



SPAFID CONNECT

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Informazione
Regolamentata

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Oggetto : Poste Italiane: Q1 2020 results

Testo del comunicato

Vedi allegato.

POSTE ITALIANE

Q1 2020 RESULTS

SYSTEMIC PLAYER - REPUTATION STRENGTHENED DURING THE CRISIS
SUSTAINABLE COMPANY - DIVERSIFIED AND RESILIENT BUSINESS WITH A STRONG
FINANCIAL PROFILE
EMERGING TRENDS ACCELERATE DELIVER 2022 STRATEGIC DIRECTIONS

- 2020 FINANCIAL PERFORMANCE IMPACTED IN MARCH BY LOCKDOWN, WHILE KEY LONG TERM TRENDS CONFIRMED:
 - HIGHER CUSTOMER ENGAGEMENT VIA DIGITAL CHANNELS
 - ENHANCED B2C VOLUME GROWTH AND ACCELERATED E-SUBSTITUTION
 - INCREASING NEED FOR PROTECTION AND GRADUAL RISK EXPOSURE INVESTMENT PRODUCTS
- CUSTOMERS' TRUST AND PREFERENCE FOR LIQUIDITY LEADING TO STRONG RETAIL NET INFLOWS OF €5.7BN
- REVENUES AT €2,755M (-3% Y/Y) IMPACTED BY LOCKDOWN:
 - INCREASING REVENUES IN PAYMENT & MOBILE AND INSURANCE SERVICES MITIGATE LOWER REVENUES FROM MAIL AND FINANCIAL SERVICES
- NET PROFIT AT €306M (-30.2% Y/Y), EBIT AT €441M (-28.6% Y/Y)
- SOLID BALANCE SHEET TO RISE TO THE CHALLENGE: LIMITED LEVERAGE, STRONG CAPITAL POSITION AND LIQUIDITY BUFFERS
- COST BASE REVIEW: PRIORITIZING STRUCTURAL EFFICIENCY MEASURES TO STRENGTHEN OUR SUSTAINABLE BUSINESS
- 2019 DIVIDEND OF €0.463 TO BE APPROVED BY THE AGM OF MAY 15

Prompt reaction to the emergency – setting a new standard for stakeholders

Taking care of our employees

- Reduced physical presence in post offices, sorting and distribution centres
- PPE¹ provided to front office and logistic chain personnel
- Sanitization of all premises & fleet as well as Plexiglas protection screens installed
- 15,000 employees smart-working

Safeguarding the health and safety of our customers and guaranteeing service continuity

- Regulating daily footfall in post offices to ensure social distancing
- Maintaining parcels delivery as a priority, responding to client's needs during lockdown
- Successfully promoting digital and app usage

Supporting our communities as a strategic pillar providing essential services

- Ensuring orderly pension payments on a pre-agreed schedule
- Facilitating State wage support (furlough) payment
- Service provider of emergency income for financially vulnerable citizens
- Supporting municipalities with social aid and PPE distribution
- Agreement with the *Carabinieri* Corps to home-deliver pensions to most vulnerable seniors

Poste Italiane top player in brand and reputation

- *Brand Finance* awarded Poste Italiane the title 'strongest insurance brand', ranking number 1 out of 100 most valuable insurance brands worldwide
- According to the monthly *RepTrack* monitor, Poste Italiane's reputation increased 5.4 percentage points in April, thanks to higher quality of its services (e.g. transparency, price and reliability) as well as the attention paid to key ESG areas (e.g. environment, health & safety, innovation)

¹ Personal Protective Equipment

Q1 2020 Group Financial Highlights

- **Lower Revenues:** €2,755m (-3% vs Q1 2019); **adjusted revenues**² at €2,456m (-4.4% vs Q1 2019)
- **Total Operating Costs:** €2,315m (+4% vs Q1 2019) with non-HR cost increased in January and February related to higher business activities and €23m one-off costs to face the emergency in March
- **EBIT:** €441m (-28.6% vs Q1 2019) on lower revenues impacted by lockdown and one-off costs to face the emergency
- **Total Financial Assets (TFA)** at €539bn (+€2.6bn vs December 2019) with strong retail net inflows of €5.7bn, driven by liquidity products in a volatile market
- **Strong capital position:** BancoPosta CET1 at 18.0% and Poste Vita Group Solvency II Ratio at 226%, above managerial ambition of 200% through the cycle
- **Significant liquidity** and cash-generation along with limited and balanced maturity profile

Q1 2020 Segment Highlights

- **Mail, Parcel & Distribution:** Parcel revenue growth, with volume peaks comparable to Black Friday and Christmas periods. Contribution from China inbound flows doubled
- **Payments & Mobile:** Integrated strategy for telco and payments, fully in line with digital channels usage promotion, while leveraging on cross-segment synergies
- **Financial Services:** Commercial initiatives up to speed, adapting service model to the “new normal”, including remote advisory services
- **Insurance Services:** Positive performance, capitalizing on strong commercial focus on multiclass products in 2019 and increasing opportunities in P&C through the new modular offer

² Excluding capital gains and IFRS 9 impact on equity stake in Visa, hedging Visa equity stake derivatives and FV change

Rome, 13 May 2020, yesterday, the Board of Directors of Poste Italiane S.p.A. (“Poste Italiane” or the “Group”), chaired by Maria Bianca Farina, approved First Quarter 2020 Financial Results (unaudited).

Commenting on the results, Matteo Del Fante, Poste Italiane Chief Executive Officer and General Manager, said:

“In these extraordinary times, my thoughts go to the communities and individuals hit by COVID-19.

Thanks to the commitment and sense of duty showed by our employees, Poste Italiane has been rapidly adapting its operations, in order to guarantee essential services to our customers and provide support to the Country, in line with its role of strategic backbone for Italy.

While 2020 performance has been impacted by lockdown, recent events have accelerated key emerging trends and confirmed Deliver 2022 strategic direction. Poste Italiane faced the crisis with a solid financial profile, a strong balance sheet and the capability of generating cash thanks to our profitable businesses.

During this unprecedented situation, we protected our employees; we sanitized buildings and fleet, provided PPE and reduced physical presence in post offices, sorting and distribution centres. Remote working was enabled for most headquarter staff, reaping the benefits of our IT investments.

Our loyal customers have continued to benefit from uninterrupted services. We took important measures to protect them, leveraging on our unique multichannel distribution model made up of post offices, third party networks and our digital platform.

In this way we are continuing to engage with customers in different, complementary ways across all of our segments.

We have supported our communities, also with dedicated social initiatives, while collaborating with all institutions.

Throughout its history, Poste Italiane has always been there for its customers and communities. During this crisis, we have continued to support all of our stakeholders, strengthening our reputation. Poste is a systemic player; our role has become more important and this will result in a stronger and sustainable business.

Together, we will rise to the challenge.”

POSTE ITALIANE Q1 2020 Results

Wednesday 13 May 2020 – 14:00 CEST

WEBCAST LINK

[Poste Italiane Q12020 Results webcast](#)

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	Q1 19	Q1 20	Y/Y%
GROUP			
Revenues	2,842	2,755	-3.0%
Adjusted Revenues	2,569	2,456	-4.4%
EBIT	617	441	-28.6%
Adjusted EBIT	351	211	-40.0%
Net Profit	439	306	-30.2%
Adjusted Net Profit	247	143	-42.2%
MAIL, PARCEL & DISTRIBUTION			
External Revenues	880	771	-12.4%
EBIT	148	(36)	n.m.
Adjusted EBIT	(53)	(221)	n.m.
Net Profit	101	(31)	n.m.
PAYMENTS & MOBILE ¹			
External Revenues	140	165	+18.4%
EBIT	57	67	+18.2%
Net Profit	42	51	+21.4%
FINANCIAL SERVICES			
External Revenues	1,485	1,464	-1.4%
External Adjusted Revenues	1,212	1,165	-3.8%
EBIT	261	223	-14.8%
Adjusted EBIT	196	176	-10.0%
Net Profit	190	155	-18.4%
Adjusted Net Profit	142	123	-13.2%
INSURANCE SERVICES			
External Revenues	337	355	+5.1%
EBIT	151	187	+24.0%
Net Profit	105	131	+24.1%

1. Q119 data includes Digital component now included in Mail, Parcel & Distribution segment

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 annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015

The Poste Italiane Group consolidated balance sheet, consolidated statement of profit/(loss), and statement of cash flows are attached to this release.

MAIL, PARCEL & DISTRIBUTION – MAIL REVENUES AND B2B PARCELS IMPACTED BY LOCKDOWN, WHILE B2C ACCELERATED REACHING RECORD PEAKS

€m	Q1 19	Q1 20	Y/Y%
SEGMENT REVENUES	880	771	-12.4%
INTERSEGMENT REVENUES	1,331	1,260	-5.4%
TOTAL REVENUES	2,211	2,031	-8.1%
EBIT	148	(36)	n.m.
Adjusted EBIT	(53)	(221)	n.m.
EBIT Margin (%)	6.7%	-1.8%	-
NET PROFIT	101	(31)	n.m.

KPI's			
Mail Volumes (#m)	717	614	-14.4%
Parcels delivered by mailmen (#m)	12	14	+15.3%
Parcel Volumes (#m)	35	38	+9.7%
B2C Revenues (€m)	86	108	+26.3%

Mail, Parcel & Distribution Q1 2020 segment revenues are down 12.4% y/y, mainly as a result of lower mail volumes, mitigated by an increase in B2C parcels.

Mail revenues are down 19.2% y/y mainly attributable to a company driven reduction of activity, decided during the Covid-19 emergency, in order to safeguard employees and citizens prioritizing parcel delivery, responding to urgent clients' needs. Mail from utilities and banks which were suspended, started to resume from April.

Parcel revenues are up 5% in the first quarter of the year, with e-commerce related B2C growth of 26.3% to €108.2m. Parcel volumes in the quarter were up 9.7% to 38 million parcels, boosted by a 22% increase in B2C activity. B2C volumes have been supported by increasing e-commerce activity, including strong growth in inbound flows from China from early March, contributing to customer base diversification.

In April record-high peaks were reached comparable to those normally registered during Black Friday and Christmas periods.

Segment EBIT down to €-36m (€148m in Q119)

PAYMENTS AND MOBILE – REVENUES STRONGLY UP Y/Y IN A CHALLENGING ENVIRONMENT

€m	Q1 19	Q1 20	Y/Y%
SEGMENT REVENUES	140	165	+18.4%
<i>Cards Payments</i>	75	84	+11.8%
<i>Other Payments</i>	13	13	-0.5%
<i>Telecom Services</i>	52	69	+32.6%
INTERSEGMENT REVENUES	96	90	-5.9%
TOTAL REVENUES	235	255	+8.5%
EBIT	57	67	+18.2%
EBIT Margin (%)	24.2%	26.3%	-
NET PROFIT	42	51	+21.4%

KPI's			
Postepay cards (#m)	21.2	21.0	-0.8%
<i>of which Postepay Evolution cards(#m)</i>	6.6	7.0	+5.6%
Total payment cards transactions (#bn)	0.3	0.4	+8.6%
<i>of which eCommerce transactions (#m)</i>	55.8	81.4	+46.1%
Mobile & land-line (#m)	4.2	4.5	+5.8%
Digital e-Wallets (#m)	3.1	5.9	+88.5%

Q119 data includes Digital component now included in Mail, Parcel & Distribution segment

Payments & Mobile segment revenues are up 18.4% y/y to €165m in the first quarter of the year, better than our competitors, thanks to the successful commercial initiatives launched during 2019.

Card payment revenues up 11.8% to €84m, driven by higher transaction volumes and a higher share of Postepay Evolution cards embedding higher margins.

The validity of our digital infrastructure for payments is confirmed and we expect an acceleration of the trends, as already envisaged in Deliver 2022.

Telecom revenues increased by a strong 32.6% y/y in a downward market, thanks to a loyal customer base successfully engaged with targeted commercial initiatives.

Segment EBIT of €67m up 18.2% y/y.

FINANCIAL SERVICES – COMMERCIAL INITIATIVES UP TO SPEED ADAPTING SERVICE MODEL TO THE NEW NORMAL

€m	Q1 19	Q1 20	Y/Y%
SEGMENT REVENUES	1,485	1,464	-1.4%
ADJUSTED SEGMENT REVENUES	1,212	1,165	-3.8%
INTERSEGMENT REVENUES	193	166	-14.0%
TOTAL REVENUES	1,678	1,630	-2.8%
EBIT	261	223	-14.8%
ADJUSTED EBIT	196	176	-10.0%
EBIT Margin (%)	15.6%	13.7%	-
NET PROFIT	190	155	-18.4%
ADJUSTED NET PROFIT	142	123	-13.2%
KPI's			
TOTAL FINANCIAL ASSETS - TFAs (€/bn) *	536	539	+0.5%
Average Current Account Deposits (€m)	61.2	64.3	+5.0%
Average Postal Savings Deposits (€bn)	312.4	315.9	+1.1%
Postal Savings Net Inflows (€m)	(1,760)	1,250	n.m.
Unrealized gains (€m)	(3,093)	(2,224)	+28.1%
Product Sales (# m)	2.3	1.8	-21.6%

* figures in Q119 column refer to FY19

Segment revenues in the quarter were down 1.4% to €1.46 billion, with lockdown strongly impacting our advisory activities on postal savings, insurance, mutual funds and loan & mortgage distribution.

Postal savings distribution fees were down 4%, due to fewer campaign bonds distributed in March.

Interest income remained broadly stable y/y, thanks to average higher volumes offsetting yield compression.

Transaction banking fees were down by 7.4% y/y, mainly related to a visible reduction in payment slips.

Net capital gains amount to €234m in the first quarter of the year.

Fees from asset management remain resilient y/y, thanks to recurring management fees. Assets under management amount to €8.3bn at the end of March, showing an overall limited reduction (-7.8% vs. December 2019) in a volatile market, thanks to a balanced asset mix with reduced exposure to equity.

Total Financial Assets reached €539 billion (up €2.6bn from December 2019), as a result of increased retail net inflows of €5.7bn, while total net inflows were €6.4bn. Customers confirmed their trust in our brand, while preferring liquidity products such as deposits and Postal Savings Books.

The financial division is gearing up for the “new normal”, focusing on the distribution of capital light loan and mortgage products, with no credit risk for Poste, as well as leveraging on new remote advisory services launched in May to provide rapid, tailored solutions for our customers’ needs, ranging from protection to investment products.

EBIT for the first quarter of the year at €223m (-14.8% y/y).

**INSURANCE SERVICES – RESILIENT BUSINESS, HIGHER VOLUMES VERSUS Q1-19
OFFSETTING REDUCED CUSTOMER ACTIVITY IN MARCH**

€m	Q1 19	Q1 20	YY%
SEGMENT REVENUES	337	355	+5.1%
<i>Life (inc. Private Pension Plan)</i>	300	319	+6.1%
<i>P&C</i>	37	36	-3.7%
INTERSEGMENT REVENUES	0	0	-85.7%
TOTAL REVENUES	338	355	+5.0%
EBIT	151	187	+24.0%
EBIT Margin (%)	44.7%	52.8%	-
NET PROFIT	105	131	+24.1%
KPI's			
Gross Written Premiums (€m)	5,989	4,599	-23.2%
GWP - Life + Private Pension Plans (€m)	5,910	4,522	-23.5%
GWP - P&C (€m)	79	77	-3.0%

Insurance segment revenues were up 5.1% y/y to €355m. Life revenues up 6.1%, as a result of increasing volumes and product margins compared to last year. This was due to positive inflows and higher profitability products sold over 2019, such as the multiclass insurance products more than compensating lower upfront fees due to limited commercial activity in

March.

Going forward, in life insurance we will renew focus on multiclass and accumulation products with gradual risk exposure, already successfully distributed in February. In P&C, customers' increasing protection needs will be addressed with our modular offer, which already received positive feedback when launched, one week prior to lockdown.

EBIT for the first quarter of the year reached €187m (+24% y/y).

At the end of March 2020, Poste Vita Group's Solvency II Ratio stood at 226% up from 214% in the first quarter of 2019 (276% at the end of 2019). Lower risk-free rates, higher BTP-Bund Spread and wider corporate and high yield spreads negatively affected the ratio, mitigated by Currency Volatility Adjustment. Transitional measures provide additional 33 p.p. to absorb market volatility. The ratio remains above the 200% managerial ambition through the cycle.

RECENT EVENTS AND BUSINESS OUTLOOK

The current health emergency, due to the spread of Coronavirus, will strongly influence the economic and social context's evolution in the coming months and so far, it is not possible to precisely outline what will be the "new normal" and when it will actually begin. As a result it is not possible to make realistic forecasts on the economic and financial evolution of the Group during 2020.

Amid the health and humanitarian emergency caused by Covid-19 in recent months, the Group's priority from the outset has been to protect the health of its employees and customers, supporting communities and national institutions in the management of the crisis, guaranteeing a continuous level of public utility services on a national scale. The remarkable organisational and economic effort made in March has enabled the Group to adapt the post office and delivery network to new health and safety standards, often anticipating the Government's instructions, to guarantee business continuity for the Company, which has been and is an asset for Institutions during emergency management and has established Poste Italiane as a reference point for all national companies in what will be the "new normal".

Poste Italiane has faced the crisis and is ready to deal with the new context by leveraging its nature as a systemic company, an essential backbone for the operational continuity of the Country, especially in times of emergency.

The diversified business model highlights segments impacted by the lockdown, but also rising segments, such as parcels, where demand has received a strong boost from e-commerce orders. The Group's digital properties (website and APPs) and third-party networks ensure services even outside the post office network. Cash flow generation has remained strong and the Group continues to hold significant net cash. Poste has tackled the emergency on the basis of an extremely low level of financial debt and, consequently, limited financial expenditure forecasts for the two-year period 2020/21. The capacity to draw on existing credit lines, most of which are still largely unused, remains vast.

BancoPosta and Poste Vita both enjoy high levels of capital, as demonstrated by BancoPosta's CET1 and Poste Vita's Solvency II Ratio. BancoPosta's business model, whose investments are limited to the subscription of Italian sovereign bonds, is resilient to credit risk

fluctuations, as well as being capital light.

In the Mail, Parcels and Distribution segment, the emergency has led to a sharp acceleration towards the future, albeit on the basis of trends already outlined: the decline in mail and the growth in parcels linked to e-commerce, with particular reference to the "inbound" segment from China, where the Group, thanks to international initiatives implemented over time, already has a strong market position.

In the area of Financial Services, the Group will continue to support Institutions, also by proactively agreeing on the implementation of all measures useful for emergency management, as it did in March for the advance payment of pensions. The Group is also adapting its go to market model to the standards of the "new normal", and intends to launch in the second quarter of the year a "remote" advisory model for the placement of life insurance policies and, after implementing the necessary regulatory adjustments, also of postal savings. This option, appropriately supported by post office advisory, represents an alternative for those customers who are most exposed to risk and for whom it is appropriate to limit their presence at the post office. Moreover, Poste Italiane, in partnership with a leading banking institution, offers BancoPosta customers with a salary credit the possibility to receive in advance, at no additional cost, the ordinary and exceptional furlough payments, as well as the ordinary state subsidy payments, provided for events related to the epidemiological emergency by Covid-19, by articles 19 to 22, Decree Law no. 18 of 17 March 2020.

Insurance Services will focus on the multi-class offer, expanding the range through the launch of a policy with limited and gradual exposure to risk, with the aim of safeguarding returns on our clients' investment from market volatility, which was particularly marked in March.

Also in the Payments and Mobile segment a natural evolution of the offer towards full digital solutions is expected to accelerate: during the second quarter, it will be possible to request a Postepay Evolution online, with the subsequent home delivery of cards, while in the second half of 2020, a fully digital prepaid card will be launched, which can be requested in the Postepay App and then made available and used through e-wallets.

In terms of costs and investments, the Group has implemented a broad and strict reduction and revision program, with the main objective of achieving structural savings in the medium and long term and reviewing its planning from a new perspective. Moreover, during the month

of April, the Group suspended all expenses for consultancy and professional services. In the same direction, it was decided to reduce by 50% the percentage of the 2020 MBO bonus attributable to the entire management (over 1,300 beneficiaries).

Amid the emergency, the Group activated smart working in record time for all applicable resources (over 15,000). This measure will be confirmed for the coming months and further work is underway to make smart working an integral part of the way of working at Poste Italiane, to the benefit and support of employees, with positive impacts on productivity and cost discipline.

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:

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.

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.

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

EXPLANATORY NOTES ON ADJUSTED FIGURES

	Q1 19	Q1 20	Q/Q%
REPORTED REVENUES	2,842	2,755	-3.0%
GROSS CAPITAL GAINS ON INVESTMENT PORTFOLIO	261	291	
VISA - FAIR VALUE VALUATION/FAIR VALUE HEDGE	12	8	
ADJUSTED REVENUES	2,569	2,456	-4.4%
REPORTED COSTS	2,225	2,315	+4.0%
CAPITAL LOSSES ON INVESTMENT PORTFOLIO	0	57	
EARLY RETIREMENT INCENTIVES	3	1	
VISA - FAIR VALUE VALUATION/FAIR VALUE HEDGE	4	11	
ADJUSTED COSTS	2,218	2,246	+1.3%
REPORTED EBIT	617	441	-28.6%
ADJUSTED EBIT	351	211	-40.0%
REPORTED NET PROFIT	439	306	-30.2%
ADJUSTED NET PROFIT	247	143	-42.2%

Composition of net financial position* (€m):

	MAIL, PARCEL & DISTRIBUTION	PAYMENTS, MOBILE & DIGITAL	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 31 March 2020						
Financial liabilities	3,488	5,863	90,001	325	(8,115)	91,562
Technical reserves for the insurance business	0	0	0	136,584	0	136,584
Financial assets	(1,377)	(6,107)	(84,984)	(137,236)	7,373	(222,331)
Technical reserves attributable to reinsurers	0	0	0	-55	0	(55)
Cash and deposits attributable to BancoPosta	0	0	(4,622)	0	0	(4,622)
Cash and cash equivalents	(1,321)	(29)	(1,789)	(2,345)	730	(4,754)
Net Financial Position*	790	(273)	(1,394)	(2,727)	(12)	(3,616)
Balance at 31 December 2019						
Financial liabilities	3,061	5,539	78,219	295	(7,598)	79,516
Technical reserves for the insurance business	0	0	0	140,261	0	140,261
Financial assets	(1,395)	(5,645)	(77,078)	(141,936)	7,120	(218,934)
Technical reserves attributable to reinsurers	0	0	0	(58)	0	(58)
Cash and deposits attributable to BancoPosta	0	0	(4,303)	0	0	(4,303)
Cash and cash equivalents	(851)	(96)	(518)	(1,161)	477	(2,149)
Net Financial Position*	815	(202)	(3,680)	(2,599)	(1)	(5,667)

* Net financial position: (Surplus) / Net debt

TABLES

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (€M)

ASSETS	at 31 March 2020	at 31 December 2019
Non-current assets		
Property, plant and equipment	1,971	2,015
Investment property	43	44
Intangible assets	644	648
Right-of-use assets	1,222	1,254
Investments accounted for using the equity method	613	617
Financial assets	189,457	194,207
Trade receivables	5	5
Deferred tax assets	1,770	1,199
Other receivables and assets	3,636	3,729
Technical provisions attributable to reinsurers	55	58
Total	199,416	203,776
Current assets		
Inventories	144	140
Trade receivables	2,815	2,166
Current tax assets	58	52
Other receivables and assets	826	938
Financial assets	32,874	24,727
Cash and deposits attributable to BancoPosta	4,622	4,303
Cash and cash equivalents	4,754	2,149
Total	46,093	34,475
Non-current assets and disposal groups held for sale	-	-
TOTAL ASSETS	245,509	238,251
LIABILITIES AND EQUITY	at 31 March 2020	at 31 December 2019
Equity		
Share capital	1,306	1,306
Reserves	1,345	2,646
Own shares	(40)	(40)
Retained earnings	6,109	5,786
Equity attributable to owners of the Parent	8,720	9,698
Equity attributable to non-controlling interests	1	-
Total	8,721	9,698
Non-current liabilities		
Technical provisions for insurance business	136,584	140,261
Provisions for risks and charges	498	501
Employee termination benefits	1,065	1,135
Financial liabilities	16,038	13,964
Deferred tax liabilities	978	887
Other liabilities	1,495	1,525
Total	156,658	158,273
Current liabilities		
Provisions for risks and charges	777	717
Trade payables	1,557	1,627
Current tax liabilities	382	274
Other liabilities	1,890	2,110
Financial liabilities	75,524	65,552
Total	80,130	70,280
Liabilities related to assets held for sale	-	-
TOTAL EQUITY AND LIABILITIES	245,509	238,251

CONSOLIDATED STATEMENT OF NET PROFIT (LOSS) (€M)

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Revenue from Mail, Parcels & other	771	880
Revenue from Payments & Mobile	165	140
Revenue from Financial Services	1,464	1,484
Revenue from Insurance Services after movements in technical provisions and other claims expenses	355	338
Insurance premium revenue	4,576	5,952
Income from insurance activities	738	1,751
Net change in technical provisions for insurance business and other claims expenses	(2,589)	(7,304)
Expenses from insurance activities	(2,370)	(61)
Net operating revenue	2,755	2,842
Cost of goods and services	569	528
Expenses from financial activities	84	13
Personnel expenses	1,404	1,438
Depreciation, amortisation and impairments	203	188
Capitalised costs and expenses	(8)	(5)
Other operating costs	48	53
Impairment loss/(reversal) on debt instruments, receivables and other assets	14	10
Operating profit/(loss)	441	617
Finance costs	23	23
Finance income	25	25
Impairment loss/(reversal) on financial instruments	-	-
Profit/(Loss) on investments accounted for using the equity method	4	4
Profit/(Loss) before tax	447	623
Income tax expense	141	184
NET PROFIT FOR THE PERIOD	306	439
of which, attributable to owners of the Parent	306	439
of which, attributable to non-controlling interests	-	-
Earnings per share	0.236	0.338
Diluted earnings per share	0.236	0.338

CONSOLIDATED STATEMENT OF CASH FLOWS (€M)

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Unrestricted net cash and cash equivalents at beginning of period	1,265	1,639
Unrestricted net cash and cash equivalents at beginning of period	884	1,556
Cash and cash equivalents at beginning of period	2,149	3,195
Cash and cash equivalents at beginning of period	2,149	3,195
Profit/(loss) for the period	306	439
Depreciation, amortisation and impairments	203	188
Losses and impairments/(recoveries) on receivables	14	8
(Gains)/Losses on disposals	(1)	-
(Increase)/decrease in inventories	(3)	(2)
(Increase)/decrease in receivables and other assets	(500)	(541)
Increase/(decrease) in payables and other liabilities	(181)	(54)
Movement in provisions for risks and charges	58	16
Movement in provisions for employee termination benefits and pension plans	(46)	(48)
Differences in accrued finance costs and income (cash correction)	14	14
Other changes	39	30
Net cash flow generated by/(used in) non-financial operating activities [a]	(97)	50
Increase/(decrease) in liabilities attributable to financial, payments, cards and acquiring, insurance activities	9,842	5,503
Net cash generated by/(used for) financial assets attributable to financial, payments, cards and acquiring, insurance activities	(7,699)	(7,753)
(Income)/Expenses and other non-cash components	881	(2,006)
Increase/(decrease) in net technical provisions for insurance business	(712)	2,905
Cash generated by/(used for) financial assets and liabilities attributable to financial, payment, cards and acquiring, insurance activities [b]	2,312	(1,351)
Net cash flow from/(for) operating activities [c]=[a+b]	2,215	(1,301)
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(97)	(65)
Investments	-	(1)
Other financial assets	-	(50)
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	1	-
Other financial assets	6	25
Net cash flow from/(for) investing activities [d]	(90)	(91)
Proceeds from/(Repayments of) borrowings	479	(71)
(Purchase)/disposal of own shares	-	(40)
Other transactions with non-controlling interests	1	-
Net cash flow from/(for) financing activities and shareholder transactions [e]	480	(111)
Net increase/(decrease) in cash [f]=[c+d+e]	2,605	(1,503)
Cash and cash equivalents at end of period	4,754	1,692
Cash and cash equivalents at end of period	4,754	1,692
Restricted net cash and cash equivalents at the end of period	(2,736)	(1,264)
Unrestricted net cash and cash equivalents at end of period	2,018	428

Poste Italiane presents its quarterly financial reports on a voluntary basis, with a focus on business highlights in compliance with art. 82-ter of the CONSOB Issuers Regulations (as amended by CONSOB Resolution no. 19770 of 26 October 2016), which gives listed companies whose Member State of origin is Italy, the faculty to voluntarily publish additional periodic financial information besides their annual and half-yearly reports.

The document containing the Interim Financial Report as of 31 March 2020 will be published by 15 May 2020, 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, Alessandro Del Gobbo, 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 31 March 2020 (unaudited).

Rome, 13 May 2020

Forward looking statements and other important information

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.

This document does not constitute a recommendation regarding the securities of the Company; it does not contain an offer to sell or a solicitation of any offer to buy any securities issued by Poste Italiane or any of its Group companies or other forms of financial assets, products or services.

Except as may be required by applicable law, Poste Italiane denies any intention or obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances after the date of this presentation.

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

Numbers in the document may not add up only due to roundings.

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