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Identificativo : 142569
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Regolamentata
Nome utilizzatore : POSTEN03 - Fabio Ciammaglichella
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Oggetto : POSTE ITALIANE Q4 & FY-20
PRELIMINARY RESULTS

Testo del comunicato

Vedi allegato.

POSTE ITALIANE Q4 & FY-20 PRELIMINARY RESULTS:**FY-20 ROBUST NET PROFIT AT €1.2BN****€0.486 DIVIDEND (+5% Y/Y)****Q4-20 REVENUES UP 1.4% TO €3.0BN****Q4-20 STRONG OPERATING PROFIT, UP 19.6%, REACHING €280M, WITH POSITIVE CONTRIBUTIONS FROM ALL SEGMENTS****OVER 210M PARCEL VOLUMES, MORE THAN DOUBLING SINCE 2016****Q4-20 CONTINUED PARCEL REVENUE GROWTH FOR THE FIRST TIME MORE THAN OFFSETTING MAIL DECLINE****FY-20 RECORD TFAs OF €569BN, WITH RETAIL NET INFLOWS OF €15.0BN****POSTAL SAVINGS LOWEST OUTFLOWS SINCE 2012****Q4-20 PAYMENTS AND MOBILE REVENUES UP 15.2% Y/Y****ONE-THIRD OF TOTAL TRANSACTIONS NOW ON DIGITAL CHANNELS AND THIRD-PARTY NETWORK**

- Q4-20 REVENUES AT €3.0BN, +1.4% Y/Y (-4.0% FY/FY TO €10.5BN IN FY-20) POSTING TANGIBLE RECOVERY SIGNS:
 - Q4-20 MAIL, PARCEL & DISTRIBUTION REVENUES AT €950M, +1.4% Y/Y (-8.3% FY/FY AT €3.2BN IN FY-20) WITH RECORD HIGH PARCEL REVENUE GROWTH FULLY OFFSETTING MAIL DECLINE;
 - Q4-20 PAYMENTS & MOBILE REVENUES AT €215M, +15.2% Y/Y (+11.1% FY/FY AT €737M IN FY-20) WITH ACCELERATED CARD AND DIGITAL PAYMENTS AND RESILIENT TELCO REVENUES;
 - Q4-20 FINANCIAL SERVICES REVENUES AT €1.3BN, -0.1% Y/Y (-3.7% FY/FY AT €4.9BN IN FY-20) SUPPORTED BY STRONG NET INFLOWS;
 - Q4-20 INSURANCE SERVICES REVENUES AT €451M, +0.1% Y/Y (-1.6% FY/FY AT €1.6BN IN FY-20) WITH POSITIVE NET INFLOWS SUPPORTED BY A SUCCESSFUL MULTICLASS INSURANCE OFFER.
- Q4-20 COSTS AT €2.7BN, -0.2% Y/Y (-2.0% FY/FY AT €9.0BN IN FY-20); EFFECTIVE COST MANAGEMENT ACTIONS IN Q4-20, NET OF €25M EMERGENCY ONE-OFFS AND INCREASING

EARLY RETIREMENT CHARGES (+€94M VS Q4-19) TO ACCELERATE BUSINESS TRANSFORMATION;

- FY-20 HR COSTS AT €5.2BN (-6.4% Y/Y) EMBEDDING STRUCTURAL SAVINGS; NON-HR COSTS AT €3.2BN (+5.3% Y/Y) DOWN €136M EXCLUDING ONE-OFF EMERGENCY RELATED COSTS (€106M) AND HIGHER BUSINESS-DRIVEN COSTS IN PARCELS AND TELECOM DUE TO ACCELERATING KEY TRENDS;
- Q4-20 EBIT AT €280M, +19.6% Y/Y (-14.1% FY/FY AT €1.5BN IN FY-20) SUPPORTED BY ALL BUSINESSES;
- Q4-20 NET PROFIT AT €308M, +18.7% Y/Y (-10.2% FY/FY AT €1.2BN IN FY-20) BENEFITTING FROM €96M POSITIVE INCOME TAX ONE-OFF;
- TFAs UP €33BN FOR THE YEAR TO €569BN WITH RECORD RETAIL NET INFLOWS OF €15.0BN, SOLID FOUNDATIONS FOR FUTURE COMMERCIAL ACTIVITY;
- STRONG CAPITAL POSITION: BANCOPOSTA CET1 RATIO AT 17.8% AND POSTE VITA GROUP SOLVENCY II RATIO AT 279%.

Q4 & FY 2020 Operational Segment Highlights

- **Mail, Parcel & Distribution:** Impressive growth in parcel volumes (B2C +60%; B2B +11% and C2X +17%) with unprecedented performance in Q4-20; parcel revenues more than offsetting mail decline in the quarter. In 2020 parcels delivered by *Postini* reached 74m (+43.6% fy/fy) and 21m in the quarter (+48.8% y/y). FY-20 parcel revenues at €1.2bn, now representing 38% of combined Mail & Parcel revenues (+12% fy/fy);
- **Payments & Mobile:** Digital payments accelerated in Q4-20. Postepay Evolution stock reached 7.7 million cards and e-commerce card transactions grew an impressive 58.9% to 397m, with higher activities on Poste's digital channels. In 2020 e-wallets at 7.4m (+35.9% fy/fy) thanks to increased usage of the Postepay app; growing telco services thanks to a loyal customer base;
- **Financial Services:** Resilient operating performance, successfully navigating a challenging year; rising product-sales supported by commercial focus, with strong €17.8bn net inflows since December 2019; renewed focus on postal savings resulting in record net inflows since 2012 of -€0.6bn;
- **Insurance Services:** Continued increase of life multiclass products, targeting evolving customer needs and characterized by capital-light features. Modular offer grew steadily on personal and property protection, confirming its key role in strengthening the P&C commercial offer. Non-life revenues were down on lower CPIs, mitigated by higher sales of welfare and health protection products.

POSTE ITALIANE CONTINUES TO DELIVER VALUE AND SUPPORT TO ALL STAKEHOLDERS. OUR STATUS OF SYSTEMIC PLAYER IN ITALY DEFINES OUR PURPOSE AND THE WAY WE DELIVER OUR STRATEGY.

2020 ACHIEVEMENTS

- Focused on serving customers and delivering results on strategic priorities
- Helped customers throughout the Covid-19 emergency, ensuring at least one post office open in even the smallest Italian municipality at the peak of the first severest lockdown
- Delivered over 1 billion PPEs across Italy thanks to our unparalleled logistic network
- Issued over 12 million digital IDs, enabling remote access to public administration platforms and services
- Grew in B2C and C2X segments
- Continued technology-enabled transformation, delivering improved services creating value for customers
- Reinforced focus on digital and in-app payments through cross-selling between mobile and payments solutions
- Leveraged on cost discipline to adapt to a challenging market environment
- Demonstrated financial strength and ongoing commitment to sustain long-term operating profitability
- Took advantage of technological disruption to capture societal attitudes rapidly adapting business models

2020 ESG RECOGNITIONS

- "S&P Global Sustainability " Silver Class for excellence in its sustainability performance, confirming its presence in the 2021 edition of the Sustainability Yearbook
- Brand Finance "Global 500" Top 50 ranking 2021
- "Top Employer" award for the second consecutive year from the global Top Employers Institute
- Bloomberg Gender Equality Index (GEI) recognition for the second consecutive year
- MSCI ESG "A" rating assigned (an improvement on the previous year's "BBB" level)
- CDP (Carbon Disclosure Project) "A-"rating, gaining entrance to the "Leadership" category in the fight against climate change

Rome, 17 February 2021, yesterday, the Board of Directors of Poste Italiane S.p.A. (“Poste Italiane” or the “Group”), chaired by Maria Bianca Farina, approved the consolidated FY 2020 Results, prepared in compliance with IAS/IFRS. Final approval of the 2020 financial statements by the Board of Directors is foreseen on 24 March 2020, the authorisation date of reporting pursuant to IAS 10 of any events after the closure of the financial year. The data and information contained in this document is therefore based on provisional estimates, currently under verification, and have not been audited.

Matteo Del Fante, Poste Italiane Chief Executive Officer and General Manager, commented:

“Poste Italiane reported solid results in the fourth quarter, with all segments contributing to positive operating profitability progression, setting stable foundations for future growth in all our businesses. Parcel volumes at over 210 million have more than doubled since 2016 and for the first time, parcel revenues increase have more than offset mail revenue decline, confirming parcels as a strategic pillar for the sustainability of the logistics business going forward. Our renewed focus on postal savings also allowed us to achieve a record result, with the lowest net outflows since 2012. During this challenging year we fully benefited from our diversified business model and further strengthened the trust from our customers thanks to the hard work and dedication of our employees. Despite the first, harshest lockdown severely affecting operations for a quarter of the year, the resilience of operations in 2020 led to a net profit of 1.2 billion euro. As a result, our intention is to propose a 0.486 euro dividend, with a 5 percent increase year on year.

We provided unremitting support to our communities, by distributing vaccines and PPEs, by ensuring new ways for our customers to safely carry out their day-to-day transactions, leveraging our state-of-the-art IT platform to provide new services.

Continuing to contribute to a steady recovery from the pandemic remains a priority for us, alongside maintaining financial integrity and keeping our customers and colleagues safe.

We have achieved strong results, while advancing on our strategic priorities. We have streamlined our consumer business and embraced the shift to digital in order to serve our clients the way they want to be served. Now, more than ever, Poste Italiane is seen by Italians as the go-to institution.

We are ready to face the future, leveraging on the strengths of our business supported by our strategic vision, which has already been proven correct in anticipating key emerging trends.”

POSTE ITALIANE Q4 & FY 2020 Results

Wednesday 17 February 2020 - 14:30 CET

To attend the event click here:

Poste Italiane Q4 & FY 2020 Results Webcast

A listen only audio conference is also available:

+39 02 8020927 (Listen-only, Italy)

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
GROUP						
Revenues ¹	2,924	2,964	+1.4%	10,960	10,526	-4.0%
Adjusted Revenues	2,839	2,834	-0.2%	10,609	10,164	-4.2%
EBIT	234	280	+19.6%	1,774	1,524	-14.1%
Adjusted EBIT	477	554	+16.2%	1,765	1,564	-11.4%
Net Profit	259	308	+18.7%	1,342	1,206	-10.2%
Adjusted Net Profit	380	408	+7.4%	1,281	1,158	-9.6%
MAIL, PARCEL & DISTRIBUTION						
External Revenues	937	950	+1.4%	3,492	3,201	-8.3%
EBIT	(351)	(344)	+1.9%	(347)	(588)	-69.5%
Adjusted EBIT	(89)	(26)	+70.9%	(272)	(445)	-63.5%
Net Profit	(296)	(242)	+18.1%	(306)	(419)	-36.8%
PAYMENTS & MOBILE						
External Revenues	187	215	+15.2%	664	737	+11.1%
EBIT	61	63	+3.0%	241	259	+7.3%
Net Profit	138	49	-64.7%	272	194	-28.6%
FINANCIAL SERVICES						
External Revenues	1,351	1,349	-0.1%	5,135	4,945	-3.7%
External Adjusted Revenues ¹	1,265	1,218	-3.7%	4,784	4,583	-4.2%
EBIT	248	287	+15.8%	874	866	-1.0%
Adjusted EBIT	228	242	+6.2%	790	761	-3.6%
Net Profit	200	240	+19.9%	640	647	+1.1%
Adjusted Net Profit	186	186	-0.1%	577	569	-1.4%
INSURANCE SERVICES						
External Revenues	450	451	+0.1%	1,669	1,643	-1.6%
EBIT	276	274	-0.6%	1,006	988	-1.8%
Net Profit	218	262	+20.2%	737	784	+6.4%

1. Revenues differ from previously communicated figures as revenues are now presented net of interest income charges and capital losses on investment portfolio, which were previously included among costs. As a result, figures for 2019 have been restated

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 and consolidated statement of profit/(loss), are attached to this release.

MAIL, PARCEL & DISTRIBUTION – IMPROVING EBIT IN Q4-20 – RECORD HIGH PARCEL REVENUE GROWTH FULLY OFFSETTING MAIL DECLINE

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
SEGMENT REVENUES	937	950	+1.4%	3,492	3,201	-8.3%
INTERSEGMENT REVENUES	1,219	1,253	+2.8%	4,723	4,633	-1.9%
TOTAL REVENUES	2,156	2,203	+2.2%	8,215	7,833	-4.6%
EBIT	(351)	(344)	+1.9%	(347)	(588)	-69.5%
Adjusted EBIT	(89)	(26)	+70.9%	(272)	(445)	-63.5%
EBIT Margin (%)	-16.3%	-15.6%	n.m.	-4.2%	-7.5%	n.m.
NET PROFIT	(296)	(242)	+18.1%	(306)	(419)	-36.8%
KPI's						
Mail Volumes (#m)	695	603	-13.2%	2,735	2,280	-16.7%
Parcels delivered by mailmen (#m)	14	21	+48.8%	52	74	+43.6%
Parcel Volumes (#m)	44	70	+58.9%	148	210	+41.7%
B2C Revenues (€m)	125	205	+63.4%	383	603	+57.3%

In Q4 Mail, Parcel & Distribution segment revenues are up 1.4% y/y to €950m (-8.3% fy/fy to €3.2bn in FY-20) with parcel revenue growth fully mitigating mail decline. Intersegment distribution revenues are up 2.8% y/y to €1.3bn (-1.9% fy/fy to €4.6bn in FY-20) from the upswing of commercial activities across the network.

In Q4 parcel revenues are up 56% y/y to €395m (+36% fy/fy to €1.16bn in FY-20), boosted by remarkable double-digit volume growth in all segments. B2C volumes are up 77% to 52m (+60% fy/fy to 149m in FY-20); B2B volumes up 25% to 12m (+11% fy/fy to 38m in FY-20) whilst C2X volumes up 37% to 2m (+17% fy/fy to 6m in FY-20).

Successful operational transformation continues to strengthen Poste's logistic value-chain. In 2020, a total of 210 million parcels were delivered (+41.7% fy/fy) with *Postini* delivering an unprecedented 74 million parcels, up 44% compared to 2019. A record number of average daily parcels delivered was reached in December at 1.3m parcels per day with solid inflows from international markets.

Segment EBIT in Q4 is up 1.9% to € -344m (-69.5% fy/fy to €-588m in FY-20) notwithstanding one-off costs to face the emergency and higher early retirement charges supporting transformation.

PAYMENTS & MOBILE – ACCELERATED DIGITAL PAYMENTS FUELS OUTSTANDING PERFORMANCE

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
SEGMENT REVENUES	187	215	+15.2%	664	737	+11.1%
<i>Cards Payments</i>	91	110	+20.1%	338	374	+10.5%
<i>Other Payments</i>	29	32	+10.6%	86	79	-7.5%
<i>Telecom</i>	67	74	+10.3%	240	284	+18.6%
INTERSEGMENT REVENUES	94	81	-13.5%	375	341	-9.0%
TOTAL REVENUES	280	296	+5.6%	1,039	1,079	+3.8%
EBIT	61	63	+3.0%	241	259	+7.3%
EBIT Margin (%)	21.9%	21.3%	n.m.	23.2%	24.0%	n.m.
NET PROFIT	138	49	-64.7%	272	194	-28.6%
KPI's						
Postepay cards (#m)	-	-	-	21.5	21.7	+1.1%
<i>of which Postepay Evolution cards(#m)</i>	-	-	-	7.2	7.7	+6.9%
Total payment cards transactions (#bn)	-	-	-	1.4	1.6	+8.5%
<i>of which eCommerce transactions (#m)</i>	-	-	-	249.9	397.0	+58.9%
Mobile & land-line (#m)	-	-	-	4.4	4.6	+4.7%
Digital e-Wallets (#m)	-	-	-	5.4	7.4	+35.9%

In Q4 Payments and Mobile segment revenues contribute to an impressive 15.2% y/y increase to €215m in total revenues. In particular, Card payments are up 20.1% y/y to €110m and Telco up 10.3% y/y to €74m confirming PostePay's leadership in the fast growing digital payments market. The shift towards higher recurring margin Evolution cards continues, with the total number of cards reaching 7.7m (up 6.9% from 2019).

Payments & Mobile FY-20 segment revenues continue their positive trajectory, up 11.1% fy/fy to €737m.

In Q4 Other payments are up 10.6% to €32m (-7.5% fy/fy to €79m in FY-20), mainly related to the tax payment suspension during the year.

Telco revenues up 18.6% fy/fy to €284m in FY-20 supported by a loyal customer base in a highly competitive market.

In FY-20 the number of e-commerce transactions remains high at 397m (+58.9% fy/fy in FY-20).

PosteID (Poste Italiane's National Digital ID solution) in FY-20 has now been adopted by 12.2m clients (+197.3% fy/fy), three times the number recorded at the start of the year.

In Q4 Segment EBIT is up 3.0% y/y to €63m (+7.3% fy/fy to €259m in FY-20), supported by increasing digital payments.

FINANCIAL SERVICES – RESILIENT OPERATING PERFORMANCE, SUCCESSFULLY NAVIGATING A CHALLENGING YEAR

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
SEGMENT REVENUES	1,351	1,349	-0.1%	5,135	4,945	-3.7%
ADJUSTED SEGMENT REVENUES	1,265	1,218	-3.7%	4,784	4,583	-4.2%
INTERSEGMENT REVENUES	171	186	+8.6%	691	665	-3.7%
TOTAL REVENUES	1,522	1,535	+0.8%	5,826	5,610	-3.7%
EBIT	248	287	+15.8%	874	866	-1.0%
ADJUSTED EBIT	228	242	+6.2%	790	761	-3.6%
EBIT Margin (%)	16.3%	18.7%	-	15.0%	15.4%	-
NET PROFIT	200	240	+19.9%	640	647	+1.1%
ADJUSTED NET PROFIT	186	186	-0.1%	577	569	-1.4%
KPI's						
TOTAL FINANCIAL ASSETS - TFAs (€bn)	-	-	-	536	569	+6.1%
Average Current Account Deposits (€m)	-	-	-	61.9	67.4	+8.9%
Average Postal Savings Deposits (€bn)	-	-	-	310.4	315.6	+1.7%
Postal Savings Net Inflows (€m)	571	(146)	n.m.	(3,454)	(572)	+83.4%
Unrealized gains (€m)	-	-	-	1,115	4,653	+317.5%
Product Sales (# m)	-	-	-	8.0	8.2	2.5%

In Q4 Financial Services segment revenues are slightly down 0.1% y/y to €1.3bn (-3.7% fy/fy to €4.9bn in FY-20), while commercial activities continue to recover.

In Q4 postal savings' distribution fees are up 1.0% y/y to €474m (+2.9% fy/fy to €1.9bn in FY-20).

In Q4 interest income is down 3.8% y/y at €374m (-3.1% fy/fy to €1.5bn in FY-20) as a result of higher deposits mitigating the impact of yield compression.

Loan and mortgage distribution fees amount to €48m in Q4-20 down 43% y/y (-39% fy/fy to €191m in FY-20), from reduced market demand.

In Q4 transaction banking fees are down 0.9% y/y to €296m (-9.4% fy/fy to €904m in FY-20), mainly related to lower physical payment slips volumes during lockdown mitigated by a positive non-operating one-off.

Asset management fees remain resilient in Q4-20 at €25m as a result of recurring commissions.

Total Financial Assets reach €569bn at the end of the year (up €32.5bn from December 2019), as a result of €17.8bn net inflows and €14.7bn positive market effect. Deposits also increased by €13bn, confirming a clear preference for liquidity by customers.

In Q4 EBIT is up 15.8% y/y to €287m (-1.0% fy/fy to €866m in FY-20).

INSURANCE SERVICES – FY-20 OPERATING PROFIT STABLE IN A CHALLENGING ENVIRONMENT

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
SEGMENT REVENUES	450	451	+0.1%	1,669	1,643	-1.6%
Life (inc. Private Pension Plan)	408	419	+2.8%	1,511	1,500	-0.7%
P&C	42	31	-25.9%	158	142	-10.0%
INTERSEGMENT REVENUES	0	1	n.m.	1	1	119.2%
TOTAL REVENUES	450	452	+0.3%	1,670	1,644	-1.5%
EBIT	276	274	-0.6%	1,006	988	-1.8%
EBIT Margin (%)	61.3%	60.7%	-	60.2%	60.1%	-
NET PROFIT	218	262	+20.2%	737	784	+6.4%

KPI's						
Gross Written Premiums (€m)	4,064	4,475	+10.1%	17,972	16,898	-6.0%
GWP - Life + Private Pension Plans (€m)	4,010	4,422	+10.3%	17,732	16,661	-6.0%
GWP - P&C (€m)	54	53	-2.6%	240	237	-1.2%

In Q4 Insurance segment revenues are up 0.1% y/y to €451m (-1.6% fy/fy to €1.6bn in FY-20) on the back of the resumption of commercial activities.

Life revenues are up 2.8% y/y to €419m (-0.7% fy/fy to €1.5bn in FY-20) supported by higher sales of multiclass products, representing about 34% of Gross Written Premiums.

Non-life revenues were down on lower sales of CPI policies, mitigated by higher sales of welfare and health protection products.

In Q4 EBIT is slightly down -0.6% y/y to €274m (-1.8% fy/fy to €988m in FY-20)

At the end of 2020, Poste Vita Group's Solvency II Ratio stood at 279%, well above the 200% managerial ambition through the cycle. The ratio increased in the quarter, benefitting from narrower spreads across all asset classes. Transitional measures provide an additional buffer of 32p.p. to absorb potential market volatility going forward.

MAIN EVENTS SUBSEQUENT TO 31 DECEMBER 2020**Nexive Group Srl**

On November 16 2020, a preliminary agreement with the Dutch company PostNL European Mail Holdings B.V. and the German company Mutares Holding – 32 GmbH for the acquisition by Poste Italiane of the entire capital of Nexive Group S.r.l.

On January 29 2021, Poste Italiane completed the acquisition of the entire share capital of Nexive for €34.4 million, based on an Enterprise Value of €50 million and a net debt of €15.6 million.

BNL Finance

On December 23, 2020, Poste Italiane S.p.A. and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the salary and pension backed loans business (“CQ Loans”). The agreement foresees the acquisition by Poste Italiane of a 40% stake in BNL Finance, a BNL BNP Paribas Group company and a key player in the salary and pension backed loans industry in Italy.

The transaction is subject to the approval by regulatory authorities and the closing is expected by the end of the first half of 2021.

Sengi Express

On January 19 2021, Poste Italiane and Cloud Seven Holding Limited signed a binding framework agreement to strengthen their partnership in the e-commerce market between China and Italy. The framework agreement foresees the acquisition by Poste Italiane of a 51% stake in the voting share capital of Sengi Express Limited, a Cloud Seven Holding Limited company, based in Hong Kong. The closing of the transaction is expected by the end of the first quarter of 2021.

Interim Dividend

On November 11 2020, the Board of Directors resolved to pay, as an interim dividend, a share of the ordinary dividend for 2020.

The interim dividend of €0.162 per share, gross of any due withholdings, was paid from November 25 2020. On the basis of 1,300,852,035 ordinary shares in circulation, the total amount of the interim dividend is €211 million.

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.

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

€m	Q4-19	Q4-20	Q/Q%	FY-19	FY-20	Y/Y%
REPORTED REVENUES	2,924	2,964	+1%	10,960	10,526	(4%)
<i>NET CAPITAL GAINS ON INVESTMENT PORTFOLIO</i>	84	131		339	365	
<i>VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE</i>	2	(0)		10	(3)	
<i>VISA - CAPITAL GAIN ON SHARE DISPOSAL</i>	0	0		1	0	
ADJUSTED REVENUES	2,839	2,834	(0%)	10,609	10,164	(4%)
REPORTED COSTS	2,690	2,685	(0%)	9,186	9,002	(2%)
<i>EARLY RETIREMENT INCENTIVES</i>	328	423		342	434	
<i>REAL ESTATE FUNDS PROVISIONS</i>	0	(18)		0	(32)	
ADJUSTED COSTS	2,362	2,280	(3%)	8,844	8,600	(3%)
REPORTED EBIT	234	280	+20%	1,774	1,524	(14%)
ADJUSTED EBIT	477	554	+16%	1,765	1,564	(11%)
<i>IMPAIRMENTS</i>	(42)	0		(42)	19	
REPORTED NET PROFIT	259	308	+19%	1,342	1,206	(10%)
ADJUSTED NET PROFIT	380	408	+7%	1,281	1,158	(10%)

Composition of net financial position* (€m):

	MAIL, PARCEL & DISTRIBUTION	PAYMENTS & MOBILE	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 31 December 2020						
Financial liabilities	5,438	7,459	95,295	304	(10,266)	98,230
Technical reserves for the insurance business	-	-	-	153,794	-	153,794
Financial assets	(1,310)	(7,753)	(92,385)	(155,953)	9,518	(247,883)
Technical reserves attributable to reinsurers	-	-	-	(54)	-	(54)
Cash and deposits attributable to BancoPosta	-	-	(6,391)	-	-	(6,391)
Cash and cash equivalents	(2,254)	(16)	(2,020)	(964)	738	(4,516)
Net Financial Position*	1,874	(310)	(5,501)	(2,873)	(10)	(6,820)
Balance at 31 December 2019						
Financial liabilities	3,061	5,539	77,061	295	(7,598)	78,358
Technical reserves for the insurance business	-	-	-	140,261	-	140,261
Financial assets	(1,395)	(5,645)	(75,920)	(141,936)	7,120	(217,776)
Technical reserves attributable to reinsurers	-	-	-	(58)	-	(58)
Cash and deposits attributable to BancoPosta	-	-	(4,303)	-	-	(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	31 December 2020	31 December 2019
Non-current assets		
Property, plant and equipment	2,134	2,015
Investment property	31	44
Intangible assets	755	648
Right-of-use assets	1,200	1,254
Investments accounted for using the equity method	615	617
Financial assets	217,877	194,207
Trade receivables	2	5
Deferred tax assets	1,123	1,199
Other receivables and assets	3,868	3,729
Technical provisions attributable to reinsurers	54	58
Total	227,659	203,776
Current assets		
Inventories	165	140
Trade receivables	2,373	2,166
Current tax assets	187	52
Other receivables and assets	1,060	938
Financial assets	30,006	23,569
Cash and deposits attributable to BancoPosta	6,391	4,303
Cash and cash equivalents	4,516	2,149
Total	44,698	33,317
TOTAL ASSETS	272,357	237,093
LIABILITIES AND EQUITY		
Equity		
Share capital	1,306	1,306
Reserves	3,909	2,646
Treasury shares	(40)	(40)
Retained earnings	6,327	5,786
Equity attributable to owners of the Parent	11,502	9,698
Equity attributable to non-controlling interests	5	-
Total	11,507	9,698
Non-current liabilities		
Technical provisions for insurance business	153,794	140,261
Provisions for risks and charges	625	501
Employee termination benefits	1,030	1,135
Financial liabilities	18,366	13,964
Deferred tax liabilities	1,229	887
Other liabilities	1,576	1,525
Total	176,620	158,273
Current liabilities		
Provisions for risks and charges	771	717
Trade payables	1,837	1,627
Current tax liabilities	13	274
Other liabilities	1,745	2,110
Financial liabilities	79,864	64,394
Total	84,230	69,122
TOTAL EQUITY AND LIABILITIES	272,357	237,093

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

	FY 2020	FY 2019
Revenue from Mail, Parcels & other	3,201	3,492
Revenue from Payments & Mobile	737	664
Net revenue from Financial Services	4,945	5,134
Revenue from Financial Services	5,151	5,213
Expenses from financial activities	(206)	(79)
Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,643	1,669
Insurance premium revenue	16,865	17,913
Income from insurance activities	4,065	5,478
Net change in technical provisions for insurance business and other claims expenses	(18,767)	(21,463)
Expenses from insurance activities	(520)	(259)
Net operating revenue	10,526	10,959
Cost of goods and services	2,523	2,287
Personnel expenses	5,638	5,896
Depreciation, amortisation and impairments	700	774
Capitalised costs and expenses	(37)	(31)
Other operating costs	103	200
Impairment loss/(reversal) on debt instruments, receivables and other assets	75	59
Operating profit/(loss)	1,524	1,774
Finance costs	75	73
Finance income	123	105
Impairment loss/(reversal of impairment losses) on financial asset	1	46
Profit/(Loss) on investments accounted for using the equity method	5	112
Profit/(Loss) before tax	1,576	1,872
Income tax expense	370	530
NET PROFIT FOR THE PERIOD	1,206	1,342
of which, attributable to owners of the Parent	1,207	1,342
of which, attributable to non-controlling interests	(1)	-
Earnings per share	0.927	1.032
Diluted earnings per share	0.927	1.032

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 forward-looking statements that are not a guarantee of future performance as well as summary financial information that should not be considered a substitute for Poste Italiane's full financial statements.

Rome, 17 February 2021

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.

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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