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Oggetto : Poste Italiane: 1Q2022 financial results

<i>Testo del comunicato</i>

Vedi allegato.

POSTE ITALIANE Q1 2022 FINANCIAL RESULTS

NET PROFIT UP 10.6% TO €495M IN Q1-22

STRONG Q1-22 OPERATING PROFIT GROWTH, UP 11.8%, REACHING €694M, WITH POSITIVE CONTRIBUTIONS FROM INSURANCE SERVICES, FINANCIAL SERVICES, PAYMENTS & MOBILE AND RESILIENT MAIL, PARCEL & DISTRIBUTION

SOLID FINANCIAL PERFORMANCE IN Q1-22 PAVING THE WAY TO A SUCCESSFUL 2022

STEADY REVENUE GROWTH UP 1.4% TO €3.0BN - STRONG PERFORMANCE IN PAYMENTS & MOBILE ACROSS ALL LINES AND INSURANCE SERVICES ON BOTH LIFE AND P&C

FINANCIAL SERVICES REVENUES STABLE WITH HIGHER NET INTEREST INCOME (NII) SUPPORTED BY TAX CREDIT INVESTMENTS AND FAVOURABLE INTEREST RATES ENVIRONMENT OFFSETTING LOWER CONTRIBUTION FROM ACTIVE PORTFOLIO MANAGEMENT

STRONG “24SI PLUS” EXECUTION - AN ANTI-FRAGILE PLAYER DELIVERING RESULTS DESPITE THE UNCERTAIN MACRO ENVIRONMENT

PARCEL BUSINESS NORMALIZING WELL ABOVE PRE-PANDEMIC LEVELS

CONTINUING FOCUS ON COST DISCIPLINE PROVIDING ADDITIONAL FLEXIBILITY TO MEET “24SI PLUS” TARGETS

- Q1-22 REVENUES AT €3.0BN, +1.4% Y/Y:
 - Q1-22 MAIL, PARCEL & DISTRIBUTION REVENUES AT €901M, -2.0% Y/Y, WITH MAIL REVENUES FLAT AND PARCEL VOLUMES NORMALIZING WELL ABOVE PRE-PANDEMIC LEVELS. PARCEL VOLUMES DOWN COMPARED TO AN EXCEPTIONALLY STRONG Q1-21, BOOSTED BY LOCKDOWN MEASURES.
 - Q1-22 FINANCIAL SERVICES GROSS REVENUES AT €1.5BN, -1.3% Y/Y AS A RESULT OF LOWER ACTIVE PORTFOLIO MANAGEMENT PARTIALLY OFFSET BY TAX CREDITS INVESTMENTS CONTRIBUTION.
 - Q1-22 INSURANCE SERVICES REVENUES UP TO €529M, +7.1% Y/Y, THANKS TO HIGHER VOLUMES AND INCREASING MARGINS. IN Q1-22 LIFE NET INFLOWS AT €2.6BN (+32% Y/Y), P&C GWP AT €114M (+19.5% Y/Y).
 - Q1-22 PAYMENTS & MOBILE REVENUES ACCELERATING GROWTH MOMENTUM REACHING €231M, +20.2% Y/Y DRIVEN BY IMPRESSIVE CONTRIBUTIONS FROM ALL PRODUCT LINES.

- Q1-22 TOTAL COSTS TO €2.3BN, -1.4% Y/Y, HIGHLIGHTING EFFECTIVE COST DISCIPLINE. NON-HR COSTS DOWN 0.2% Y/Y TO €952.8M, WHILE EMBEDDING INFLATION IMPACT.
- STRONG Q1-22 EBIT RESULTS AT €694M, +11.8% Y/Y.
- Q1-22 NET PROFIT AT €495M, +10.6% Y/Y.
- TFAs DOWN €4BN FOR THE QUARTER TO €582BN WITH POSITIVE NET INFLOWS OF €2.0BN ACROSS ALL PRODUCTS AND NEGATIVE MARKET EFFECT RELATED TO HIGHER INTEREST RATES IMPACTING LIFE INSURANCE TECHNICAL RESERVES.
- STRONG CAPITAL POSITION: BANCOPOSTA TOTAL CAPITAL RATIO AT 23.9% (OF WHICH CET1 RATIO AT 21.1%), LEVERAGE RATIO AT 3.1% AND POSTE VITA GROUP SOLVENCY II RATIO AT 272%, WELL ABOVE MANAGERIAL AMBITION.

Q1 2022 Operational Segment Highlights

- **Mail, Parcel & Distribution:** “*Poste Delivery Business*” feature launched, enabling “*Second Hand*” sellers and online platform users, to ship from post offices and through the Punto Poste Network; “*Posta Assicurata Market*” launched within the mail business providing customers with two delivery attempts.
- **Financial Services:** “*Buono 5X5*” postal savings bond launched, aimed at a long-term investment, accruing fixed and increasing interest at 5, 10, 15, 20 and 25 year intervals; “*Focus Ambiente Marzo 2028*” fund launched, combining bond investments with sustainability focused equity. The “*Prestito BancoPosta Consolidamento*” allows customers to merge existing loans repayments into a single monthly instalment.
- **Insurance Services:** “*Poste Progetto Capitale*”, a 10-year recurring premium life multiclass product, which combines the stability of the class I “*Posta ValorePiù*” segregated funds with the possibility for customers to balance their financial profile with ESG elements; “*Poste Welfare Infortuni*”, covering the risks of employees’ injuries from corporate contractors.
- **Payments & Mobile:** “*PostePay Premium*” debit card for affluent clients; “*PosteCasa Ultraveloce*”, Poste Italiane's FTTH service, now distributed in all Post Offices.

POSTE ITALIANE CONTINUES ITS SUSTAINABLE GROWTH PATH, CREATING LONG-TERM VALUE FOR ALL STAKEHOLDERS.

KEY ACHIEVEMENTS IN THE QUARTER:

- **Brand Finance Institute “Global 500”:** Poste Italiane jumped 51 places in the Global ranking since last year, with reputation and client trust driving the brand value to 7.8 billion dollars and now amongst the world’s top 25 strongest brands.
- **Certified integrated compliance management system:** first company in Italy to obtain the certification according to ISO 37301:2021 issued by IMQ, confirming Integrity and transparency as a strategic Pillar for shared value creation by the Group.
- **Agreement with Unimpresa to support the territory:** Poste leverages on its widespread presence to provide micro, small and medium enterprises – all members of Unimpresa - with innovative products and services.
- **Residential autonomy project for social inclusion:** in March, 10 refurbished residential units – part of Poste Italiane’s real estate portfolio – were assigned free of charge to women and their children in financial difficulty who have been victims of domestic violence. This is the first year of the initiative created in close cooperation with community organisations *D.i.Re* (Donne in Rete) and *Differenza Donna*, which will support Poste in selecting women participating each year in this initiative.
- **Financial Education initiatives:** 26 events and more than 13,000 people involved since the beginning of the year, in line with Poste Italiane’s commitment to promote financial inclusion.
- **EIB €700m credit lines for energy efficiency and sustainable mobility projects:** first Green financing for Poste aimed at supporting “24SI Plus” Plan ESG initiatives, while optimizing its financial structure.
- **Partnership with Parks - Liberi e Uguali:** Poste joins Parks, a non-profit organization helping partner companies developing strategies and best practices in support of gender diversity. Poste will be involved in projects promoting LGBT+ inclusion, evidence of Group’s commitment to value diversity.

Rome, 12 May 2022. Yesterday, the Board of Directors of Poste Italiane S.p.A. (“Poste Italiane” or the “Group”), chaired by Maria Bianca Farina, approved First Quarter 2022 Financial Results (unaudited).

Matteo Del Fante, Poste Italiane CEO and General Manager, commented:

“Less than two months since we updated the Group’s strategy, these results represent the first building block towards a successful full year 2022.

Our diversified business model continues to deliver strong financial results with net profit at €495 million and operating profitability progressing across the business segments.

Insurance Services is confirmed as the biggest contributor to group profitability, with positive performance in both Life and P&C. Financial Services’ EBIT increased with a resilient top line, supported by lower costs. In Payments and Mobile, double-digit EBIT growth comes as a result of successfully leveraging on positive market trends with 2 billion transactions managed in 2021 and over half a billion in the first quarter of the year.

EBIT in Mail, Parcel & Distribution was resilient in the quarter, with cost discipline offsetting the impact of parcel volume normalization. Parcel volumes remain structurally above pre-pandemic levels even after last year’s exceptionally high results, related to lockdown measures introduced in the majority of Italian regions.

Even though we find ourselves in a challenging logistics industry environment, our proven track record in cost discipline gives us the confidence to maintain full visibility on our Mail Parcel & Distribution 2022 EBIT target.

We have delivered a consistent, improving performance since 2020: after a strong recovery in 2021, in the first quarter of the year we continue to constantly grow, paving the way to a successful 2022. This has been made possible by the hard work of all our people since the beginning of the pandemic resulting in a structural upward shift in our growth trajectory.

This year we are celebrating 160 years of Poste Italiane, a historic event highlighting how our unique heritage has always allowed us to address challenges and accompany the future of our communities. We confirm our role as a strategic pillar for Italy, through our omnichannel distribution platform. We continue to serve evolving customers’ needs and confirm our ambition to support the development of our country going forward.”

POSTE ITALIANE Q1 2022 Results

12 May 2022 - 13:00 CEST

To attend click here: [Poste Italiane Q1 2022 Results Webcast](#)

or via QR code for Android and iOS users:



A listen only audio conference is also available: **+39 02 8020927**

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	Q1-21	Q1-22	YY%
GROUP			
Revenues	2,933	2,973	+1.4%
EBIT	620	694	+11.8%
Net Profit	447	495	+10.6%
MAIL, PARCEL & DISTRIBUTION			
External Revenues	919	901	-2.0%
EBIT	58	56	-3.8%
Net Profit	38	31	-18.1%
FINANCIAL SERVICES			
External Revenues	1,327	1,311	-1.2%
EBIT	206	231	+12.5%
Net Profit	152	171	+12.8%
INSURANCE SERVICES			
External Revenues	494	529	+7.1%
EBIT	287	329	+14.4%
Net Profit	209	236	+13.1%
PAYMENTS & MOBILE			
External Revenues	192	231	+20.2%
EBIT	70	78	+11.9%
Net Profit	48	55	+14.7%

In addition to the standard financial indicators required by IFRS, Poste Italiane discloses alternative performance indicators to provide a better understanding of business performance and financial position. These indicators are described in the Interim Report for the first three months ended 31 March 2022, 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) and statement of cash flows, are attached to this release.

MAIL, PARCEL & DISTRIBUTION – COST DISCIPLINE MITIGATING THE IMPACT OF PARCEL NORMALIZATION

€m	Q1-21	Q1-22	Y/Y%
SEGMENT REVENUES	919	901	-2.0%
<i>Mail Revenues</i>	509	510	+0.2%
<i>Parcel Revenues</i>	368	333	-9.5%
<i>Other Revenues</i>	42	58	+37.8%
INTERSEGMENT REVENUES	1,275	1,269	-0.5%
TOTAL REVENUES	2,194	2,170	-1.1%
EBIT	58	56	-3.8%
EBIT Margin (%)	+2.6%	+2.6%	-
NET PROFIT	38	31	-18.1%
KPI's			
Mail Volumes (#m)	653	649	-0.6%
Parcels delivered by mailmen (#m)	21	15	-27.0%
Parcel Volumes (#m)	66	57	-13.4%
B2C Revenues (€m)	188	170	-9.8%

In Q1-22 Mail, Parcel & Distribution segment revenues were down 2.0% y/y to €901m.

Mail revenues in Q1 were flat at €510m, with volumes on lower margin items such as unrecorded mail down, while higher margin products such as integrated service were up. Average prices in mail were broadly stable in Q1-22.

Parcel revenues were down 9.5% y/y to €333m in Q1-22 going through a normalization phase, while remaining structurally above pre-pandemic levels driven by deep changes in customer behavior. Comparison with Q1-21 is also tougher due to record volumes achieved in the first 3 months of 2021 when two thirds of Italian regions were under strict movement restrictions; in absolute terms this quarter ranks second in all-time parcel delivered in first quarters. Other revenues in Q1 were up 37.8% y/y to €58m.

In Q1-22 parcel volumes were down 13% y/y to 57m items, affected by the comparison with a strong Q1-21 fueled by the movement restrictions e-commerce boom.

Parcel tariffs increased with B2C tariffs improved by 7% versus Q1-21, thanks to a more favorable mix in the customer base.

In Q1-22, almost 1 million parcels were handled daily with Postini delivering 15 million parcels, down 27.0% y/y.

Distribution revenues in Q1 were broadly stable at €1.3bn.

Segment EBIT was stable in Q1-22, totaling €56m from €58m in Q1-21, with cost discipline offsetting parcel volumes' normalization.

FINANCIAL SERVICES – REVENUES SUPPORTED BY NET INTEREST INCOME

€m	Q1-21	Q1-22	Y/Y%
SEGMENT REVENUES	1,327	1,311	-1.2%
<i>Net Capital Gain</i>	222	176	-20.4%
<i>Interest Income</i>	362	420	+16.1%
<i>Postal Savings</i>	452	434	-4.1%
<i>Transaction banking</i>	199	181	-9.2%
<i>Third Parties Distribution</i>	65	69	+7.2%
<i>Asset Management</i>	28	31	+10.8%
INTERSEGMENT REVENUES	199	196	-1.6%
TOTAL REVENUES	1,527	1,507	-1.3%
EBIT	206	231	+12.5%
EBIT Margin (%)	+13.5%	+15.4%	-
NET PROFIT	152	171	+12.8%
KPI's			
TOTAL FINANCIAL ASSETS - TFAs (€bn)	572	582	+1.9%
Average Current Account Deposits (€bn)	75	86	+15.3%
Average Postal Savings Deposits (€bn)	320	319	-0.3%
Postal Savings Net Inflows (€m)	(1,132)	(4,645)	n.m.

In Q1 Financial Services revenues were down 1.2% y/y to €1.3bn with Net Interest Income up 16.1% and active portfolio management down 20% due to a different timing effect.

Gross revenues (including intersegment revenues) were down 1.3% y/y to €1.5bn impacted by lower insurance distribution fees.

In Q1 net interest income was up 16.1% y/y to €420m driven by tax credit investments and favourable interest rate environment; € 176 million of capital gains were booked, while full year target for active portfolio management has already been secured with settlement dates in Q2 and Q3.

Postal savings' distribution fees were down 4.1% y/y to €434m amid higher than expected net outflows.

In Q1 loan and mortgage distribution fees were up 7.2% y/y to €69m supported by higher volumes and improving pricing.

Transaction banking fees were down 9.2% y/y to €181m, mainly related to an accelerated reduction in payment slips and debit cards revenues transferred to PostePay along with payment slips directly managed by PostePay as Payment Service Provider.

Fees from asset management remain resilient y/y, up 10.8% y/y to €31m thanks to recurring management fees.

Total Financial Assets reached €582bn in Q1-22 (down €4.0bn since December 2021), driven by €2.0bn net inflows and €6.0bn negative market effect related to higher interest rates.

Net Technical Reserves were down by €4.7bn, impacted by interest rates' increase despite another strong quarterly performance in terms of net inflows which reached €2.6bn. Deposits' net inflows were at €3.9bn driven by Public Administration.

In Q1 EBIT was up 12.5% y/y to €231m mainly related to higher provisions for risks in 2021 and lower intersegment costs in Q1-22.

INSURANCE SERVICES – SOLID REVENUE GROWTH SUPPORTED BY HIGHER VOLUMES AND MARGINS

€m	Q1-21	Q1-22	Y/Y%
SEGMENT REVENUES	494	529	+7.1%
<i>Life + Private Pension Plan</i>	459	490	+6.7%
<i>P&C</i>	35	39	+11.7%
INTERSEGMENT REVENUES	1	1	-2.4%
TOTAL REVENUES	495	530	+7.1%
EBIT	287	329	+14.4%
EBIT Margin (%)	+58.0%	+62.0%	-
NET PROFIT	209	236	+13.1%

KPI's			
Gross Written Premiums (€m)	5,844	5,105	-12.6%
<i>GWP - Life + Private Pension Plans (€m)</i>	5,749	4,991	-13.2%
<i>GWP - P&C (€m)</i>	96	114	+19.5%

In Q1 Insurance segment revenues were up 7.1% y/y to €529m.

Life revenues were up 6.7% y/y to €490m driven by increasing volumes and margins supported by multiclass products, now representing 61% of total production.

In Q1 Non-life revenues were up 11.7% y/y to €39m thanks to modular offer and benefitting from Poste Italiane's welfare offer as well as a recovery of CPI products linked to increased third party loan and mortgage distribution activity.

Life net inflows were up 32% y/y to €2.6bn. P&C gross written premiums were up 19.5% y/y to €114m.

EBIT for the first quarter of the year reached €329m, up 14.4% y/y, reflecting revenue trend.

At the end of March 2022, Poste Vita Group's Solvency II Ratio was up to 272% supported by higher interest rates, with transitional measures providing an additional buffer of 24 p.p. to address potential market volatility.

PAYMENTS & MOBILE – IMPRESSIVE REVENUE GROWTH ACROSS ALL BUSINESS LINES

€m	Q1-21	Q1-22	Y/Y%
SEGMENT REVENUES	192	231	+20.2%
<i>Cards Payments</i>	101	120	+18.4%
<i>Other Payments</i>	17	35	+106.2%
<i>Telco</i>	74	77	+3.4%
INTERSEGMENT REVENUES	83	67	-19.7%
TOTAL REVENUES	276	298	+8.2%
EBIT	70	78	+11.9%
EBIT Margin (%)	+25.2%	+26.1%	-
NET PROFIT	48	55	+14.7%
KPI's			
Postepay cards (#m)	21.9	20.9	-4.4%
<i>of which Postepay Evolution cards (#m)</i>	8.0	8.6	+8.1%
Total payment cards transactions (#bn)	0.5	0.5	+14.9%
<i>of which eCommerce transactions (#m)</i>	123.3	140.2	+13.7%
Mobile & land-line (#m)	4.8	4.9	+1.9%
Digital e-Wallets (#m) *	9.1	9.5	+4.0%

* As at 31/12/2021

In Q1 Payments and Mobile segment revenues continued to grow by a strong 20.2% y/y to €231m, well above market average, confirming the role played by PostePay as leader in the fast-growing and evolving digital payments environment in Italy.

Card payments were up 18.4% y/y to €120m thanks to (i) increasing transactions, both physical and digital, and (ii) continuing shift towards higher recurring margin Evolution cards, whose total stock stands at the end of March at 8.6 million cards (up 8.1% y/y).

E-commerce transactions continued the upward trend in the first three months of the year to 140.2m from 123.3m, up 13.7% y/y.

In Q1 Other payments were up 106.2% y/y to €35m, mainly thanks to payment transactions directly managed by PostePay as Payment Service Provider, mitigating an accelerated decline in payment slips.

Telco revenues were up 3.4% y/y to €77m in Q1, benefitting from a loyal customer base of 4.9 million users, new fibre offer customers and a very low churn rate.

PosteID (Poste Italiane's National Digital ID solution) in Q1-22 has now been adopted by 22.4m clients (+5.7% vs FY-21).

In Q1 EBIT was up 11.9% y/y to €78m, also benefitting from the new telco traffic wholesale contract, now up and running, while embedding €2m costs related to the start-up of the energy business.

RECENT EVENTS AND BUSINESS OUTLOOK

MFM Holding Ltd

On 26 January 2022 MFM Holding Ltd (Moneyfarm) launched a capital increase for an amount of approximately € 53 million, subscribed for approximately € 44 million by M&G plc, a listed asset manager based in the UK, and pro quota by Poste Italiane with an investment of approximately € 9 million, in order not to dilute its stake of approximately 14%.

Eurizon Capital Real Asset SGR (“ECRA”)

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements for the acquisition of 40% of the share capital, of which 24.50% of shares with voting rights, of Eurizon Capital Real Asset SGR S.p.A. (“ECRA”), a company specialising in investments in support of the real economy controlled by Eurizon. The transaction was closed on 31 January 2022, once the regulatory authorities had given their approval. We can note that ECRA continues to be controlled and consolidated by Eurizon.

LIS Holding S.p.A.

On 25 February 2022 PostePay signed with IGT Lottery S.p.A. (“IGT”) a binding agreement for the acquisition of 100% of LIS Holding S.p.A. (together with the subsidiary LIS Pay S.p.A., “LIS”) at a price of € 700 million determined on the basis of an Enterprise Value of € 630 million and available net cash of € 70 million. The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions, including obtainment of the regulatory approvals. The closing is expected within the third quarter of 2022.

Tink AB

On 10 March 2022, following the approval by the supervisory and antitrust authorities, the closing was completed of the operation to sell the equity investment in Tink AB held by PostePay S.p.A. to Visa Open Connect Limited.

Plurima S.p.A.

On 18 March 2022, Poste Italiane signed a binding agreement with Opus S.r.l. (“Opus”) and the private equity operator, Siparex, for the acquisition of a majority stake in Plurima S.p.A. (“Plurima”) for a consideration based on a total enterprise value of the Company of € 130

million.

The closing took place on 2 May 2022, when the necessary authorisations were obtained from the Autorità Garante della Concorrenza e del Mercato (“AGCM” – the Antitrust Authority) received on 21 April. The transaction took place through Poste Welfare Servizi S.r.l. (“PWS”), a company wholly-owned by Poste Italiane, and fully financed with the cash resources available.

After closing the transaction, PWS holds 70% of the share capital of Plurima Bidco srl (Bidco) which in turn holds 100% of Plurima.

Scalapay Limited

On 8 April 2022 Poste Italiane, with an overall investment of € 25 million, acquired 2.30% (2.15% on a fully diluted basis) of the share capital of Scalapay Limited (“Scalapay”), a company operating in 4 European countries in the Buy Now Pay Later (“BNPL”) market on online and physical channels, allowing end customers to pay for a product/service in three interest-free monthly payments, against a fee collected from the merchants.

PSIA Srl

On 13 April 2022, the BoD of Poste Italiane and the sole director of PSIA S.r.l. (“PSIA”) approved the plan for the merger by incorporation of PSIA into Poste Italiane. The transaction, which provides for application of the simplifications envisaged by the regulations for the merger of wholly owned companies, will take effect from the date of the latest registration required by art. 2504 of the Italian Civil Code in the Companies Register. The merger is part of a company reorganisation that will allow Poste Italiane to directly hold shares in the listed company NEXI S.p.A, thus simplifying the structure of the Group. Pursuant to the law, the transaction will subsequently be submitted to the shareholders’ meeting of PSIA and to the BoD of Poste Italiane.

MATERIAL EVENTS DURING THE PERIOD AND SUBSEQUENT TO 31 MARCH 2022

2022 began in a general economic scenario strongly affected by several factors that are impacting on the future growth prospects and consequently on market sentiment. Geopolitical tensions due to the Russian-Ukrainian conflict, inflation, interest rate hikes and the latest lockdowns imposed by the Chinese government due to the upsurge in Covid-19 infections pose the main challenges to general economic growth, which are leading the main banks and international institutions to revise the growth estimates for the current year downwards and which heighten the general context of changeability and turbulence on the markets.

Future forecasts are closely linked to changes in the reference scenario and in particular to the duration and extent of the Russian-Ukrainian conflict and its repercussions on the prices of commodities, the limited availability of production and energy flows. The Italian government took action to mitigate the effects of the increases in the price of commodities by introducing specific obligations on procurement procedures subject to the Public Procurement Code, namely by acting directly on the components of energy and gas prices. Historically, the Poste Italiane Group has shown resilience in times of financial turbulence, confirming itself to be a “safe haven” for savers thanks to a portfolio of financial products characterised by limited volatility that will continue to keep Postal Savings at the heart of the development strategy, even in the future. The Group’s cost structure also includes limited exposure to sectors with high pressure on prices. The Group procures supplies and competes mainly in the domestic market, does not have production units in the countries affected by the conflict or bordering countries, and has limited commercial relationships with the countries affected by the conflict. Therefore, it does not have direct repercussions that could significantly affect the various businesses or lead to significant repercussions on its profitability. The Group also benefits from actions implemented in favourable market times, intended to mitigate the price fluctuations of production such as hedging against the risk of fuel price fluctuations or signing supply contracts with “locked” prices for the entire current year and part of 2023.

As confirmation of this, the results achieved in the first quarter are solid, with higher revenues than 2021 and operating income that benefits from the continuous focus by management on cost control and optimisation.

In line with the strategy set out in the “24SI” Business Plan, which envisages the differentiation of the offer into market segments with high growth prospects, in May 2022 the

Group concluded the acquisition of Plurima, a leading company in healthcare logistics. The acquisition of the company LIS will also accelerate the implementation of the Group's omni-channel strategy, facilitating the transition to digital payments and strengthening the growth of proximity payment in the business.

The development of the insurance savings and Postal Savings segments will remain strategic, where the commitment to the digitisation of the offer and customers will continue, in addition to the development of initiatives aimed at improving customer experience on the physical channel. Investments are planned in support of the growth of parcels, digital payments and protection, with offers aimed at reducing underinsurance in Italy.

During the transition towards carbon neutrality by 2030, investments and strategic initiatives will continue, such as the renewal of the delivery fleet with low emission vehicles, the installation of photovoltaic panels for energy supply and efficiency measures for properties. Finally, entry into the energy sector during the current year is confirmed, with a 100% green offer based exclusively on renewable sources.

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, tax credits Law no. 77/2020, 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: is the financial indebtedness shown according to the format recommended by ESMA, the European Securities and Markets Authority (ESMA32-382-1138 of 4 March 2021) excluding non-current trade and other payables for which there is a significant financing component, either implicitly or explicitly, and including: non-current financial assets, tax credits Law no. 77/2020, current derivative assets used for hedging purposes and intersegment financial receivables and borrowings.

Composition of net financial position* (€m):

	MAIL, PARCEL AND DISTRIBUTION	FINANCIAL SERVICES	INSURANCE SERVICES	PAYMENTS AND MOBILE	ADJUSTMENTS	CONSOLIDATED
Balance at 31 March 2022						
Financial liabilities	5,622	100,347	320	8,543	(13,485)	101,347
Technical reserves for the insurance business	-	-	154,386	-	-	154,386
Financial assets	(954)	(87,471)	(154,840)	(9,622)	11,164	(241,723)
Tax credits Law no. 77/2020	(589)	(7,581)	-	-	-	(8,170)
Technical reserves attributable to reinsurers	-	-	(48)	-	-	(48)
Cash and deposits attributable to BancoPosta	-	(6,408)	-	-	-	(6,408)
Cash and cash equivalents	(2,851)	(2,017)	(3,858)	(36)	2,300	(6,462)
Net Financial Position*	1,228	(3,130)	(4,040)	(1,115)	(21)	(7,078)
Balance at 31 December 2021						
Financial liabilities	4,795	102,198	284	8,716	(11,261)	104,732
Technical reserves for the insurance business	-	-	159,089	-	-	159,089
Financial assets	(942)	(89,995)	(158,587)	(9,783)	10,451	(248,856)
Tax credits Law no. 77/2020	(448)	(6,008)	-	-	-	(6,456)
Technical reserves attributable to reinsurers	-	-	(50)	-	-	(50)
Cash and deposits attributable to BancoPosta	-	(7,659)	-	-	-	(7,659)
Cash and cash equivalents	(2,121)	(2,021)	(4,584)	(32)	800	(7,958)
Net Financial Position*	1,284	(3,485)	(3,848)	(1,099)	(10)	(7,158)

* Net financial position: (Surplus) / Net debt

TABLES

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(€m)

ASSETS	31 March 2022	31 December 2021
Non-current assets		
Property, plant and equipment	2,254	2,267
Investment property	31	32
Intangible assets	827	873
Right-of-use assets	1,121	1,116
Investments accounted for using the equity method	286	277
Financial assets	214,968	221,226
Trade receivables	4	3
Deferred tax assets	1,591	1,245
Other receivables and assets	3,932	4,012
Tax credits Law no. 77/2020	7,346	5,551
Technical provisions attributable to reinsurers	48	50
Total	232,408	236,652
Current assets		
Inventories	151	155
Trade receivables	2,579	2,508
Current tax assets	121	115
Other receivables and assets	969	1,146
Tax credits Law no. 77/2020	824	905
Financial assets	26,755	27,630
Cash and deposits attributable to BancoPosta	6,408	7,659
Cash and cash equivalents	6,462	7,958
Total	44,269	48,076
TOTAL ASSETS	276,677	284,728
LIABILITIES AND EQUITY	31 March 2022	31 December 2021
Equity		
Share capital	1,306	1,306
Reserves	3,030	3,599
Treasury shares	(40)	(40)
Retained earnings	7,784	7,237
Total equity attributable to owners of the Parent	12,080	12,102
Equity attributable to non-controlling interests	10	8
Total	12,090	12,110
Non-current liabilities		
Technical provisions for insurance business	154,386	159,089
Provisions for risks and charges	695	693
Employee termination benefits	875	922
Financial liabilities	12,452	15,122
Deferred tax liabilities	1,243	953
Other liabilities	1,710	1,749
Total	171,361	178,528
Current liabilities		
Provisions for risks and charges	623	575
Trade payables	1,829	2,029
Current tax liabilities	146	16
Other liabilities	1,733	1,860
Financial liabilities	88,895	89,610
Total	93,226	94,090
TOTAL EQUITY AND LIABILITIES	276,677	284,728

CONSOLIDATED STATEMENT OF NET PROFIT (LOSS)

(€m)

	First Quarter 2022	First Quarter 2021
Revenue from Mail, Parcels & other	901	920
Net revenue from Financial Services	1,311	1,327
Revenue from Financial Services	1,362	1,363
Expenses from financial activities	(51)	(36)
Revenue from Insurance Services after changes in technical provisions and other claims expenses	529	494
Insurance premium revenue	5,073	5,812
Income from insurance activities	1,069	1,021
Change in technical provisions for insurance business and other claims expenses	(3,405)	(5,709)
Expenses from insurance activities	(2,208)	(630)
Revenue from Payments and Mobile	232	192
Net operating revenue	2,973	2,933
Cost of goods and services	692	704
Personnel expenses	1,326	1,358
Depreciation, amortisation and impairments	195	199
Capitalised costs and expenses	(8)	(8)
Other operating costs	55	60
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	19	-
Operating profit/(loss)	694	620
Finance costs	25	22
Finance income	39	38
Impairment loss/(reversal of impairment losses) on financial asset	-	-
Profit/(Loss) on investments accounted for using the equity method	5	4
Profit/(Loss) before tax	713	640
Income tax expense	218	193
NET PROFIT FOR THE PERIOD	495	447
of which attributable to owners of the Parent	494	447
of which attributable to non-controlling interests	1	-
Earnings per share	0.379	0.344
Diluted earnings per share	0.379	0.344

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	First Quarter 2022	First Quarter 2021
Unrestricted net cash and cash equivalents at beginning of the period	2,589	2,811
Restricted net cash and cash equivalents at beginning of the period	5,369	1,705
Cash and cash equivalents at beginning of the period	7,958	4,516
Cash and cash equivalents at beginning of the period	7,958	4,516
Result for the period	495	447
Depreciation, amortisation and impairments	195	199
Losses and impairments losses/(reversal of impairment losses) on receivables	19	(1)
(Gains)/Losses on disposals	(1)	(1)
(Increase)/decrease in Inventories	5	2
(Increase)/decrease in Receivables and Other assets	119	(123)
Increase/(decrease) in Payables and Other liabilities	177	16
Change in tax credits Law no. 77/2020	(273)	(446)
Change in provisions for risks and charges	51	69
Change in employee termination benefits and Provision for retirement benefits	(47)	(44)
Difference in accrued financial expenses and income (cash adjustment)	6	13
Other changes	74	(21)
Net cash flow from/(for) non-financial operating activities [a]	820	110
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	729	(1,124)
Net cash generated by/(used for) financial asset and tax credit Law no. 77/2020 attributable to financial activities, payment, cards and acquiring and insurance	(4,593)	1,055
(Income)/Expenses and other non-cash components	760	(1,017)
Increase/(Decrease) in net technical provisions for insurance business	987	2,077
Cash generated by/(used for) financial assets and liabilities attributable to financial activities, payment, cards and acquiring and insurance [b]	(2,117)	991
Net cash flow from/(for) operating activities [c]=[a+b]	(1,297)	1,101
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(77)	(116)
Investments	(3)	-
Other financial assets	(9)	(6)
Investment in consolidated companies, net of cash acquired	-	(40)
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	2	1
Other financial assets	1	411
Net cash flow from/(for) investing activities [d]	(86)	250
Proceeds from/(Repayments of) borrowings	(113)	(702)
Net cash flow from/(for) financing activities and shareholder transactions [e]	(113)	(702)
Net increase/(decrease) in cash [f]=[c+d+e]	(1,496)	649
Cash and cash equivalents at end of the period	6,462	5,165
Cash and cash equivalents at end of the period	6,462	5,165
Restricted net cash and cash equivalents at the end of the period	(3,146)	(2,268)
Unrestricted net cash and cash equivalents at end of the period	3,316	2,897

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 2022 will be published by 15 May 2022, 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 2022.

Rome, 12 May 2022

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 Covid-19 pandemic and from the direct and indirect effects resulting from the international conflict in Eastern Europe.

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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Numero di Pagine: 26