Posteitaliane

POSTE ITALIANE: 1Q 2018 FINANCIAL RESULTS

STRONG FIRST QUARTER WITH EARLY PROGRESS ON DELIVER 2022 FIVE-YEAR STRATEGIC PLAN

FINANCIAL HIGHLIGHTS

- Net profit at €485m (up 38% vs 1Q17)
- Group Revenues reached €2.9bn (up 1.8% vs 1Q17) driven by postal savings
- EBIT up significantly to €703m (up 34% vs 1Q17) thanks to cost discipline
- Total Financial Assets reached €514bn (up 3.3% y/y) driven by €4.4bn net inflows
- Clear visibility with most of 2019 capital gains already secured with forward contracts

POSTE ITALIANE GROUP 1Q 2018	
Group Highlights	**Revenues** at €2.88bn (+1.8% vs 1Q17) **EBIT** at €703m (+33.7% vs 1Q17) **Net Profit** at €485m (+38.2% vs 1Q17)
Mail, Parcels & Distribution	**Revenues** at €898m (-1.8% vs 1Q17) **EBIT** at €263m (+94.8% vs 1Q17) **Net Profit** at €174m
Payments, Mobile & Digital	**Revenues** at €143m (+10.0% vs 1Q17) **EBIT** at €57m (+3.6% vs 1Q17) **Net Profit** at €43m (+10.3% vs 1Q17)
Financial Services	**Revenues** at €1.5bn (+3.9% vs 1Q17) **EBIT** at €239m (+25.1% vs 1Q17) **Net Profit** at €173m (+28.1% vs 1Q17)
Insurance Services	**Revenues** at €324m (-0.9% vs 1Q17) **EBIT** at €144m (-0.7% vs 1Q17) **Net Profit** at €95m (-2.1% from 1Q17)

DELIVER 2022 – HIGHLIGHTS

- **Mail, Parcels & Distribution** - Joint delivery model roll out on-going since mid-April, introducing a flexible delivery model merging the mail and parcels networks
- **Payments, Mobile & Digital** - Payment institution authorized by authorities with launch expected in the second half of 2018. Number of daily digital users approaching the 1.5m daily post office visitors
- **Financial Services -** Distribution agreement with Intesa Sanpaolo supporting Deliver 2022 execution on asset management, loans & mortgages distribution and payments. The CDP Agreement is fully implemented delivering fees from postal savings distribution up by €95m. Capital gains for 2018 booked, while securing most of 2019 with forward contracts
- **Insurance Services** – Strong growth in P&C and Private Pension Plan revenues, with on-going selection of potential partners for motor insurance

***

Rome, 10th May 2018: yesterday, the Board of Directors of Poste Italiane S.p.A (or "the Group") approved First Quarter 2018 financial results which demonstrated positive performance and early progress on Deliver 2022, the five-year strategic plan designed to unlock the value of the Group's unique distribution network.

Commenting on the results, Matteo Del Fante, Poste Italiane's Chief Executive Officer and Managing Director said: *"Poste Italiane's positive first quarter performance demonstrates the immediate impact of Deliver 2022, our five-year strategic plan based on conservative assumptions with very low execution risk. Each business segment has contributed to these results and the real impact is already being seen at both operating and net profit level. In particular, a greater commercial focus is already delivering results across the business, combined with a group-wide cost discipline focus.*

The first quarter saw the achievement of several operational milestones which will help us confirm our position as Italy's most trusted and effective distribution business. Distribution agreements increase the range of products we can offer through our extensive network to our 34 million customers, while the roll-out of the new Joint Delivery model will allow Poste Italiane to truly capitalize on the fast-growing e-commerce parcel market."

***

In addition to the standard financial indicators required by IFRS, Poste Italiane also utilises a number of alternative performance indicators, with a view to providing a clearer assessment of the business performance and financial position. The meaning and makeup of such indicators are described in the annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

***

DELIVER 2022 UPDATE

Following the launch of Deliver 2022 in February 2018, Poste Italiane is already seeing tangible progress and results across the business with a number of developments:

Mail, Parcel & Distribution

- **Joint Delivery Model roll out**: successfully launched on April 16, improving the efficiency of the "last mile" network

Payments, Mobile & Digital

- **Payments Institution status:** authorised by the Bank of Italy with launch expected in 2H18
- **Payments and Mobile customer growth:** revenues up 10.0% or €13m, mainly as a result of a positive performance from PostePay cards (5.1m PostePay Evolution cards in circulation at 1Q18) and an increase in both mobile and fixed lines (+0.291m new lines in 1Q18)
- **Integration of digital and physical customer journeys:** daily digital users have reached 1.4m approaching the 1.5m customer visiting post offices every day

Financial Services

- **Intesa Sanpaolo Distribution Agreement**: agreement signed with Intesa Sanpaolo for the distribution of loans and mortgages, asset management and transaction banking activities
- **CDP Agreement/Postal Savings**: fees from postal savings distribution increased by €95m, or up by almost 27% to €450m in 1Q18
- **2018 capital gains:** in 1Q18 €361m have been booked most of capital gains for 2019 secured

Insurance Services

- **Re-balance of insurance offer:** gradual increase of Class III products; robust growth on Private Pension Plan; development of non-life offer via P&C growth and the on-going selection of potential partner on motor insurance

Group

- **Cost discipline measures under way:** costs down by 5.5% y/y thanks to all ordinary items
- **HR Costs:** overall HR costs down €50m or 3.4% with increased savings from ordinary HR costs
- **Non HR operating costs:** non HR operating costs down 9.2%, or -7% y/y excluding non-recurring items impacting 1Q17[1]
- **Net financial position of Mail, Parcel and Distribution**: €385m surplus

[1] In the first quarter of 2017:
- MCC-BdM (deconsolidation during 2017) other operating costs were €10m;
- Other operating cost under IAS18 amounted to €6m circa – in 1Q 2018 a similar amount was deducted from revenues under IFRS15;
- Provisions related to real estate funds were €6m.

1Q18 FINANCIAL RESULTS – GROUP BREAKDOWN

REVENUES UP, MIX IN LINE WITH DELIVER 2022 PROJECTIONS

Revenues were up 1.8% to €2.9bn in 1Q18 vs 1Q17 with a positive contribution from financial services (€1.5bn, up +3.9% y/y) primarily driven by the renewed CDP agreement with fees from postal savings increasing to €450m in 1Q18 (1Q17: €355m). The newly established Payments, Mobile & Digital segment reported a 10.0% increase in revenues to €143m in the first quarter 2018. Mail, Parcels & Distribution revenues were down by only 1.8% with parcel revenues up and mail revenues down. Revenues for Insurance Services, were down 0.9% with increased P&C (+19%) and Private Pension Plan (+77%) mitigating life products (-5%), in line with 2018 Deliver 2022 targets.

OPERATING PROFITABILITY STEADILY PROGRESSING

EBIT reached €703m, significantly up by 33.7% vs. 1Q17, mainly thanks to a strong focus on efficiency across the business with costs predominately sitting within the Mail, Parcel & Distribution segment that registered a 94.8% y/y increase in EBIT to an impressive €263m (which also reflects an infra-segment revenue growth of €35m). Payments, Mobile & Digital operating profit climbed 3.6% to €57m. Financial services saw an EBIT increase of 25.1% to €239m and Insurance Services were broadly stable at €144m (-0.7% y/y).

GROUP COSTS DOWN THANKS TO ONGOING EFFICIENCY MEASURES

Group costs amounted to €2.2bn in 1Q18, down by 5.5% y/y resulting in a new cost base which is in line with Deliver 2022 declared targets for the year 2018. Non HR Operating Costs (including depreciation and amortization) are down 9.2% to €751m. HR costs are down 3.4% or €50m versus 1Q17. The average headcount reduction presented as part of the Deliver 2022 strategic plan continues with average total FTEs down to 135,740 in 1Q18 (1Q17:137,916), despite the addition of approximately 3,000 FTEs on a flexible hire basis.

CONTINUED INCREASE IN GROUP TOTAL FINANCIAL ASSETS

The rise in Total Financial Assets[2] to €514bn as at March 2018 (+€17bn y/y) was sustained by €4.4bn positive net inflows in the quarter. Net inflows increased by over €0.2bn y/y, confirming the strength of Poste Italiane's franchise and its ability to attract new resources, also thanks to new postal saving products. Postal savings net inflows improved significantly to -€2.6bn while maintaining a positive inflow for all other products. Insurance products contributed with a sound net inflow of €3.1bn of which €0.2bn of multi assets class III and unit linked, confirming our leadership in the sector. Mutual funds net inflows for 1Q18 were positive and exceeded €0.1bn, resulting in higher average assets under management.

[2] Total Financial Assets include technical reserves from insurance business, postal savings, customer deposits (including repos) and assets under management.

1Q18 FINANCIAL RESULTS – BUSINESS SEGMENT BREAKDOWN

MAIL, PARCEL & DISTRIBUTION - REFOCUS UNDERWAY WITH COST DISCIPLINE DELIVERING EBIT GROWTH

€m	1Q2017	1Q2018	Δ %vs 1Q2017
SEGMENT REVENUES	**914**	**898**	**-1.8%**
INTERSEGMENT REVENUES	**1,334**	**1,369**	**+2.6%**
TOTAL REVENUES	**2,248**	**2,267**	**+0.8%**
EBIT	**135**	**263**	**+94.8%**
EBIT Margin (%)	6.0%	11.6%	
NET PROFIT	**80**	**174**	**n.m.**

KPI's			
Mail Volumes (#m)	838	813	-3.0%
Parcels delivered by mailmen (#m)	6.4	10.1	+57.8%
Parcel Volumes (#m)	27.6	29.1	+5.4%
B2C Revenues (€m)	53.6	63.5	+18.5%

While revenues from third parties for Mail, Parcel & Distribution decreased slightly (-1.8%) to €898m compared with the same period in 2017 (€914m), the percentage decline represents an improvement on 1Q17 results (-2.4%) and is driven by the measures taken to improve the quality of traditional postal services and the efficiency of the related operating processes. This positive revenue trend as well as a cost discipline led to a significant increase in EBIT to €263m, up nearly 95% y/y. The segment is demonstrating an operational improvement in line with 2018 targets. The provisions for early retirement incentives are expected to be recorded in the last quarter of the year.

Parcel revenues reached €175m in 1Q18, up 0.9% y/y, expected to gradually improve over the coming quarters.

The sustained growth in parcels volumes saw a 5.4% increase compared to the same period of 2017, for a total number of over 29 million parcels handled in the first quarter of 2018 (1Q17: 28 million).

Volume trends for the Group are developing in line with the Plan, with mail declining as a result of electronic substitution while the parcel business is profiting from the dynamic growth of the e-commerce market. However, mail volumes for the first quarter of 2018 show a less steep decline (-3% vs -9.1% in 1Q17) thanks to an increase in recorded mail primarily used for the delivery of international inbound packets used for e-commerce.

Average Mail prices increased by approximately 3% thanks to a positive volume mix effect, whilst average Parcel prices were down approximately 4%, reflecting the changing volume mix from C2C/B2B to B2C.

PAYMENTS, MOBILE AND DIGITAL – GROWING REVENUES DEMONSTRATING LEADERSHIP IN ITALY

€m	1Q2017	1Q2018	Δ %vs 1Q2017
SEGMENT REVENUES	**130**	**143**	**+10.0%**
INTERSEGMENT REVENUES	**86**	**82**	**-4.7%**
TOTAL REVENUES	**216**	**225**	**+4.2%**
EBIT	**55**	**57**	**+3.6%**
EBIT Margin (%)	25.5%	25.3%	
NET PROFIT	**39**	**43**	**+10.3%**
KPI's			
Postepay cards	**16.4**	**18.4**	**+12.6%**
of which Postepay Evolution cards (#m)	3.7	5.1	+38.2%
Total payment cards transactions (#bn)	**0.21**	**0.27**	**+24.8%**
of which eCommerce transactions (#m)	39.7	49.7	+25.4%
PosteMobile new products (#m)	**0.289**	**0.291**	**+0.9%**
Digital e-Wallets (#m)	**0.9**	**2.0**	**+117.7%**

Payments, Mobile & Digital revenues were equal to €143m in 1Q18 growing 10.0% vs the same period last year, supported by all business lines, leading to an EBIT of €57m, increasing by 3.6% y/y. In Card Payments, revenues increased 20% y/y supported by an increased stock of PostePay cards and higher transactions, both in physical and digital channels. In other payments, revenues were up by 3% y/y thanks to positive seasonality in utility bills. In Telecoms, revenues increased 4% y/y and new products, both mobile and fixed lines continue to grow.

The Payments, Mobile & Digital business segment has performed well against operational KPIs established as part of the Deliver 2022 strategic plan. In particular, Digital e-Wallet numbers are up by a remarkable 117.7% to 2 million, while the number of PostePay Evolution cards increased by over 38% to over 5.1 million. The upturn in number of cards issued and the increase of Telecoms customers have led to a rise in total revenues. Cards transactions increasing 24.8% to 0.27bn, in particular for e-commerce transactions (+25.4%).

The business segment is also responsible for delivering a group-wide digital vision for Poste Italiane. The number of daily digital users (1.4m) is approaching the number of daily post office visitors at 1.5m people, as the business continues to focus on the Deliver 2022 objective of integrating digital and physical customer journeys.

FINANCIAL SERVICES – POSITIVE IMPACT OF NEW CDP AGREEMENT; ONGOING OPERATIONAL TRANSITION TO WEALTH MANAGEMENT OFFER

€m	1Q2017	1Q2018	∆ %vs 1Q2017
SEGMENT REVENUES	**1,462**	**1,519**	**+3.9%**
INTERSEGMENT REVENUES	**258**	**261**	**+1.2%**
TOTAL REVENUES	**1,720**	**1,780**	**+3.5%**
EBIT	**191**	**239**	**+25.1%**
EBIT Margin (%)	11.1%	13.4%	
NET PROFIT	**135**	**173**	**+28.1%**

KPI's			
TOTAL FINANCIAL ASSETS - TFAs (€/bn)	**497**	**514**	**+3.3%**
Product Sales (# mln)	**1.9**	**2.2**	**+15.8%**
Fees per client [1] (€)	**54**	**57**	**+5.6%**
Unrealized gains (€m)	**953**	**2,789**	

1 Segment revenue financial + insurance, excl. interest income, per client, excluding lower mass segment

Financial Services total revenues increased to over €1.5bn, up 3.9%, benefitting from positive growth in postal savings collection as a result of the recently signed agreement with Cassa Depositi e Prestiti and the decision to offer a wider range of more competitive products. Fees from Postal Savings increased by 27% or €95m compared to the same period in 2017, reaching a total of €450m in 1Q18. This traditional product is a key component of the Poste Italiane wealth management offer, strengthening the Group's commercial capabilities, attracting fresh resources and enabling cross selling.

Average assets under management have increased by 12.4% to almost €9.3bn including mutual funds (€8bn) and €1.3bn unit linked and multiassets Class III insurance products. First positive signs coming from the Intesa Sanpaolo distribution agreement can be seen with BancoPosta Orizzonte Reddito, the first flagship product with Eurizon launched in April.

The first quarter of 2018 also saw a comprehensive set of actions aimed at expanding the Group's wealth management capabilities. Poste also completed the deployment of MIFID II guided advisory platform in all post offices and the assessment of the salespeople. The vast majority of staff are now MIFID II compliant, while the small remainder will work under supervision until qualification.

Loans and Mortgages performed well in terms of volumes up 2% at €701m, with revenues (adjusted for IFRS15 principles and the impact of the MCC-BdM disposal in 1Q17 and relative impact on revenues) up 12% to €58m[3]. This segment will continue to benefit from focused commercial initiatives in the second half of 2018.

[3] In particular in 1Q 2017:
- MCC-BdM (deconsolidation during 2017) revenues were €25m;
- a provision amounting to circa €6m was made under IAS18 and recorded in Other operating costs while a similar amount was deducted from revenues under IFRS15 in the first quarter of 2018

INSURANCE SERVICES - RESILIENT OPERATING TRENDS

€m	1Q2017	1Q2018	Δ %vs 1Q2017
SEGMENT REVENUES	**327**	**324**	**-0.9%**
Life	*293*	*278*	-5.1%
P&C	*25*	*29*	+18.5%
Private Pension Plan	*9*	*16*	+76.8%
INTERSEGMENT REVENUES	**0**	**0**	**n.m.**
TOTAL REVENUES	**327**	**324**	**-0.9%**
EBIT	**145**	**144**	**-0.7%**
EBIT Margin (%)	44.3%	44.4%	
NET PROFIT	**97**	**95**	**-2.1%**

KPI's			
Gross Written Premiums (€m)	**5,935**	**5,336**	**-10.1%**
GWP - Life (€m)	**5,637**	**5,016**	**-11.0%**
Segregated funds + Life protection (€m)	*5,495*	*4,731*	-13.9%
Unit linked (€m)	*49*	*144*	+194.7%
Multi-asset (€m)	*93*	*141*	+51.6%
Private Pension Plan (€m)	**258**	**272**	**+5.5%**
GWP - P&C (€m)	**40**	**48**	**+21.3%**

Total Insurance Services revenues reached €324m, substantially in line q/q with (€327m in 1Q17) and witnessed an 18.5% increase in P&C y/y to €29m and a 76.8% increase in Private Pension Plans to €16m y/y, mitigating the slowdown in life revenues (-5.1% to €278m y/y).

From a KPI perspective, gross written premiums decreased by 10% y/y, with a steady increase in P&C (+21.3% y/y) and unit linked (+194.7% y/y), both mitigating life products (-11% y/y). The latter is a result of a rebalancing within our customer's portfolio, with a steady increase in unit linked and multi-asset class III premiums mitigating lower segregated fund products.

Class I returns were down to 2.56%, due to an ongoing low interest rates environment, in line with targets. At the same time, the minimum return guaranteed to customers reduced by 11bps y/y to 0.86%, mirroring the gradual run off of this kind of policies.

Technical reserves increased 3.7% to €128.2bn vs. December 2017, supported by positive net inflows for €3bn and unrealized gains, increasing by €1bn.

The Group has a solid capital position with its Solvency II Ratio at 284% up 5pp compared to the end of 2017. Own funds increased thanks to the growth of the business and higher risk free rate in a context of lower duration on assets than liabilities. Capital requirements increased as a result of higher lapse risk, mitigated by higher interest rates and lower spreads.

In P&C the Group experienced not only a strong performance in premiums but also an improving combined ratio of 51.1%, indicating the strong relationship with our customers.

Total EBIT came to €144m broadly stable y/y (-0.7%).

The insurance business is confirming the effectiveness of business operations in line with strategic objectives set out in Deliver 2022.

RECENT EVENTS AND BUSINESS OUTLOOK

SIGNIFICANT EVENTS DURING AND AFTER 1Q2018

With reference to the significant events occurred during 1Q2018 and after March 31 in particular:

Poste Italiane SpA's Board of Directors met on 25 January 2018 and approved the contribution in kind to PosteMobile SpA of the e-money and payment services operated by BancoPosta Ring Fenced Capital (RFC) and PosteMobile's incorporation of a separate entity – to include the above unit – to specialise in e-money and payment services, and through which PosteMobile SpA will be able to operate as an electronic money institution, whilst also continuing to operate as a mobile virtual network operator. Having received the authorization from Bank of Italy on 24 April 2018, the Annual General Meeting of Poste Italiane's shareholders called for 29 May 2018 will be asked to vote on the proposed removal of the ring-fence that applies to BancoPosta RFC from the assets, contractual rights and authorisations that make up the e-money and payment services unit.

Further to the Resolution of the Board of Directors of Poste Italiane held on 9 November 2017, on 13 February 2018, the merger of Poste Tutela SpA into Poste Italiane took place. The legal effects of the transaction started from 1 March 2018, while the accounting and tax effects started from 1 January 2018.

On 6 March 2018 Poste Italiane SpA and Anima Holding SpA, as well as Poste Vita SpA, BancoPosta Fondi SpA SGR and Anima SpA SGR, signed agreements designed to strengthen their partnership in the asset management sector, in accordance with the terms and conditions announced on 21 December 2017. As a result of these agreements, Poste Italiane SpA will retain its 100% interest in BancoPosta Fondi SGR, with the aim of creating a competence centre for the management of the Group's financial investments. Moreover, on 12 April 2018 Poste Italiane SpA has subscribed ANIMA Holding capital increase with a value of €30 million, retaining 10.04% share capital in Anima. On 19 April 2018, the Board of Directors of BancoPosta Fondi SGR approved the spin-off and the relating necessary consents to submit for approval to Bank of Italy.

On 11 April 2018 Poste Italiane SpA and Intesa San Paolo SpA signed a non-exclusive agreement for the reciprocal distribution of products and services.

On 16 April 2018 Poste Italiane SpA started the deployment of the Joint Delivery Model onto the network.

On 27 April 2018, Poste Italiane SpA's Board of Directors resolved to submit to the Ordinary Shareholders' Meeting called for 29 May 2018 a proposal to authorize the purchase and subsequent disposals of own shares up to a maximum of 65.3 million ordinary shares, up to 5% of share capital, and a total outlay of up to 500 million euros. The acquisition of own shares will be permitted for 18 months from the date of the Assembly's authorization resolution. No time limit has been set for the disposal of the own shares purchased.

BUSINESS OUTLOOK

Poste Italiane Group will be engaged in implementing the objectives outlined in the five-year Deliver 2022 Plan, approved by the Board of Directors on 26 February 2018. The strategic objective of the Group's Strategic Plan is to achieve physical and digital transformation, taking advantage of market trends and the recovering Italian economy.

In the Mail, Parcels and Distribution segment, the Group will focus on the progressive implementation of the new joint delivery model, designed to ensure that the delivery network keeps pace with the growth of e-commerce and the changing needs of customers.

The adoption of new automation technologies to support operations will continue, with the aim of boosting the efficiency and quality of postal services, maximising synergies in the logistics and operations network and leveraging all the Group's available assets. This strategy will also enable the Group to improve its competitive position in the parcels market by taking advantage of the opportunities arising from the growth of e-commerce.

With the creation of the new Payments, Mobile and Digital business unit, the Poste Italiane Group aims to become Italy's leading payments ecosystem, ensuring convergence between payments and mobile technology, and between physical and digital channels, by using its existing assets in terms of expertise, customer base and physical and digital networks.

The objective is to contribute to the planned evolution of the payments offering, in order to develop the electronic money and payment services market (in Italy cash is used in 85% of transactions, compared with an EU average of 68.

The Poste Italiane Group will also be engaged in the Digital Acceleration Programme outlined in the Strategic Plan. This commits the Company to drive inclusive innovation and development in order to offer citizens, businesses and Public Administration entities technologically advanced, secure, easy-to-use and effective solutions alongside its traditional offering.

In the Financial Services segment, the Plan aims to take advantage of the opportunities arising from recent regulatory innovations (MiFID II and IDD), leveraging current strengths: customer base, distribution network and brand. At the same time, Postal Savings will benefit from the new agreement with Cassa Depositi e Prestiti signed in December 2017. In addition, the active management strategy for the financial instruments portfolio is aimed at stabilizing the overall return from interest income and realized capital gains.

During the rest of 2018, the Group will also focus on growing the value of Asset Management.

In the Insurance Services segment, the Group intends to maintain its leadership in the life insurance business, by providing customers with the best products in the current economic and market environment, continuing to develop private pension plans. In the non-life sector, the objective will be to pursue rapid growth in the casualty, welfare and non-vehicle sectors, taking advantage of strong untapped potential in these markets.

Implementation of the above-mentioned Strategic Plan objectives will be supported by an Investment Plan, amounting to €2.8 billion in the period 2018-2022, equal to 5% of sales revenue (4% in the previous 2015-2017 period). 61% of the investment will be allocated to information technology, 23% to real estate and 16% to other projects, primarily relating to the reorganisation of processes in the Mail, Parcels and Distribution segment.

ALTERNATIVE PERFORMANCE INDICATORS

The meaning and the content of alternative performance indicators, not provided for in IAS/IFRS, are described below. These indicators are used to provide a clearer basis for assessment of the Group's operating and financial performance.

EBIT MARGIN: is calculated as the ratio of operating profit (EBIT) to total revenue.

NET FINANCIAL POSITION OF THE GROUP: is the sum of financial liabilities, technical reserves for the insurance business, financial assets, technical reserves attributable to reinsurers, cash and deposits attributable to BancoPosta and cash and cash equivalents.

Composition of net financial position* (€m):

	MAIL, PARCEL AND DISTRIBUTION	PAYMENTS, MOBILE AND DIGITAL	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 31 March 2018						
Financial liabilities	2,779	3,076	64,810	1,027	-5,844	65,848
Technical reserves for the insurance business				128,262		128,262
Financial assets	-928	-3,455	-66,086	-129,167	4,800	-194,836
Technical reserves attributable to reinsurers				-74		-74
Cash and deposits attributable to BancoPosta			-2,828			-2,828
Cash and cash equivalents	-2,236	-10	-629	-2,202	1,044	-4,033
Net financial position*	-385	-389	-4,733	-2,154		-7,661
Balance at 31 December 2017						
Financial liabilities	2,249	2,970	62,063	1,017	-5,055	63,244
Technical reserves for the insurance business				123,650		123,650
Financial assets	-1,097	-3,283	-60,688	-125,860	4,162	-186,766
Technical reserves attributable to reinsurers				-71		-71
Cash and deposits attributable to BancoPosta			-3,196			-3,196
Cash and cash equivalents	-1,997	-21	-396	-907	893	-2,428
Net financial position*	-845	-334	-2,217	-2,171		-5,567

* Net financial position: (Surplus) / Net debt

TABLES

Consolidated statement of financial position, consolidated statement of profit/loss for the period and condensed consolidated statement of cash flows are provided below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

ASSETS	at 31 December 2017	at 31 March 2018
Non-current assets		
Property, plant and equipment	2,001	1,941
Investment property	52	51
Intangible assets	516	501
Investments accounted for using the equity method	508	507
Financial assets	171,004	176,366
Trade receivables	9	7
Deferred tax assets	869	655
Other receivables and assets	3,043	3,393
Technical provisions attributable to reinsurers	71	74
Total	**178,073**	**183,495**
Current assets		
Inventories	138	137
Trade receivables	2,026	2,619
Current tax assets	93	113
Other receivables and assets	954	792
Financial assets	15,762	18,470
Cash and deposits attributable to BancoPosta	3,196	2,828
Cash and cash equivalents	2,428	4,033
Total	**24,597**	**28,992**
Non-current assets and disposal groups held for sale	**-**	**-**
TOTAL ASSETS	**202,670**	**212,487**

LIABILITIES AND EQUITY	at 31 December 2017	at 31 March 2018
Equity		
Share capital	1,306	1,306
Reserves	1,611	3,215
Retained earnings	4,633	5,106
Equity attributable to owners of the Parent	**7,550**	**9,627**
Equity attributable to non-controlling interests	-	-
Total	**7,550**	**9,627**
Non-current liabilities		
Technical provisions for insurance business	123,650	128,262
Provisions for risks and charges	692	713
Employee termination benefits	1,274	1,229
Financial liabilities	5,044	5,395
Deferred tax liabilities	546	971
Other liabilities	1,207	1,178
Total	**132,413**	**137,748**
Current liabilities		
Provisions for risks and charges	903	901
Trade payables	1,332	1,278
Current tax liabilities	23	254
Other liabilities	2,249	2,225
Financial liabilities	58,200	60,453
Total	**62,707**	**65,111**
Liabilities related to assets held for sale	**-**	**1**
TOTAL EQUITY AND LIABILITIES	**202,670**	**212,487**

CONSOLIDATED STATEMENT OF PROFIT/LOSS

(€m)

	For the three months ended 31 March 2017	For the three months ended 31 March 2018
Revenue from Mail, Parcel & Distribution	914	898
Revenue from Payments, Mobile & Digital	130	143
Revenue from Financial Services	1,462	1,519
Revenue from Insurance Services after movements in technical provisions and other claims expenses	327	324
Insurance premium revenues	5,916	5,312
Income from insurance activities	1,118	832
Net change in technical provisions for insurance business and other claim expenses	(6,574)	(5,420)
Expenses from insurance activities	(133)	(400)
Net operating revenue	**2,833**	**2,884**
Cost of goods and services	587	557
Expenses from financial activities	8	30
Personnel expenses	1,480	1,430
Depreciation, amortisation and impairments	142	132
Capitalised costs and expenses	(9)	(2)
Other operating costs	88	27
Impairment loss/(reversal) on debt instruments, receivables and other assets	11	7
Operating profit/(loss)	**526**	**703**
Finance costs	23	20
Finance income	25	23
Impairment loss/(reversal) on financial instruments	-	-
Profit/(Loss) on investments accounted for using the equity method	4	5
Profit/(Loss) before tax	**532**	**711**
Income tax for the year	181	226
PROFIT FOR THE PERIOD	**351**	**485**
of which, attributable to owners of the Parent	351	485
of which, attributable to non-controlling interests	-	-

Earnings per share	**0.269**	**0.372**
Diluted earnings per share	**0.269**	**0.372**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

		For the three months ended 31 March 2017	For the three months ended 31 March 2018
Unrestricted net cash and cash equivalents at beginning of period		**2,292**	**1,978**
Cash subject to investment restrictions		780	-
Escrow account with the Italian Teasury			55
Cash attributable to technical provisions for insurance business		799	358
Amounts that cannot be drawn on due to court rulings		12	15
Current account overdrafts		2	1
Cash received on delivery (restricted) and other restrictions		17	21
Cash and cash equivalents at beginning of period		**3,902**	**2,428**
		-	
Cash and cash equivalents at beginning of period		**3,902**	**2,428**
Profit/(loss) for the period		351	485
Depreciation, amortisation and impairments		142	132
Losses and impairments/(recoveries) on receivables		10	7
(Gains)/Losses on disposals		(1)	-
Impairment of disposal groups		2	-
(Increase)/decrease in inventories		-	1
(Increase)/decrease in receivables and other assets		(744)	(834)
Increase/(decrease) in payables and other liabilities		197	142
Movement in group of assets and liabilites held for sale		26	-
Movement in provisions for risks and charges		106	20
Movement in provisions for employee termination benefits and pension plans		(48)	(39)
Differences in accrued finance costs and income (cash correction)		12	13
Other changes		5	8
Net cash flow generated by/(used in) non-financial operating activities	[a]	58	(65)
Increase/(decrease) in liabilities attributable to financial activities		1,929	2,873
Net cash generated by/(used for) financial assets attributable to financial activities		(988)	(2,116)
(Increase)/decrease in cash and deposits attributable to BancoPosta		(463)	368
(Income)/expenses from financial activities		(610)	(786)
Cash generated by/(used for) assets and liabilities attributable to financial activities	[b]	(132)	339
Net cash generated by/(used for) financial assets attributable to insurance activities		(2,426)	(1,758)
Increase/(decrease) in net technical provisions for insurance business		3,890	3,255
(Gains)/losses on financial assets/liabilities measured at fair value through profit or loss		(238)	276
(Income)/expenses from insurance activities		(634)	(545)
Cash generated by/(used for) assets and liabilities attributable to insurance activities	[c]	592	1,228
Net cash flow from/(for) operating activities	**[d]=[a+b+c]**	**518**	**1,502**
Investing activities			
Property, plant and equipment, investment property and intangible assets		(81)	(56)
Investments		(227)	-
Other financial assets		-	-
Disposals			
Property, plant and equipment, investment property and intangible assets and assets held for sale		2	1
Investments		-	-
Other financial assets		6	164
Change in scope of consolidation		-	-
Net cash flow from/(for) investing activities	**[e]**	**(300)**	**109**
Proceeds from/(Repayments of) borrowings		6	(6)
(Increase)/decrease in loans and receivables		-	-
Dividends paid		-	-
Net cash flow from/(for) financing activities and shareholder transactions	**[f]**	**6**	**(6)**
Net increase/(decrease) in cash	**[g]=[d+e+f]**	**224**	**1,605**
Cash and cash equivalents at end of period		**4,126**	**4,033**
Cash and cash equivalents at end of period		**4,126**	**4,033**
Cash subject to investment restrictions		(435)	-
Escrow account with the Italian Teasury		-	(55)
Cash attributable to technical provisions for insurance business		(1,848)	(1,481)
Amounts that cannot be drawn on due to court rulings		(13)	(15)
Current account overdrafts		-	-
Cash received on delivery (restricted) and other restrictions		(20)	(13)
Unrestricted net cash and cash equivalents at end of period		**1,810**	**2,469**

* * *

Poste Italiane presents its quarterly financial reports on a voluntary basis, with a summary picture of the business focusing on the key highlights in compliance with 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 2018 will be published by 15 May 2018, 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 management company. The disclosure regarding the filing will be issued in due course.

* * *

Declaration by the Manager charged with preparing the financial reports

The undersigned, Luciano Loiodice, in his capacity as the Manager in charge of preparing Poste Italiane S.p.A.'s financial reports

DECLARES

That, pursuant to Article 154 bis, paragraph 2, of the "Consolidated Law on Financial Intermediation" the information disclosed in this document corresponds to the accounting documents, books and records.

Rome, May 10, 2018

POSTE ITALIANE 1Q2018 FINANCIAL RESULTS – CONFERENCE CALL DETAILS

Rome, May 10, 2018 – 13:00 CEST

Conference Call Dial-in: ITALY: +39 06 8750 0706
UK: +44 (0)330 336 9411
USA: +1 323-701-0225
ITALY (Listen-only) +39 06 8750 0736

THE CONFERENCE CALL WILL ALSO BE AVAILABLE VIA LIVE AUDIO WEBCAST AT:

https://www.posteitaliane.it/en/presentations.html#/

For more information:

Poste Italiane S.p.A
Investor Relations
Tel. +39 0659584716
Mail: investor.relations@posteitaliane.it

Poste Italiane S.p.A.
Media Relations
Tel. +39 0659582097
Mail: ufficiostampa@posteitaliane.it

www.posteitaliane.it