g) **Payments & Mobile** for acquiring services and postman electronic devices
- h) **Financial Services** as distribution fees related to "Bollettino DTT"

- g) Annual fee
- h) Flat fee for each «Bollettino»

g) 10 25%

h) 8 (23%)

Total: 17

CONSOLIDATED ACCOUNTS

PROFIT & LOSS

€m	Q1-19	Q1-20	Var.	Var. %
Total revenues	2,842	2,755	(87)	(3%)
of which:				
Mail, Parcel and Distribution	880	771	(109)	(12%)
Payments and Mobile	140	165	26	+18%
Financial Services	1,485	1,464	(21)	(1%)
Insurance Services	337	355	17	+5%
Total costs	2,225	2,315	90	+4%
of which:				
Total personnel expenses	1,438	1,404	(33)	(2%)
<i>of which personnel expenses</i>	<i>1,435</i>	<i>1,402</i>	<i>(32)</i>	<i>(2%)</i>
<i>of which early retirement incentives</i>	<i>3</i>	<i>1</i>	<i>(2)</i>	<i>(68%)</i>
<i>of which legal disputes with employees</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>n.m.</i>
Other operating costs	599	708	109	+18%
Depreciation, amortisation and impairments	188	203	15	+8%
EBIT	617	441	(177)	(29%)
EBIT Margin	+22%	+16%		
Finance income/(costs) and profit/(loss) on investments accounted for using the equity method	6	7	0	+7%
Profit before tax	623	447	(176)	(28%)
Income tax expense	184	141	(44)	(24%)
Profit for the period	439	306	(133)	(30%)

MAIL, PARCEL & DISTRIBUTION

PROFIT & LOSS



€m	Q1-19	Q1-20	Var.	Var. %
Segment revenue	880	771	(109)	(12%)
Intersegment revenue	1,331	1,260	(71)	(5%)
Total revenues	2,211	2,031	(180)	(8%)
Personnel expenses	1,407	1,375	(31)	(2%)
<i>of which personnel expenses</i>	1,404	1,375	(29)	(2%)
<i>of which early retirement incentives</i>	2	0	(2)	(94%)
Other operating costs	460	483	23	+5%
Intersegment costs	20	17	(3)	(14%)
Total costs	1,887	1,876	(11)	(1%)
EBITDA	324	155	(169)	(52%)
Depreciation, amortisation and impairments	176	191	15	+9%
EBIT	148	(36)	(185)	(125%)
EBIT MARGIN	+7%	(2%)		
Finance income/(costs)	2	3	1	+27%
Profit/(Loss) before tax	151	(33)	(184)	n.m.
Income tax expense	49	(2)	(52)	(105%)
Profit for the period	101	(31)	(132)	n.m.



€m	Q1-19	Q1-20	Var.	Var. %
Segment revenue	140	165	26	+18%
Intersegment revenue	96	90	(6)	(6%)
Total revenues	235	255	20	+9%
Personnel expenses	9	7	(2)	(23%)
<i>of which personnel expenses</i>	9	7	(2)	(23%)
<i>of which early retirement incentives</i>	0	0	0	n.m.
Other operating costs	73	87	14	+20%
Intersegment costs	91	87	(4)	(4%)
Total costs	172	181	8	+5%
EBITDA	63	75	12	+18%
Depreciation, amortisation and impairments	6	8	1	+19%
EBIT	57	67	10	+18%
EBIT MARGIN	24%	26%		
Finance income/(costs)	2	3	2	n.m.
Profit/(Loss) before tax	59	71	12	+21%
Income tax expense	16	19	3	+18%
Profit for the period	42	51	9	+21%



€m	Q1-19	Q1-20	Var.	Var. %
Segment revenue	1,485	1,464	(21)	(1%)
Intersegment revenue	193	166	(27)	(14%)
Total revenues	1,678	1,630	(48)	(3%)
Personnel expenses	12	11	(1)	(9%)
<i>of which personnel expenses</i>	11	11	(0)	(4%)
<i>of which early retirement incentives</i>	1	0	(1)	(100%)
Other operating costs	44	113	69	+159%
Depreciation, amortisation and impairments	0	0	0	n.m.
Intersegment costs	1,361	1,284	(77)	(6%)
Total costs	1,417	1,408	(9)	(1%)
EBIT	261	223	(39)	(15%)
EBIT MARGIN	16%	14%	(0)	(12%)
Finance income/(costs)	1	(1)	(3)	n.m.
Profit/(Loss) before tax	263	221	(42)	(16%)
Income tax expense	72	66	(7)	(9%)
Profit for the period	190	155	(35)	(18%)



€m	Q1-19	Q1-20	Var.	Var. %
Segment revenue	337	355	17	+5%
Intersegment revenue	0	0	(0)	(86%)
Total revenues	338	355	17	+5%
Personnel expenses	10	11	1	+8%
<i>of which personnel expenses</i>	10	10	(0)	(1%)
<i>of which early retirement incentives</i>	0	1	1	n.m.
Other operating costs	23	25	2	+10%
Depreciation, amortisation and impairments	6	4	(1)	(25%)
Intersegment costs	148	127	(21)	(14%)
Total costs	187	167	(19)	(10%)
EBIT	151	187	36	+24%
EBIT MARGIN	45%	53%		
Finance income/(costs)	0	2	1	n.m.
Profit/(Loss) before tax	151	189	37	+25%
Income tax expense	46	58	12	+26%
Profit for the period	105	131	25	+24%

This document contains certain forward-looking statements that reflect Poste Italiane's management's current views with respect to future events and financial and operational performance of the Company and of the Company's Group.

These forward-looking statements are made as of the date of this document and are based on current expectations, reasonable assumptions and projections about future events and are therefore subject to risks and uncertainties. Actual future results and performance may indeed differ materially from what is expressed or implied in this presentation, due to any number of different factors, many of which are beyond the ability of Poste Italiane to foresee, control or estimate precisely, including, but not limited to, changes in the legislative and regulatory framework, market developments, price fluctuations and other risks and uncertainties, such as, for instance, risks deriving from the recent Covid-19 pandemic and from the restrictive measures taken by each Country to face it.

Forward-looking statements contained herein are not a guarantee of future performance and you are therefore cautioned not to place undue reliance thereon.

2020 guidance is based on what was announced on March 6, 2020 and - therefore - does not take into account the impacts of the Covid-19 pandemic and of the restrictive measures taken by each Country to face it.

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