

POSTE ITALIANE CONSOLIDATING THE ITALIAN MAIL MARKET

Rome, November 16, 2020



ACQUISITION OF NEXIVE, SECOND PLAYER IN THE ITALIAN MAIL MARKET, UNDER ART. 75 OF LAW DECREE N. 104

CONCENTRATION ENSURES LONG-TERM SUSTAINABILITY OF NATIONAL POSTAL SERVICE – EVEN MORE RELEVANT AFTER LOCKDOWN IMPACT

ITALY CONVERGING TOWARDS THE EUROPEAN STANDARD OF A NATIONAL CHAMPION – COMPARABLE TO THE MOST RECENT TRANSACTION IN THE NETHERLANDS

CONSOLIDATION WOULD ENSURE ECONOMIES OF SCALE, ENABLING THE IMPROVEMENT OF OVERALL SERVICE QUALITY OF THE MARKET, WHILE PRESERVING WORKFORCE LEVELS

PENDING FULFILMENT OF CERTAIN CONDITIONS AND OF THE PROCEDURE UNDER ART. 75 SIGNING AND CLOSING ARE EXPECTED BY END OF JANUARY 2021



LAW PROVISION

- On August 14 the Italian Government **passed a law decree bearing “Urgent measures to support employment and the economy”**
- The law decree was converted into law on October 13, 2020



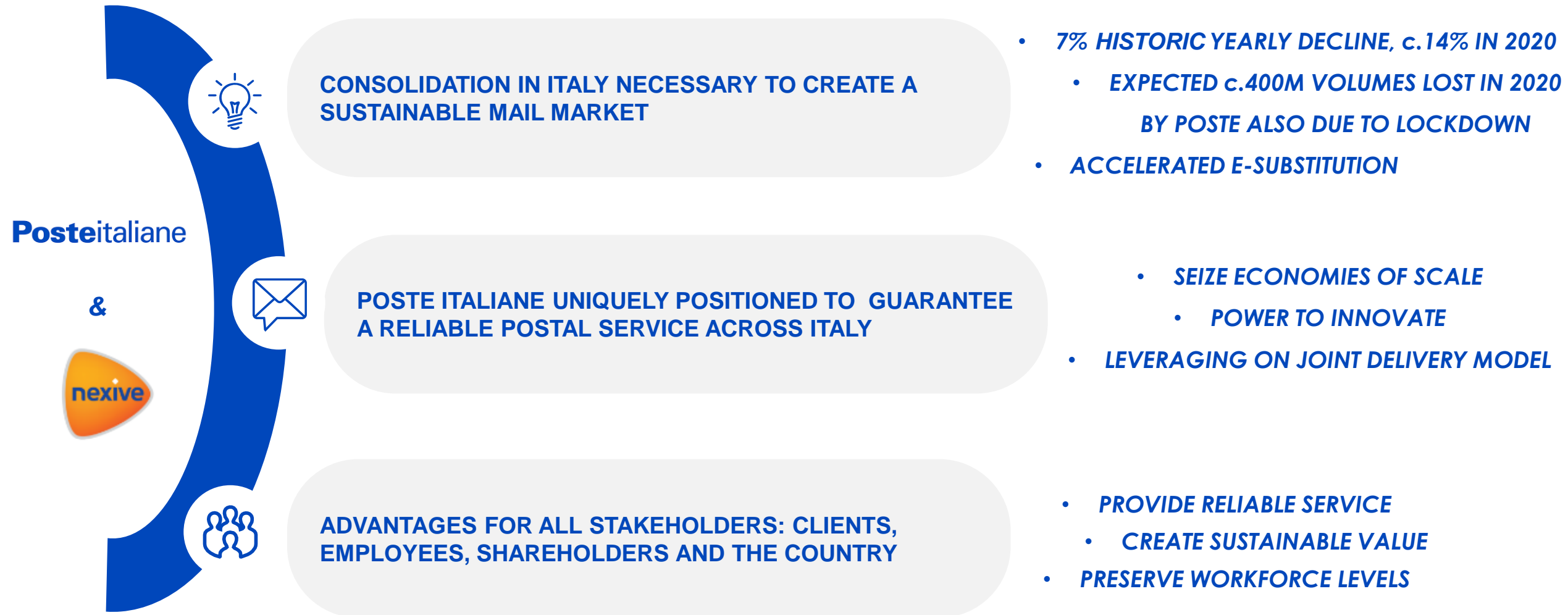
SCOPE

- Art 75 of the law decree allows certain **concentrations which respond to relevant general interest of the national economy**, regarding companies that:
 - operate in **markets characterized by the presence of labor intensive services** or of **general economic interest**
 - **have recorded losses for the last three financial years**
 - **could cease their activity also as result of health emergency**



PROCESS

- Art. 75 prescribes **that such concentrations are deemed approved, with prior notification to the AGCM² of measures to prevent the risks of burdensome effects for final users**
- The AGCM, **no later than 30 days from the notification, could prescribe further measures, also taking into account the overall sustainability of the concentration**



ITALIAN MAIL MARKET: HIGHER FRAGMENTATION, LOWER VOLUMES AND COMPLEX TERRITORY

MAIL MARKET (2019)

Mail per capita (#)

171

153

144

56

116

47

N. of postal operators

1,200

12

22

1,800

26

3,000

Volumes (#bn)

14.2

10.3

9.3

2.6

2.0

2.8



POSTAL OPERATORS (2019)

CAGR (2012-2019)

-3%

-4%

-5%

-6%

-9%

-7%

Market share
(%, volumes)

85%

99%

97%

97%

99%¹

82%

Volumes (#bn)

12.1

10.2

9.1

2.4

2.0

2.3

Deutsche Post

Royal Mail

LA POSTE

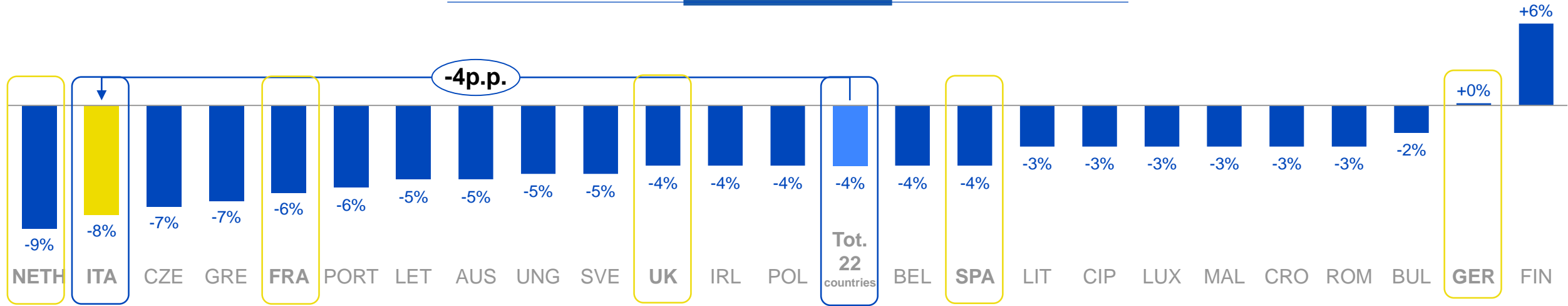
CORREOS

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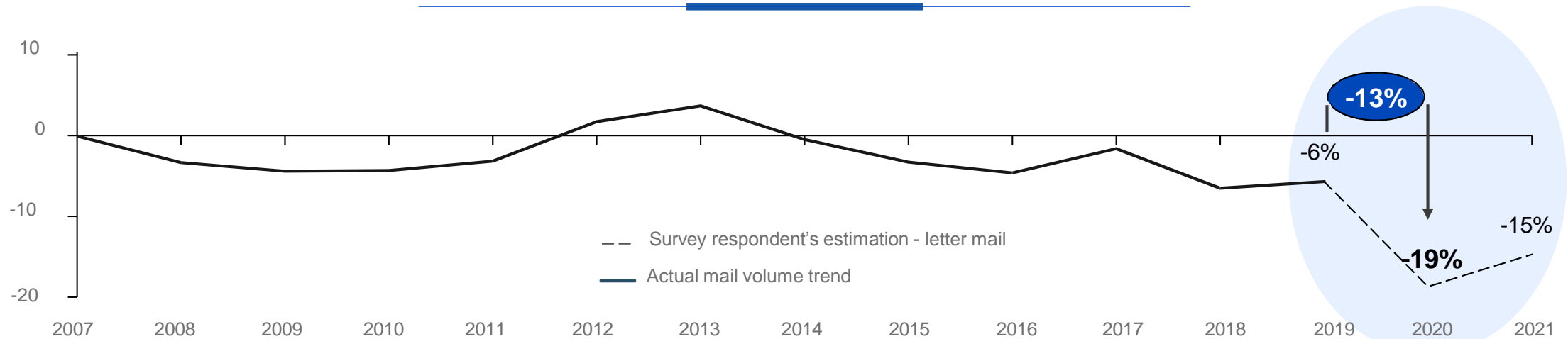
ITALIAN MAIL MARKET: UNDERMINED BY SIGNIFICANT DROP IN MAIL VOLUMES ACCELERATED BY LOCKDOWN

AVG. YEARLY % MAIL VOLUME DECLINE/ GROWTH (CAGR 2013-2018)



Source: European Commission

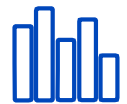
EUROPEAN YEARLY % MAIL VOLUME DECLINE/ GROWTH



Source: Copenhagen Economics and UPU – Survey Principali Operatori Europei - Mnrli

POSTE ITALIANE/ MAIL AND PARCELS

NEXIVE



REVENUES

€3.5BN

c.€200M



**MAIL
VOLUMES
& MARKET SHARE¹**

**2.7BN
82%**

**c.0.35BN
12%**



**PARCEL
VOLUMES
& MARKET SHARE**

**148M
22.8%**

**c.8M
1.2%**



EMPLOYEES

c.51,000

**c.1,300
(+ c.5,000 delivery partners)**



EXPECTED TIMELINE

- **November 16:** signature of Heads of Agreement and filing with AGCM under art. 75
- **30 days:** AGCM deadline to potentially prescribe further measures
- **By end of January 2021:** expected signing and closing, subject to fulfilment of the relevant conditions and the procedure under art. 75



VALUATION & FUNDING

- **Nexive valued at € 60m enterprise value** with the support of Lincoln International
- **Final price to be determined upon completion of the due diligence process**
- **Total consideration entirely funded by cash at hand**



FINANCIAL IMPACTS

- Seize **economies of scale**
- **Positive impact on** expected timing of **Mail, Parcel and Distribution breakeven**

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APPENDIX

POSTNL AND SANDD¹

- February 25, 2019:
Deal announcement
- October 1, 2019:
Deal closing
- February 1, 2020:
Integration completed

			
Employees	38,000	19,000	57,000
Postal deliverers	18,000	16,000	34,000
Mail volumes	1,781m	720m	2,501
Mail volumes Market share (%)²	75%	21%	96%
Domestic Mail Revenues	€1,678m	€201m	€1,879m

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