

POSTE ITALIANE

CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

London, 20 March 2019

AGENDA

- 09:00 – 09:40 **Matteo Del Fante** – CEO and GM
- 09:40 – 10:00 **Massimo Rosini** – Head of Mail & Parcel
- 10:00 – 10:20 **Marco Siracusano** – CEO PostePay SpA
- 10:20 – 10:35 *Q&A Session*
- 10:35 – 10:50 Coffee Break
- 10:50 – 11:20 **Andrea Novelli** – CEO of BancoPosta
- 11:20 – 12:00 **Guido Nola** – Group CFO
- 12:00 – 12:30 *Q&A Session*
- 12:30 – 12:40 **Matteo Del Fante** - Closing remarks

DISCLAIMER

This presentation 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 presentation 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 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 precisely estimate, including, but not limited to, changes in the legislative and regulatory framework, market developments and price fluctuations.

Forward-looking statements contained herein are not a guarantee of future performance and you are therefore cautioned not to place undue reliance thereon.

This presentation 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.

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Pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, the executive (*Dirigente Preposto*) in charge of preparing the corporate accounting documents at Poste Italiane, Tiziano Ceccarani, declares that the accounting information contained herein corresponds to document results and accounting books and records.

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

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

POSTE ITALIANE CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

DELIVER 2022 ON TRACK

MATTEO DEL FANTE - CEO

DELIVER 2022 – CREATING ITALY’S MOST EFFECTIVE AND TRUSTED DISTRIBUTION NETWORK

BUILT ON STRONG FUNDAMENTALS AND CUSTOMER NEEDS

GROUP TRANSFORMATION – PEOPLE, PRODUCTS & SYSTEMS

PRAGMATIC FINANCIAL TARGETS AND CLEARLY DEFINED KPIs

KEY CONSOLIDATED FINANCIAL TARGETS

€ bn unless otherwise stated


ALL AS PRESENTED IN FEBRUARY 2018

	2017	2018	2020	2022	CAGR 17-22
REVENUE	10.6	10.7	10.9	11.2	+1%
EBIT EBIT MARGIN	1.1 11%	1.4 11%	1.6 15%	1.8 16%	+10%
NET PROFIT ROE ¹	0.7 10%	1.0 13%	1.1 13%	1.2 13%	+13%
		18 – 20		21 – 22	
DIVIDEND (€/SHARE)	0.42	+5% Per annum		Minimum payout 60%	

KEY CONSOLIDATED FINANCIAL TARGETS

2018 TARGETS ACHIEVED

€ bn unless otherwise stated

	2017	2018			2020	2022	CAGR 17-22
REVENUE	10.6	10.7	10.86 		10.9	11.2	+1%
EBIT	1.1	1.4	1.50 		1.6	1.8	+10%
EBIT MARGIN	11%	11%	14%		15%	16%	
NET PROFIT	0.7	1.0	1.40 		1.1	1.2	+13%
ROE¹	10%	13%	18%		13%	13%	
					19 – 20	21 – 22	
DIVIDEND (€/SHARE)	0.42	0.44	0.44 ² 		+5% Per annum	Minimum payout 60%	

ALL SEGMENT FINANCIAL TARGETS ACHIEVED

2018 INITIATIVES DELIVERING EARLY TANGIBLE RESULTS

€ bn unless otherwise stated

		<i>FY18 TARGET</i>	<i>FY18 ACTUAL</i>	
Posteitaliane GROUP				
	EBIT NET PROFIT	1.4 1.0	1.50 1.01 ¹	
PERFORMANCE DRIVERS				
 MAIL, PARCEL & DISTRIBUTION	REVENUES EBIT	3.5 (0.4)	3.58 (0.43)	<ul style="list-style-type: none"> • Stable revenues driven by expected B2C parcel growth and better than expected mail performance • Network transformation driving cost efficiency
 PAYMENTS, MOBILE & DIGITAL	REVENUES EBITDA EBIT	0.6 0.2 0.2	0.59 0.23 0.20	<ul style="list-style-type: none"> • Growth in payment card stock and transactions • Growth in Postemobile SIM stock • Launch of Postepay Connect
 FINANCIAL SERVICES	REVENUES ² EBIT	5.1 0.9	5.20 0.86	<ul style="list-style-type: none"> • Retail net inflows driving growth in TFAs
 INSURANCE SERVICES	REVENUES NET PROFIT	1.5 0.6	1.47 0.62 ¹	<ul style="list-style-type: none"> • Leadership in Life insurance and focus on growing P&C products

DELIVER 2022 – DRIVEN BY MARKET OPPORTUNITIES

ACHIEVABLE TARGETS THANKS TO BUSINESS RESILIENCE



MAIL, PARCEL & DISTRIBUTION

Long-term mail trend confirmed

- Market revenues -4.7% (CAGR 17-22)
- Italy mail per capita significantly lower than EU peers (2018¹: 50 vs 145)

Long-term parcel trend confirmed

- Market revenues +5.2% (CAGR 17-22)
- B2C market revenues up 17% in 2018

Continued e-commerce growth

- 7% of retail sales in 2018 (2017: 4%)



FINANCIAL & INSURANCE

Growing Italian wealth with higher AuM/TFAs

- 2.3% CAGR 18-21 expected²

Low household debt/GDP

- 41.1% in Italy vs. 57.8% in EU³

Regulation impacting costs and transparency

- MIFID & IDD

Low non-motor P&C penetration

- 0.9% in Italy vs. 2.3% in EU⁴



PAYMENTS, MOBILE & DIGITAL

Steady growth in card payments, innovative payments⁵ accelerating

- Total market €230bn, up 7% in 2018⁶
- Innovative market €46bn, up 15% in 2018

Opportunity to increase 'point of sale' card transaction levels

- 2017: 51 per capita vs. 123 in EU

Active smartphone user base with high penetration⁷

- 44.8m smartphone users
- 76% market penetration

1. EU data. Internal projection starting from 2017 official data to estimate 2018 base; 2. Annual expected growth of financial assets 2018-2021; Prometeia, 12/2018, Economic Outlook; 3. Household debt vs GDP (2° quarter 2018). Banca d'Italia Economic Bulletin; 4. P&C non motor premiums/GDP. ANIA "L'Assicurazione Italiana 2017-2018"; 5. Contactless, e-commerce and mobile; 6. POLIMI; 7. AGCOM Osservatorio sulle Comunicazioni 4/18, GSMA Report Mobile Economy 2019

2018 HIGHLIGHTS VIDEO

DELIVER 2022

OPTIMISING POSTE ITALIANE'S
POWERFUL DISTRIBUTION NETWORK
FOR FUTURE GROWTH

MAIL, PARCEL & DISTRIBUTION

NETWORK TRANSFORMATION UNDERPINNED BY INNOVATIVE JOINT DELIVERY MODEL

JOINT DELIVERY MODEL – LAUNCHED APRIL 2018

- Transforming mail distribution network to capture e-commerce opportunities
- Joint Delivery Model launched in April 2018 following union deal
- ~50% executed in 2018, 100% roll-out by end 2019

Up to 60m Parcels delivered by Postini in 2019 (2018: 45m, 2017: 35m, 2016: 14m)

10% Reduction in FTEs on delivery

NETWORK OPTIMISATION – KEY FOCUS

- Redesigning and enhancing transport network
- New automatic sorting facilities
- Focus on operational excellence through lean manufacturing methodology

500k

Daily parcel processing capacity (2017: 400k)

7 of 10

Sorting centres with lean methodology

CUSTOMER OPTIMISATION – KEY FOCUS

- Extensive alternative delivery network
 - PuntoPoste
 - FIT agreement
- New parcel delivery options
- New service models

3,500

Alternative delivery points by 2019 (2018: 420)

40%

B2C market share in 2022 (2018: 33%)

UNRIVALLED FOOTPRINT & COMMITMENT TO ITALY

INCREASING POSTE'S REACH AND VITAL ROLE

2018 – NETWORK PERFORMANCE

- **12,822 Post offices** – no closures
- **34.9m customers**
- **€514bn TFAs¹** – €3.5bn retail net inflows
- **1.4m daily Post Office visitors** – down 2%
- **1.5m daily users web / app** – up 14%
- **21.6m app downloads** – up 44% in 2018
- **47.9m digital financial transactions²**
– up 22% in 2018

GOVERNMENT PARTNERSHIP INITIATIVES

REDDITO DI CITTADINANZA – MARCH 2019



- Key partner of Italian Central Administration
- Application, issuance and management
- Web portal developed as official request channel

ELECTRONIC DIGITAL IDENTITY



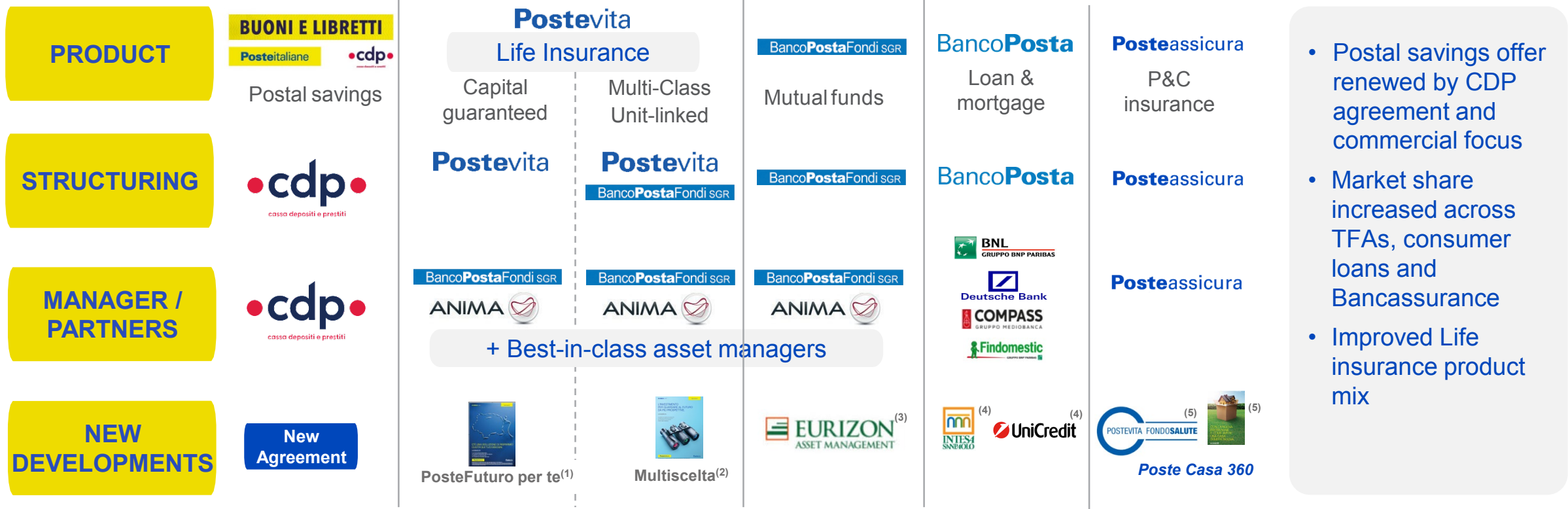
- Main issuer of Digital IDs for access to Poste and Government services
- 85% market share across Italy

PICCOLI COMUNI – 26 NOVEMBER 2018

- Proactive partnership to reinforce role in local communities
- No Post Office closures in municipalities under 5,000 inhabitants
- Services guaranteed in 254 municipalities through PuntoPoste network, Postini additional services and ATMs

FINANCIAL & INSURANCE

EXPANDED PRODUCT RANGE – POSTAL SAVINGS BACK AT THE HEART OF OUR OFFER



ENHANCED COMMERCIAL FRONTLINE

- From 8,000 relationship managers (RMs) in 2018 to 9,000 in 2019
- 1,000 mobile RMs in 2018 – up 50% in 2019
- More than 20% of clients now covered by a RM (2017: 7%)
- New digital tools – CRM, real-time referral and investment proposal
- 800,000 hours of training for RMs

1 New Class I product launched on June 25th 2018; 2. New Multiclass product launched on July 23rd 2018; 3. New product Orizzonte Reddito launched on April 10th 2018; 4. New mortgage product launched on July 23rd 2018 with Intesa and Unicredit partnership signed July 31st 2018; 5. Fondo Salute launched on April 1st 2018, Poste Casa 360 launched on June 23rd 2018

PAYMENTS, MOBILE & DIGITAL

MAXIMISING CONVERGENCE OPPORTUNITIES

PAYMENTS – STRENGTHEN LEADERSHIP

- Boost digital payment via new services for consumers and merchants
- Partnerships with Intesa, Western Union and FIT/ Lottomatica

2019 – strengthen Postepay ecosystem with new payment services and international payments partnerships

Total card transactions
+18% y/y

e-commerce transactions
+22% y/y

MOBILE – RETAIN & GROW CUSTOMER BASE

- Fully online sales service for products
- Increase annual subscriptions to lower churn rate
- Increase in landline customer base

2019 – focus on Ultra Broadband, Internet of Things and product bundling

2.8m
Digital e-wallets
+64% y/y

SIM &
landline stock
+7% y/y

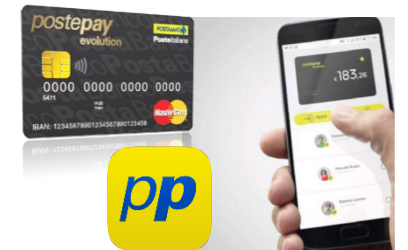
POSTEPAY CONNECT – LAUNCHED NOV 2018

- Payments and mobile services for a single annual fee: one-stop Giga and money transfer
- Positive impact on both Postepay Evolution and SIM performance in terms of annual contracts

+19% Increase in average daily sales of Postpay Evolution cards¹

+9% Increase in average daily sales of mobile SIM¹

postepayconnect

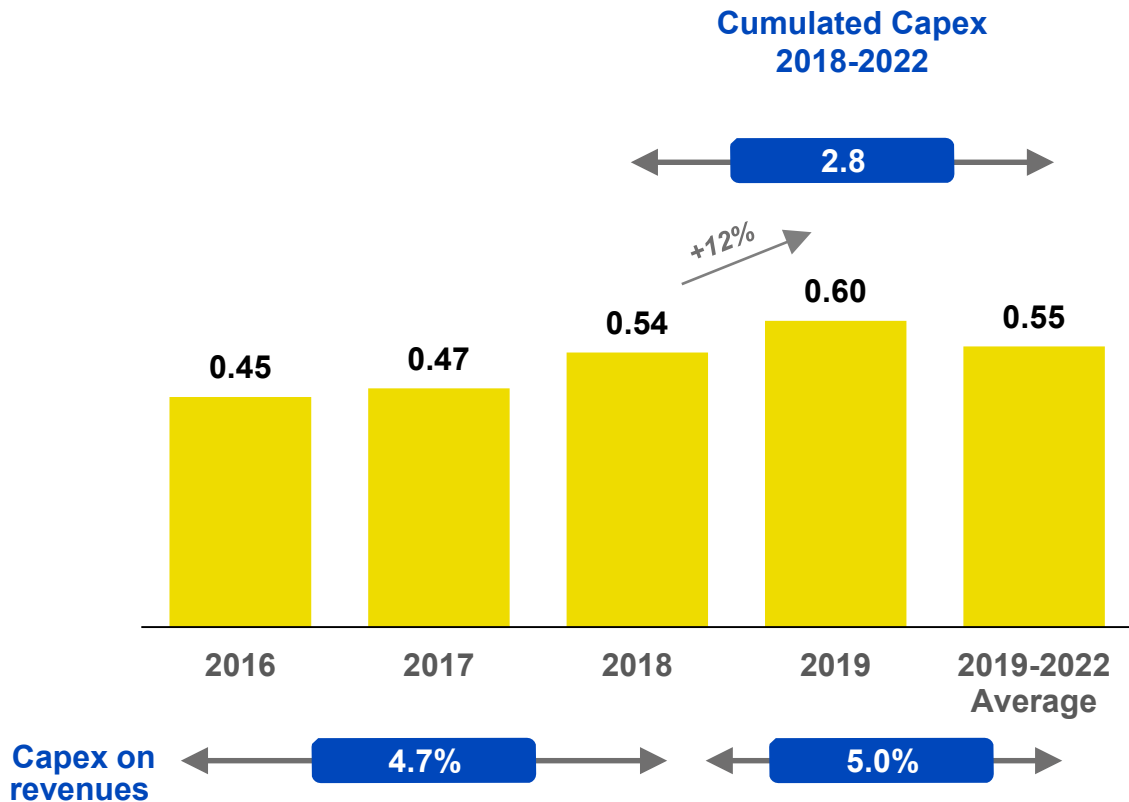


EFFECTIVE CAPITAL EXPENDITURE

SIGNIFICANT AND FOCUSED INVESTMENTS TO SUPPORT DELIVER 2022 STRATEGY

€ bn unless otherwise stated

CAPEX PLAN



2019 INVESTMENT FOCUS

- **Mail, Parcel & Distribution:**
 - Mail and parcel sorting automation
 - New delivery model
 - Lean program
- **Financial Services & Insurance**
 - Products and service evolution
 - Compliance and regulatory
- **Payments, Mobile and Digital**
 - Postepay infrastructure setup

2019 PRIORITIES

2019 GUIDANCE

KPIs

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DIVIDEND (€/SHARE)	0.42	18 – 20 +5% per annum		21 – 22 Minimum payout 60%	

KEY CONSOLIDATED FINANCIAL TARGETS

DELIVER 2022 STRATEGY – 2018 RESULTS CONFIRM EARLY PROGRESS

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KEY CONSOLIDATED FINANCIAL TARGETS





2019 GUIDANCE – CONTINUED PROGRESSION TOWARDS LONG-TERM TARGETS

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ROE¹	10%	18%	14%	13%	13%	
DIVIDEND (€/SHARE)	0.42	0.44 ³	+5%	2020 +5%	21 - 22 60% min. payout	

KEY PERFORMANCE INDICATORS

TRACKING PROGRESS ACROSS ALL SEGMENTS

		2017	2018	2022	
 MAIL, PARCEL & DISTRIBUTION	<ul style="list-style-type: none"> Operational turnaround Trusted provider and unique network 	Segment revenue/ FTE	€60k	€62k	€68k
		Parcels delivered by Postini	35m/pcs	45m/pcs	>100m/pcs
		B2C market share	30%	33% ¹	40%
 PAYMENTS, MOBILE & DIGITAL	<ul style="list-style-type: none"> Enhancement of payment eco-system 	Total Postepay cards stock (#)	17.7m	19.0m	18.3m
		o/w Postepay evolution stock (#)	4.7m	6.3m	9.9m
		Payment cards transactions (#)	0.9bn	1.1bn	1.6bn
		Digital e-wallet stock (#)	1.7m	2.8m	6.5m
 FINANCIAL SERVICES	<ul style="list-style-type: none"> Distribution of comprehensive range of products covering all financial needs 	TFAs	€510bn	€514bn	€583bn
		Product sales (#)	8.0m	8.4m	>12m
		Fees per client	€222	€235	>€250
 INSURANCE SERVICES	<ul style="list-style-type: none"> Growth in Life capital-light products and P&C offering 	GWP	€20.4bn	€16.8bn	€20.7bn
		% multi-class, unit-linked on Life GWP	4%	8%	41%

ENVIRONMENTAL, SOCIAL & GOVERNANCE FOCUS

FIRST INTEGRATED REPORT TO BE PUBLISHED MAY 2019

Six sustainability pillars with specific objectives related to the Environmental, Social and Governance areas of Poste's business activities that contribute to United Nations Sustainable Development Goals



DELIVER 2022 – CREATING ITALY’S MOST EFFECTIVE AND TRUSTED DISTRIBUTION NETWORK

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2018 RESULTS & 2019 GUIDANCE

MAIL, PARCEL & DISTRIBUTION

Massimo Rosini - Head of Mail & Parcel

DELIVER 2022: MAIL, PARCEL & DISTRIBUTION

BUILT ON UNRIVALLED DISTRIBUTION NETWORK
TO CAPITALISE ON E-COMMERCE GROWTH


COMPREHENSIVE NETWORK TRANSFORMATION,
LEVERAGING JOINT MAIL AND PARCEL APPROACH

CUSTOMER EXPERIENCE IMPROVEMENT
TO MEET E-COMMERCE NEEDS EVOLUTION

FINANCIAL TARGETS & KPIs

MAIL, PARCEL & DISTRIBUTION SEGMENT

€ bn unless otherwise stated

	2017	2018		Var. % YoY	2022	CAGR 17-22
		TARGET	ACTUAL			
SEGMENT REVENUES	3.63	3.5	3.58 	-1%	3.5	-1%
B2C REVENUES	0.24		0.30 	+28%	0.6	+21%
B2C MARKET SHARE	30%		33% ¹ 	+3 p.p. ²	40%	+10 p.p. ²
PARCELS DELIVERED BY "POSTINI" (M PCS)	35		45 	+30%	>100	+27%
SEGMENT REVENUES/ FTE (€ '000)	60		62 	+3%	68	+3%

MARKET TRENDS

STRONG B2C PARCEL GROWTH; MAIL TREND CONFIRMED DESPITE STRONG 2018

MAIL



Long term mail market trend confirmed

-4.7%

CAGR 2017-22
Market revenues

2018 exceptional mail trend in Italy



-3% vs -4%
(% YoY market revenues)



Mail per capita in Italy lower than EU peers



50 vs 145¹
2018 figure



PARCEL

Long term parcel market trend confirmed

+5.2%

CAGR 2017-22
Market revenues

Strong B2C revenue growth continues –
up to 3 parcels per capita in 2018

+17%

B2C growth 2017-18
Market revenue

Significant online sales increase in Italy as a percentage of
total retail sales², still below EU average



2018: 7% vs 12%
2017: 4% vs 8%



DELIVER 2022: MAIL, PARCEL & DISTRIBUTION

**OPERATIONAL TURNAROUND –
COMPLETE NETWORK TRANSFORMATION**

CLEAR ROADMAP

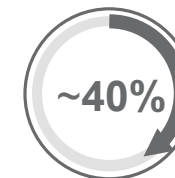
STATUS UPDATE

Value chain

Transport

TRANSPORT OPTIMISATION

- Enhancement of air cargo connections
- Ground cargo optimisation
- Fleet right-sizing and mix optimisation to save costs and gain flexibility



Sorting

SORTING AUTOMATION & STREAMLINING

- New mixed mail and parcel sorting machines, improving efficiency
- New sorting centres for all Group parcels
- Operational excellence, through Lean approach, improving safety and efficiency



Delivery

JOINT DELIVERY MODEL

- Flexible delivery model, based on expected volume mix evolution and client needs
- Joint delivery of mail and parcel, improving efficiency and productivity



Comprehensive operational turnaround on track in all key areas

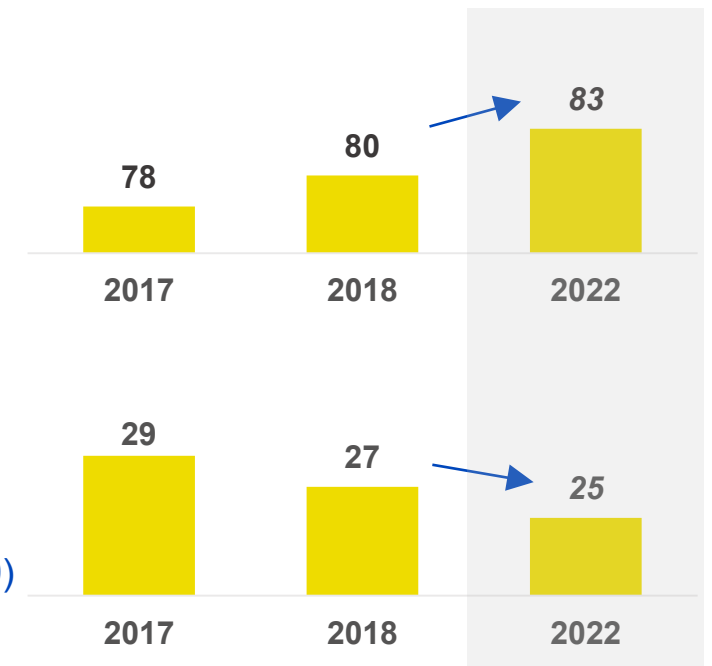


KEY ACHIEVEMENTS

- Mail & Parcel joint approach also applied to air transport to maximise capacity and efficiency
- 6 air cargo routes in place allowing next day delivery to southern Italy and islands where other players cannot
- Overall cost reduction achieved through fleet right-sizing

2018 PROGRESS & TARGETS

Vehicles saturation¹ (%)



Overall fleet right-sizing² ('000)



Further air connection enhancement driven by volume growth



Start ground cargo refocus to optimise long-haul, through advanced IT solutions

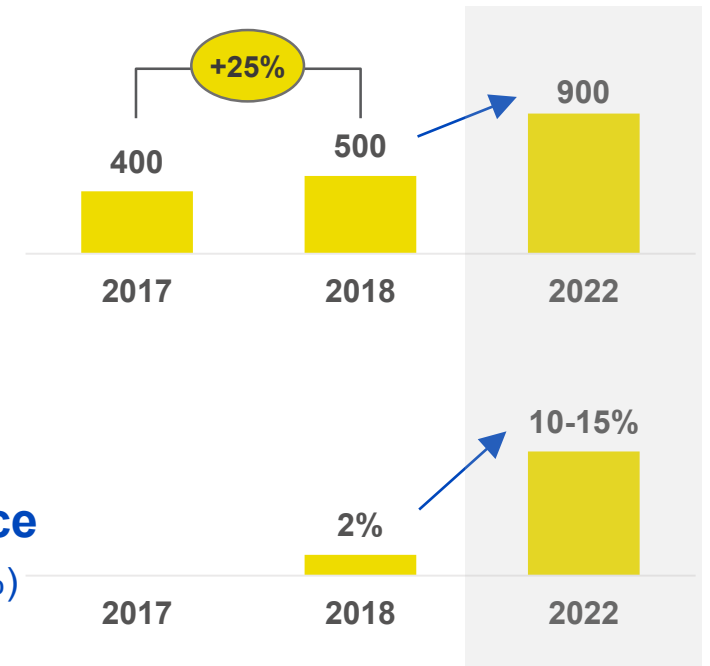
KEY ACHIEVEMENTS

- 1 new mixed mail and parcels sorting machine delivering 25% increase in automated sorting capacity
- 2 new mixed mail sorting machines providing sorting line reduction and real estate occupancy optimisation
- Lean manufacturing started in 7 out of 10 sorting centres, increasing efficiency and empowering people

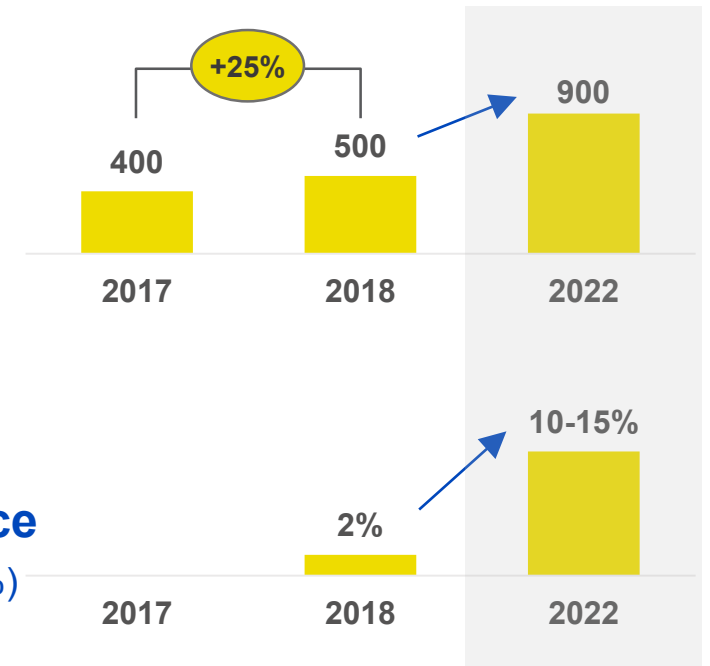
Union Agreement signed on 8th March '19

2018 PROGRESS & TARGETS

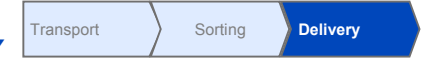
Daily parcel automated capacity (k pcs)



Staff performance improvement¹ (%)



- 1 new hub for all Group parcels sorting in Bologna
- 4 new mail and 1 parcel sorting machines to improve sorting capacity and efficiency
- Lean manufacturing approach introduction in all 10 sorting centers

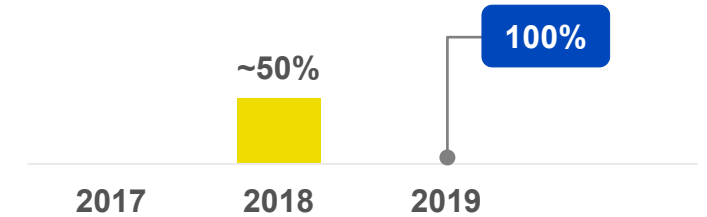


KEY ACHIEVEMENTS

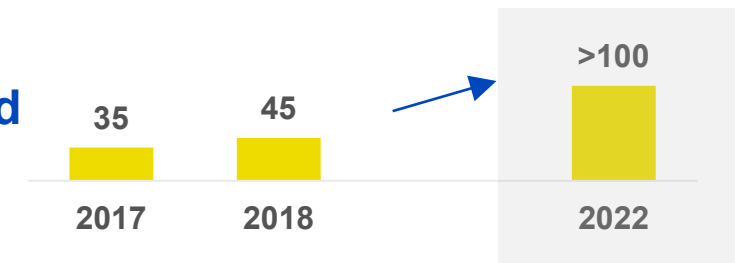
- Joint Delivery Model implemented across half of Italy with afternoon and Saturday delivery, improving productivity, efficiency and customer experience
- Sunday delivery added during Christmas period to meet demand and e-shopper needs
- Introduction of 330 3-wheeled electric vehicles, improving load factor, safety and sustainability

2018 PROGRESS & TARGETS

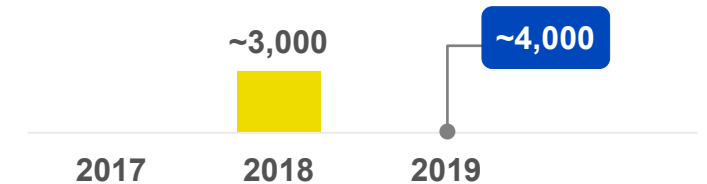
Implementation update (%)



Parcels delivered by "postini" (m pcs)



FTE reduction



Implementation of Joint Delivery Model across Italy



Further enhancement of parcels delivered by "postini" up to 60m

DELIVER 2022: MAIL, PARCEL & DISTRIBUTION

**CUSTOMER EXPERIENCE IMPROVEMENT
TO MEET E-COMMERCE NEEDS EVOLUTION**

CUSTOMER CENTRIC APPROACH TO QUALITY

IMPROVED OFFER BASED ON CUSTOMER NEEDS

KEY ACHIEVEMENTS

PuntoPoste

- **Most extensive alternative delivery network** Punto Poste provides 420 alternative delivery points (Retail outlets, Locker) plus all Post Offices to fit customer needs
- **Increased customer options**
5 new parcel delivery options (safe place delivery, neighbour delivery, change place and time, hold my parcel during holiday)
- **Improved delivery flexibility**
Afternoon, Saturday and Sunday deliveries implemented



FOCUS FOR 2019



Further PuntoPoste network growth – accelerated with FIT network



New parcel features to meet market needs evolution (i.e. same-day delivery)



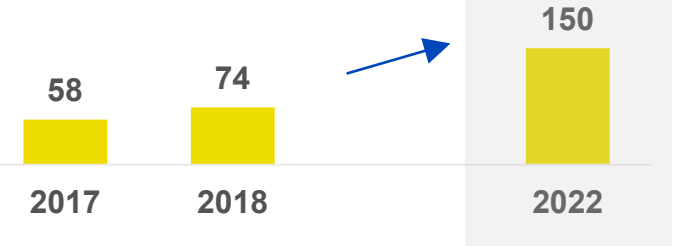
City Logistic – delivery on foot and by bicycle – to be piloted in 2019

2018 PROGRESS & TARGETS

Alternative delivery points (excluding Post Offices)



B2C parcel volumes (m pcs)



Agreement

1

MARKET DRIVEN BY EVOLVING CUSTOMER NEEDS

- **Faster** – speed enhancement request
- **More options** – driver delivering journey monitoring via GPS
- **More sustainable** – consumers making more socially responsible choices

2

NEW SERVICE MODELS TO MEET DEMAND

- Shift from centralised warehousing to small urban storage closer to e-shopper
- Dedicated delivery network and advanced IT solutions

3

FUTURE SERVICES TO DRIVE SATISFACTION

- **Instant delivery** – 1 or 2 hours delivery
- **Scheduled delivery** – time definite delivery

E-SHOPPER EXPERIENCE



E-SHOPPER SATISFACTION: THE KEY FOR MERCHANT LOYALTY

SPOTLIGHT VIDEO

TRANSFORMING POSTE'S POWERFUL
PHYSICAL DISTRIBUTION NETWORK

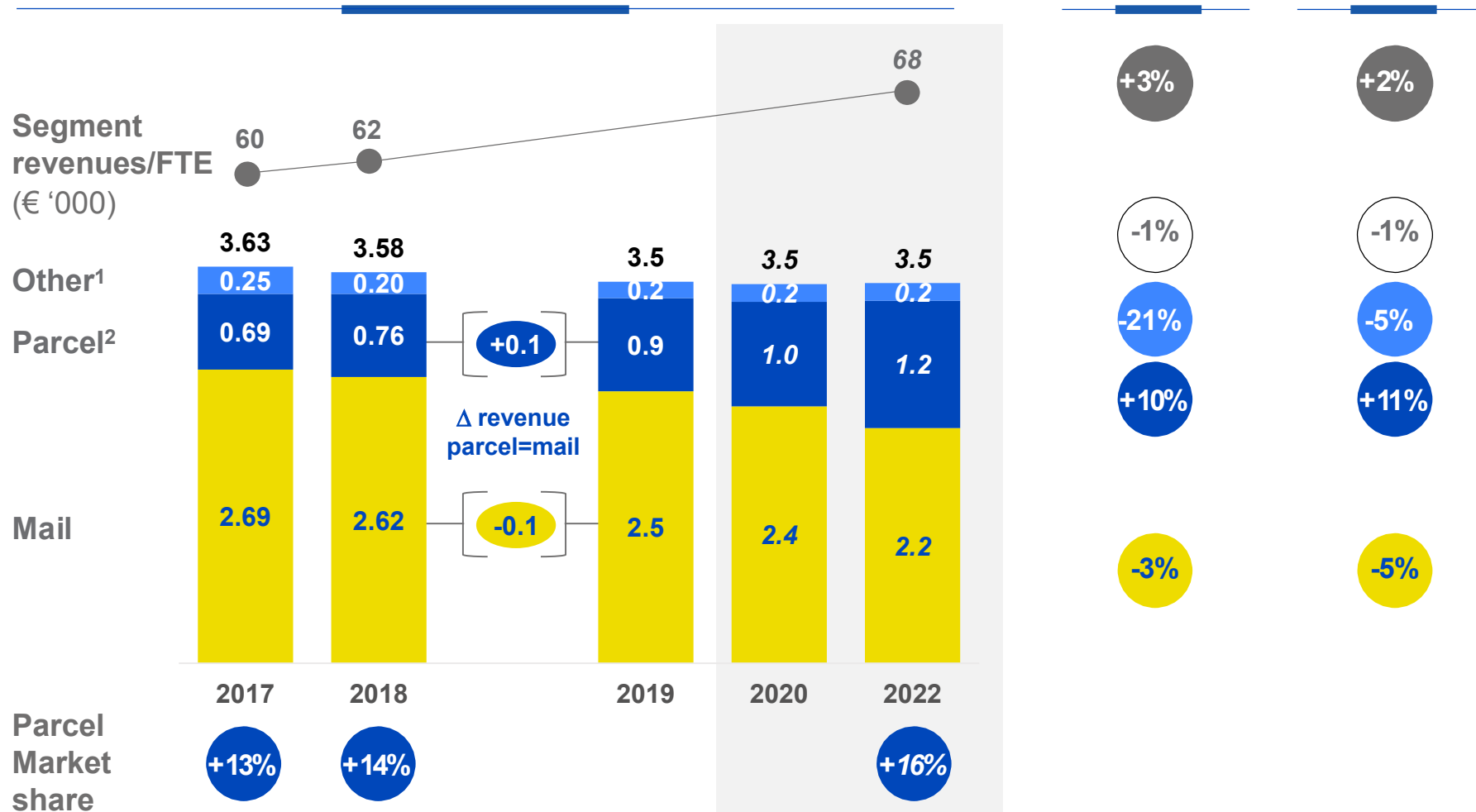
DELIVER 2022: MAIL, PARCEL & DISTRIBUTION

FINANCIALS & KPIs

SEGMENT REVENUE TARGETS AND COST OF LABOUR EVOLUTION

SUSTAINABLE BUSINESS MODEL COMBINING MAIL & PARCEL

MAIL, PARCEL & DISTRIBUTION SEGMENT REVENUE (€ bn)



- Stable segment revenue
- Parcel growth sustained by B2C
- Comprehensive network transformation drives sizeable FTE reduction

FINANCIAL TARGETS & KPIs

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B2C MARKET SHARE	30%	33%¹		40%	+10 p.p.²
PARCELS DELIVERED BY "POSTINI" (M PCS)	35	45		>100	+27%
SEGMENT REVENUES/ FTE (€ '000)	60	62		68	+3%

Significant investments to reach clear and realistic targets

DELIVER 2022: MAIL, PARCEL & DISTRIBUTION KEY TAKEAWAYS

DELIVER 2022 STRATEGY CONFIRMED

**NETWORK TRANSFORMATION ON TRACK, PRODUCING TANGIBLE
RESULTS AND EXECUTION RISK REDUCED**

**STRONG 2018 FINANCIAL RESULTS CONFIRMING HIGH POTENTIAL
IN B2C GROWTH**

POSTE ITALIANE CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

PAYMENTS, MOBILE & DIGITAL

Marco Siracusano – CEO of Postepay S.p.A

PAYMENTS

Strengthen leadership in issuing market and boost acquiring developments



19.0m

Postepay prepaid cards



7.2m

Debit cards



202m

e-commerce transactions



383m

Bill payments



110k

Active POS



27.8k

Acquiring merchant clients

MOBILE

Retain and grow mobile and landline customer base thanks to innovative services and an integrated digital payment offer



4.1m

SIM and landline



47.9m

Digital financial transactions



17.6m

Registered online users



2.6m

Electronic ID users

DIGITAL

Continuous development to grow and improve Group-wide digital services



1.5m

Daily online visitors



2.8m

Digital E-Wallets



21.6 m

App downloads



58.4m

Track & Trace users

MARKET TRENDS

SIGNIFICANT GROWTH POTENTIAL DRIVING OPPORTUNITIES

PAYMENTS

Italian market still a cash market – opportunity to align with EU average



Cash transactions ¹
86% vs 74%



Annual card payments/citizen to grow at double digit rate – catching EU average



51 vs 123 ²



Innovative digital payments³ market expected to grow at higher rate than overall market

€46bn

Market size in Italy

+50%

Estimated growth by 2020

MOBILE

Fast growing mobile data market

50.7m

Italian users

60%

Growth vs 2017

85%

Italy market penetration ⁴

Smartphone higher penetration than in EU market



76% vs 72% ⁵



Integrate Payments, Mobile and Digital assets...



Payments

Transfer of payments assets from BancoPosta



Mobile

PosteMobile SpA assets and expertise



Digital

Digital assets from Poste Italiane

... Into Postepay S.p.A.

October 2018

Electronic Money Institution



Mobile Virtual Network Operator

- Issuing
- Acquiring
- Digital Payments
- Bill Payments
- Money Transfer



- Mobile SIM
- Home land-line
- Connectivity
- 'Internet of Things'

100% owned by Poste Italiane

Specialised Skills
High-level integration
Advanced know-how

IT capabilities



PAYMENTS

MOBILE



CUSTOMER ACQUISITION

- Increase Postepay card growth (2018: +8% y/y)
- Increase Card transactions growth (2018: +18% y/y). More than double expected market growth (+7% in 2021)

- Increase mobile and land-line stock in highly competitive market (2018: +7% y/y), due to a lower churn rate vs market (18% vs 34%)¹

CROSS SELLING OPPORTUNITIES

- Leverage large Postepay cards customer base to offer mobile services
- Leverage loyal mobile customer base to offer payments products
- Develop an integrated payment and mobile offer for both consumers and SMEs

UPSELLING OPPORTUNITIES

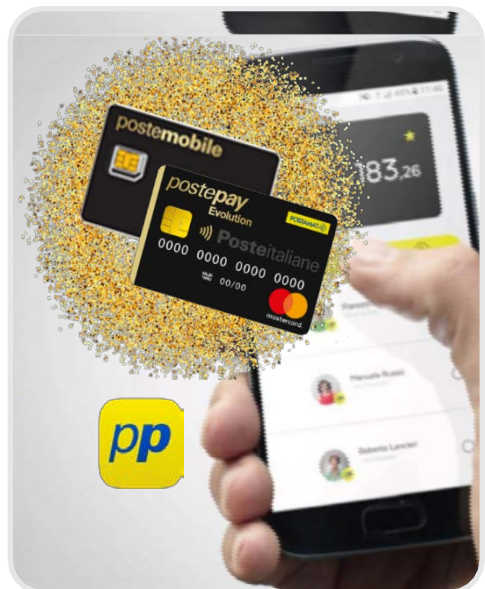
- Transition users from Postepay Standard to Postepay Evolution (2018: +33% y/y)

- Drive combined land-line & mobile offer to increase revenues (2018: Combined customers +160% y/y)
- Transfer customers from monthly tariff plans to annually pre-paid offers (2018: +222% y/y)

SPOTLIGHT VIDEO

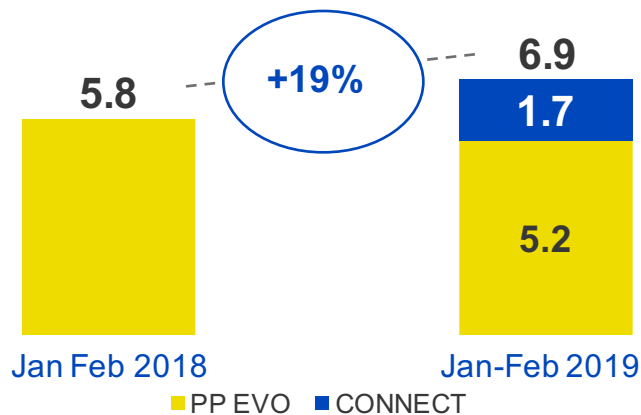
POSTEPAY CONNECT

postepayconnect

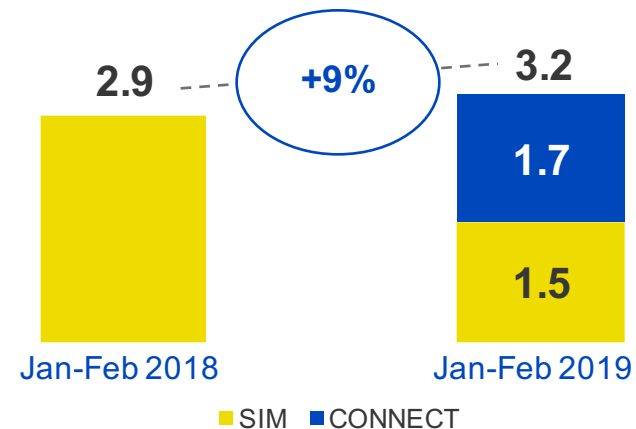


- Payments and Mobile services for single annual fee
- One App experience: Instant Peer2Peer payments and Giga2Giga real time transfer
- Accelerating transition from monthly mobile tariff plans to annual commitments

POSTEPAY EVOLUTION CARDS DAILY SALES AVERAGE (#k)



MOBILE SIM DAILY SALES AVERAGE (#k)



Launched in November 2018 – immediate positive impact on Postepay Evolution card and mobile SIM sales figures

KEY ACHIEVEMENTS

- Boost digital payments services for consumers
- “PagaConPostepay” 1-click Acquiring solution for merchants
- Postepay Connect - Payments & Mobile integrated offer
- New partnerships:
 - Intesa San Paolo - bill payments and Postepay top up
 - Western Union - digital platform for money transfer
 - FIT/Lottomatica – proximity network for Postepay top up

2018 PROGRESS & TARGETS

Total card transactions

+18% y/y

Total card transactions Market Share ¹

18.2% → 19.7%

Total Payment Revenues

+22% y/y



FOCUS FOR 2019



Expand ecosystem digital payment services to drive client retention and growth



Launch integrated digital solution for Consumers, SMEs and Corporate: mobile pos and “pin on glass” acquiring solutions, e-commerce & mobile payments



New partnerships to grow transactions in everyday spending – fuel, groceries, ticketing



Agreements with international peers to federate digital wallet transactions

KEY ACHIEVEMENTS

- Postepay Connect driving shift to annual fee model; product experience driving customer loyalty and retention
- Fully online mobile SIM sales driving customer growth through innovation and ease of use
- Creami Next (Mobile) offer driving customer transition to more sustainable, multi-monthly fee model
- Rapid growth in landlines from low base demonstrating strength of network to monetise new products

2018 PROGRESS & TARGETS

**SIM and
landline stock**

+7% y/y

**Full online
acquisition**

+53% y/y

**Total mobile
revenues**

+3% y/y



FOCUS FOR 2019



Mobile – focus on new renewal models (multi-monthly and annual fee) to be competitive in the market



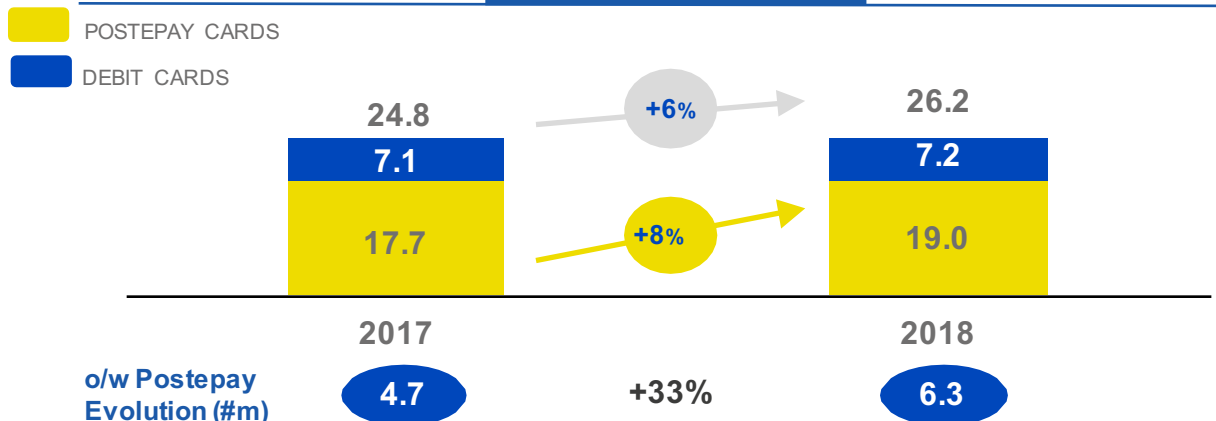
Landline and digital – focus on integrated home, mobile and payments offers to drive both senior and youth segment sales



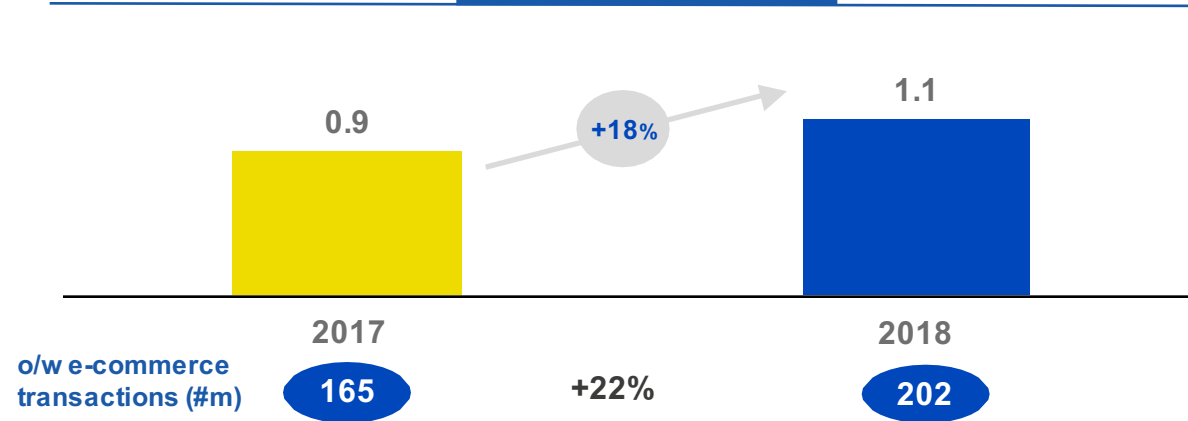
New offers - focus on ultra broadband and 'Internet of Things' services

PAYMENTS, MOBILE & DIGITAL POSTEPAY KPIs & FINANCIALS

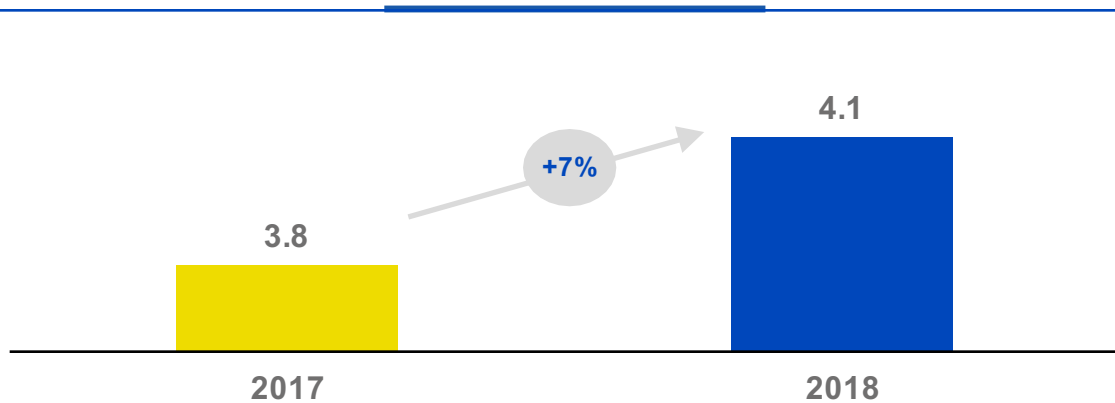
CARDS STOCK (#m)



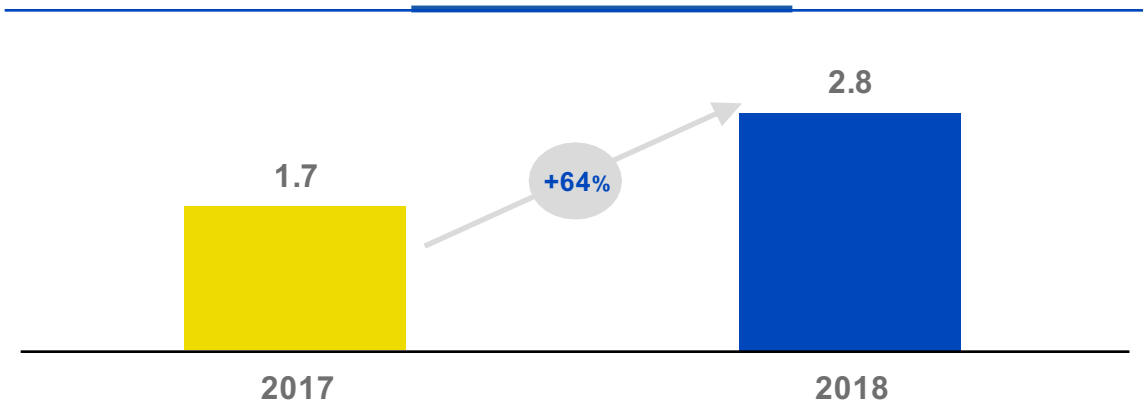
TOTAL CARD TRANSACTIONS (#bn)



MOBILE & LAND-LINE STOCK (#m)



DIGITAL E-WALLETS (#m)



POSTEPAY – KEY TARGETS

MAIN COMMERCIAL KPIs FOR DELIVER 2022

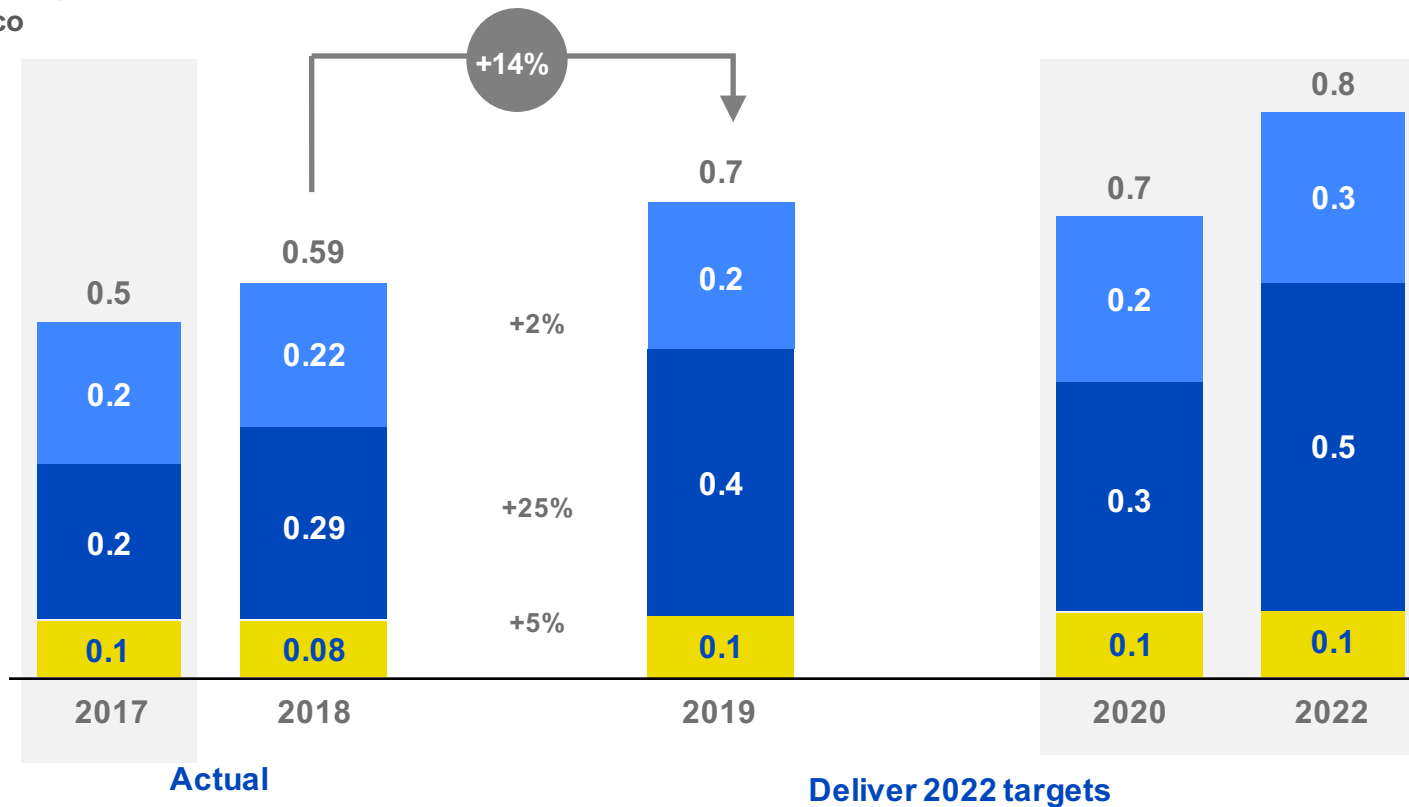
	2017	2018	2019	2020	2022	CAGR 17-22	
KPIs							
Payments	Total Postepay cards portfolio, stock #m	17.7	19.0	19.5	18.1	18.3	1%
	o/w Postepay Evolution, stock #m	4.7	6.3	7.8	8.1	9.9	16%
	Total payment cards transactions, bn	0.9	1.1	1.3	1.2	1.6	12%
	o/w e-commerce transactions, m	165	202	252	222	360	17%
Mobile	Mobile & Land-line stock #m	3.8	4.1	4.2	3.8	4.0	1%
Digital	Digital e-wallets, stock #m	1.7	2.8	3.7	4.7	6.5	31%

PAYMENTS, MOBILE & DIGITAL REVENUES FURTHER PROGRESSING

€ bn unless otherwise stated

SEGMENT REVENUES

- Other payments
- Card payments
- Telco



KEY HIGHLIGHTS

- Revenues up by 14% supported by double digit growth in Card payments (+25%) and Telco (+2%)
- Contribution from Other payments expected in line with Plan

SPOTLIGHT VIDEO

POSTEPAY – CREATING ITALY'S LEADING
DIGITAL PAYMENTS COMPANY

SUPPORTING GROUP DIGITAL INITIATIVES & E-GOVERNMENT

POWERFUL DIGITAL INFRASTRUCTURE

GROUP DIGITAL INITIATIVES

ECOSYSTEM

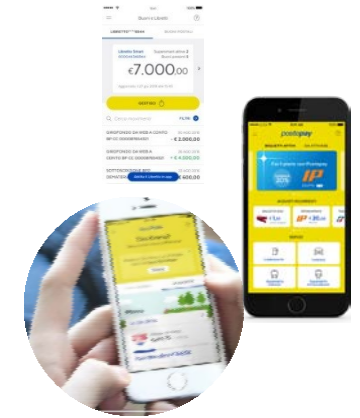
Leverage business and product synergies to create unique offer to consumers and businesses

INNOVATION

Create value by leveraging technology capabilities and 'agile' approach to accelerate time-to-market

CUSTOMER EXPERIENCE

Excellence in design to achieve simple and secure experience, recognised by our customers



E-GOVERNMENT SERVICES

SCALE

Physical and digital infrastructure and nation-wide cross-channel touchpoints

INCLUSION

Ease-of-use and security to facilitate education and adoption of digital e-government services

INNOVATION

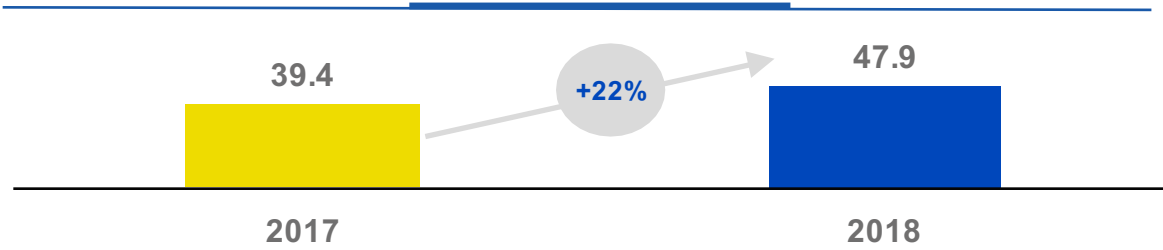
Leverage the Poste Digital Ecosystem to support e-government services



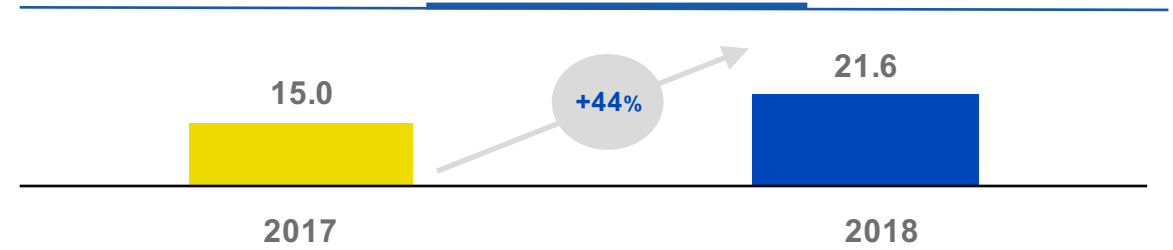
DIGITAL TRANSFORMATION

2018 GROWTH IN ALL AREAS

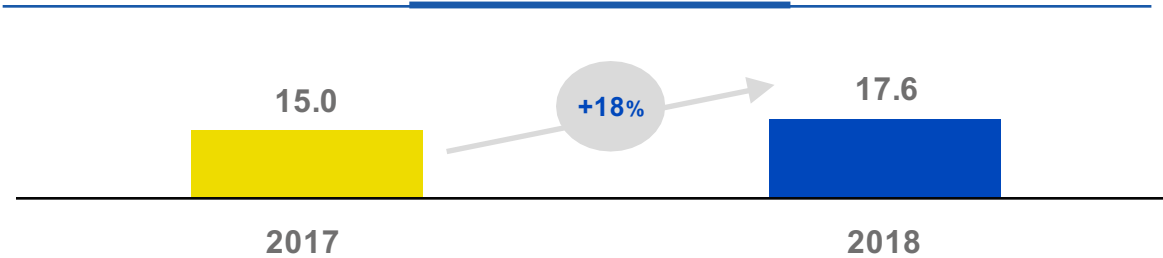
DIGITAL FINANCIAL TRANSACTIONS¹ (#m)



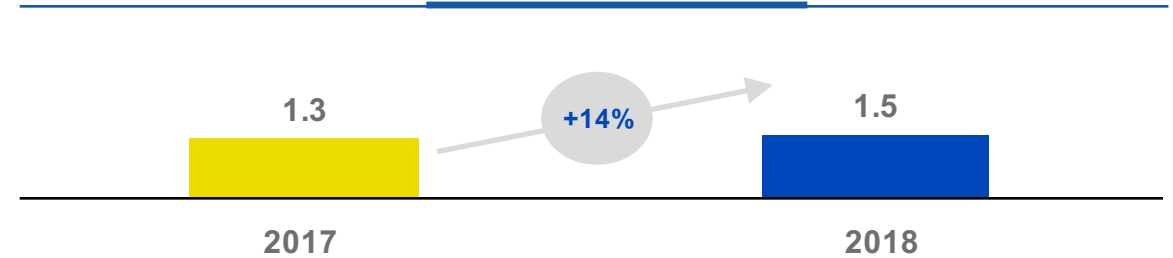
DOWNLOADS OF THE APPs (#m)



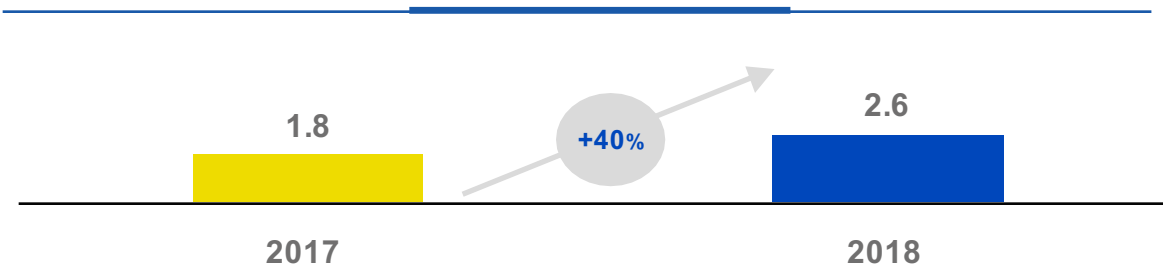
REGISTERED ONLINE USERS (#m)



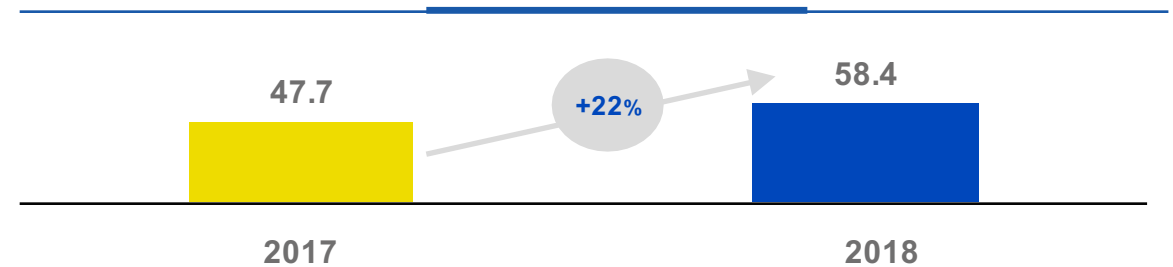
ONLINE DAILY VISITORS (#m)



ELECTRONIC ID GROWTH (#m)



ONLINE TRACK&TRACE (#m)



DELIVER 2022

DELIVER 2022 WELL ON TRACK – REVENUES AND TRANSACTIONS BOTH INCREASING

SET UP OF POSTEPAY S.p.A CONSOLIDATES OUR LEADERSHIP IN ITALIAN PAYMENTS MARKET

POSTEPAY CONNECT IS A UNIQUE INTEGRATED PLATFORM LEADING INNOVATION IN PAYMENT AND TELCO MARKETS

POSTE ITALIANE CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

FINANCIAL & INSURANCE DISTRIBUTION

Andrea Novelli – BancoPosta CEO

FINANCIAL TARGETS AND KPIs

FINANCIAL SEGMENT PERIMETER

	2017		2018		2022	CAGR 17-22
ADJUSTED GROSS REVENUE⁽¹⁾ €BN	5.0	5.3	5.34		6.0	+ 4%
TFA⁽²⁾ €BN	510		514		583	+ 3%
PRODUCT SALES # M	8.0		8.37		> 12	> +8%

MARKET AND MACRO TRENDS

UNDERLYING OPPORTUNITY CONFIRMED

MACRO

European economic growth slowing down¹

+0.9%

GDP growth 2018 in Italy

Growing Italian wealth with increasing penetration of AuM²

+2.3%

**Annual growth
in financial assets 18-21**

Expected moderate increase in interest rates³

2022 vs 2018

+0.4%

10y IRS

MARKETS

Regulation driving transparency on cost and performance

**Mifid II started Jan 2018
IDD started Oct 2018**

Low non-motor P&C penetration⁴



0.9% vs 2.3%



Low household debt levels⁵



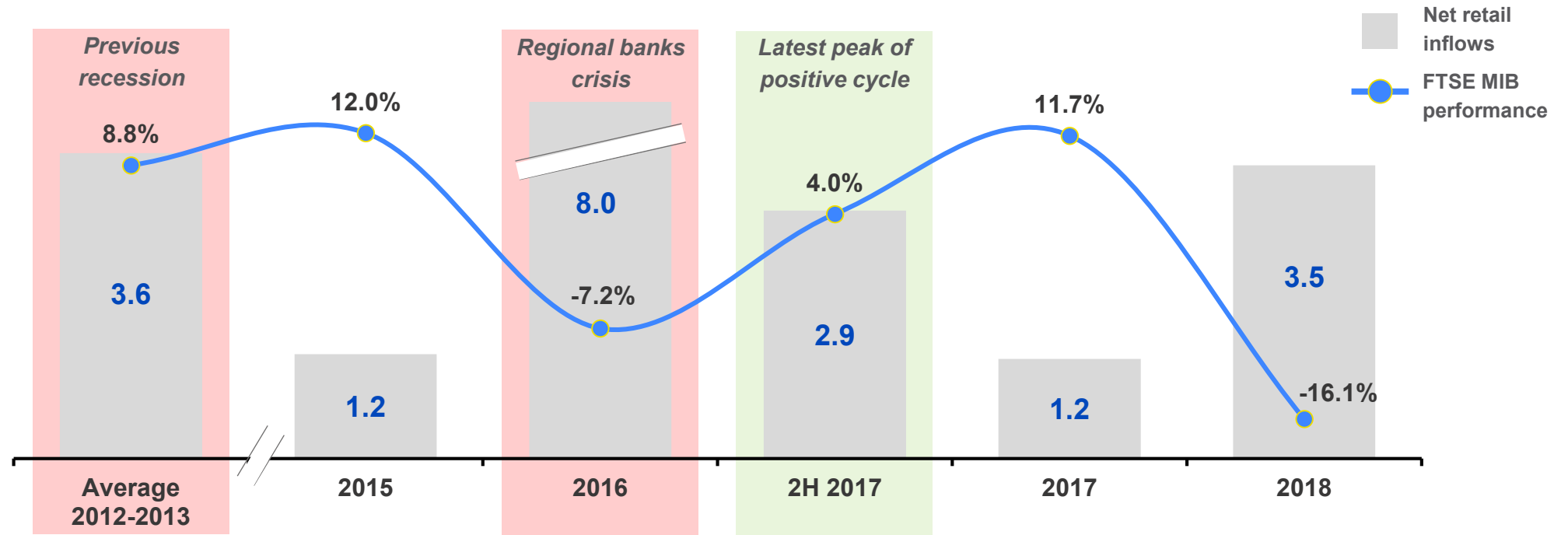
41.1% vs 57.8%



A RESILIENT FINANCIAL AND INSURANCE DISTRIBUTION PLATFORM

POSITIVE PERFORMANCE IN ALL MARKET CONDITIONS

RETAIL NET INFLOWS⁽¹⁾ TREND 2012 – 2018 (€ bn)



BTP/Bund Spread 10y⁽²⁾



Loan & mortgage volume (€ bn)



MARKET LEADERSHIP IN DISTRIBUTION

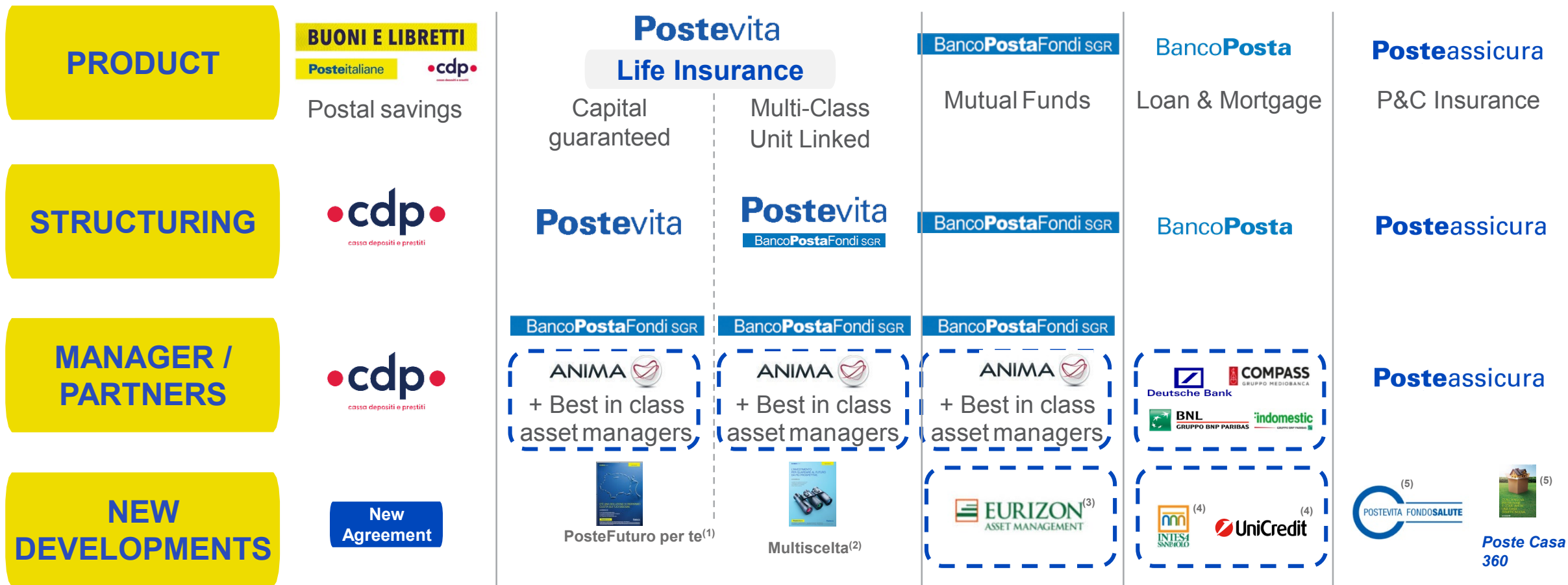
INCREASING TFA AND CUSTOMER NUMBERS

- Growth in TFA, despite market conditions, with strong performance in Private segment
- Increase in new customers mainly thanks to Postepay, creating potential cross selling opportunities, particular in youth age bracket

SEGMENT ¹	TFA ² € bn		CUSTOMERS #m	
	FY 2018	Change TFA vs FY 2017	FY 2018	
TOTAL TFA	514	+4 +1%		
PRIVATE	36	+3 +9%	2.6	-
AFFLUENT	266	+3 +1%	34.9	+1%
MASS	187	+6 +3%	18.4	+1%
LOWER MASS	3	- -	13.9	+3%
CORPORATE & PUBLIC SECTOR³	21	-8 -28%	0.3	-

COMPREHENSIVE DISTRIBUTION PLATFORM COMBINING CAPTIVE AND OPEN MODELS

EXPANDED PRODUCT RANGE WITH IN-HOUSE PRODUCT GOVERNANCE



PARTNERS ARE ALWAYS LEADING AND LARGEST PLAYERS IN EACH SECTOR

NEW CDP AGREEMENT

REVAMPING PROGRAM FULLY IMPLEMENTED WITH SIGNIFICANT IMPROVEMENT IN NET INFLOWS

NEW PRODUCTS



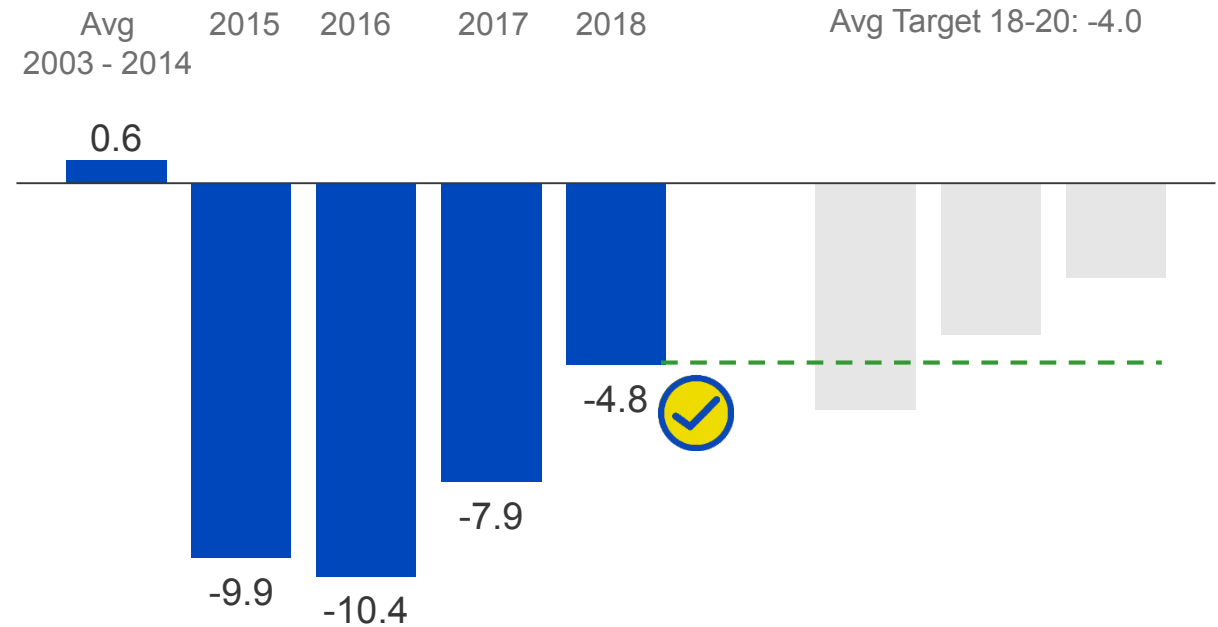
INCREASING MARKETING ACTIVITIES



IMPROVED CUSTOMER EXPERIENCE



NET INFLOWS (€ bn)



REORGANISATION AND SERVICE MODEL IMPROVEMENTS

2018 – KEY COMMITMENTS DELIVERED





	ACTION	IMPACT
MORE RELATIONSHIP MANAGERS	Strengthened number and role of mobile RMs	1,000 mobile RMs covering €75 bn TFA and better serving high value customers
SMARTER COVERAGE MODEL	New model maximises customer service and cross-selling	From 7% to >20% of customers covered by RMs
BETTER COMMERCIAL FRONTLINE SUPPORT	New tools released in 4Q 2018 to support commercial frontline	Robo-for-adviser tool, data driven CRM and enhanced front-end available for all RMs
IMPROVED OPERATIONAL STRUCTURE	Reduced number of regions from nine to six	Improved efficiency across the network

SPOTLIGHT VIDEO

FOCUS ON MOBILE RELATIONSHIP MANAGER
COVERAGE

OPERATIONAL AND FINANCIAL HIGHLIGHTS

RESULTS ON TRACK WITH TARGETS IN A CHALLENGING MARKET

PRODUCT LINE	MARKET SHARE 2017→2018	KPI 17→18
 Wealth management¹	Total TFA⁽²⁾ 13.1% → 13.4% o/w Life insurance ⁽³⁾ 17.5% → 17.9%	Total TFA, € bn 510 → 514 o/w Life insurance 123 → 125 <small>Of which -4 bn performance effect in Life insurance</small>
 Loan & mortgage distribution	Consumer loans⁽⁴⁾ 7.5% → 8.8%	2.6 → 3.1 Annual volume, € bn
 P&C insurance distribution	Bancassurance⁽⁵⁾ 7.8% → 9.5%	0.1 → 0.2 GWP, € bn
 Transaction banking	Total card transactions⁽⁶⁾ 18.2% → 19.7%	0.9 → 1.1 Total card transactions, # bn



DELIVER 2022: 2019 FOCUS FINANCIAL & INSURANCE

REORGANISATION AND SERVICE MODEL

2019 KEY PRIORITIES

	ACTION	IMPACT
MORE RELATIONSHIP MANAGERS	2018 8,000 → 2019 9,000 # RMs	Increase customer coverage with new and retrained talents
P&C SPECIALISTS	Introduce the first 100 dedicated P&C specialists	Support RM network and accelerate P&C growth
REAL-TIME REFERRAL	Data-driven system to improve cross selling opportunities from Post Office tellers	Increase in opportunities for RM network
REAL-TIME INVESTMENT PROPOSALS	Automated real time investments proposals	RMs more focussed on customer than proposal or report development

OPTIMISING CLIENT COVERAGE WITH MOBILE RELATIONSHIP MANAGERS

DATA DRIVEN MODEL TO REDESIGN SALES FOOTPRINT

2018 COVERAGE

1,000 mobile RMs covering €75bn in TFA

Increase and optimisation of coverage areas based on market potential and size

2019 COVERAGE

+50% mobile RMs



Example 1: AREA X

TFA MARKET SHARE⁽¹⁾

13%

DISTRIBUTION MARKET SHARE⁽²⁾

>25%

	2018	2019
# of RMs	7	11
Max distance covered (km)	76	44
RMs portfolio size (# affluent customers)	750	360

Example 2: AREA Y

TFA MARKET SHARE⁽¹⁾

>50%

DISTRIBUTION MARKET SHARE⁽²⁾

>50%

	2018	2019
# of RMs	28	29
Max distance covered (km)	74	36
RMs portfolio size (# affluent customers)	1,470	610

WEALTH AND ASSET MANAGEMENT

CONTINUOUS EVOLUTION OF THE SERVICE MODEL

DIVERSIFIED INTERACTION MODELS DRIVEN BY CUSTOMER NEEDS

REVENUE/TFA¹, bps

IMPROVED

TRADITIONAL

Core Post Office relationship managers supported by robo-for-adviser



NEW

PREMIUM

Dedicated proposition enhanced by multichannel open platform



NEW

DIGITAL

Fully digital wealth management platform supported by central team

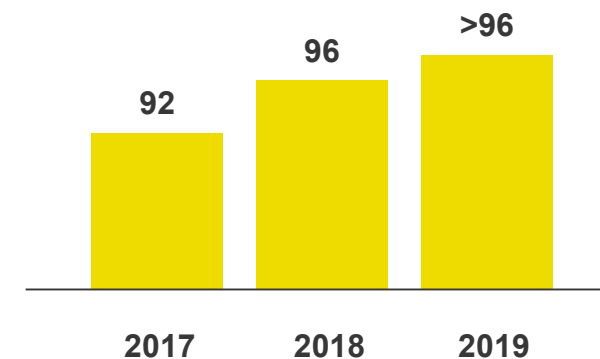


PRODUCT FEES

PRODUCT FEES
+
FEES ON TOP

ALL-IN FEE

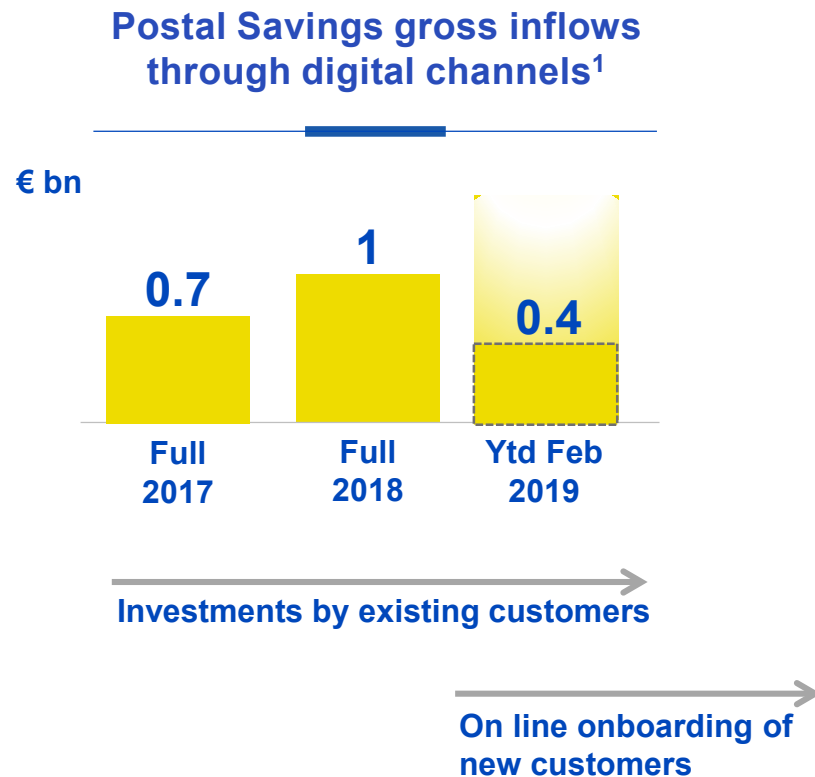
Revenue model



SUPPORTED BY TRAINING & ADVANCED IT PLATFORMS

WEALTH AND ASSET MANAGEMENT

DIGITAL PLAYS A RELEVANT AND INCREASING ROLE ALSO IN WEALTH MANAGEMENT



NEXT STEP: DEVELOPMENT OF A FULLY DIGITAL WEALTH MANAGEMENT PLATFORM



FINTECH ENGINE



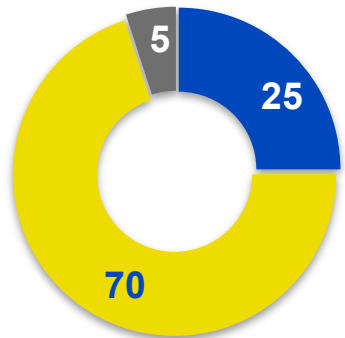
- Poste fully in charge of customer relationships
- Customers reassured by trusted Poste brand
- Leveraging proprietary Poste digital channels
- Powered by specialised Fintech engine
- Increases speed to market

LIFE INSURANCE

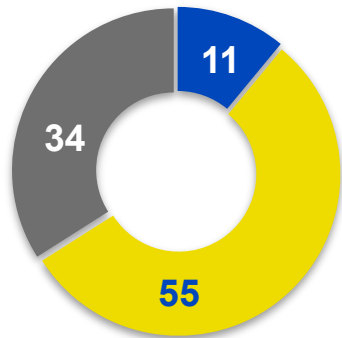
ADJUSTING LIFE INSURANCE PRODUCT MIX TO IMPROVE CLIENT PORTFOLIO DIVERSIFICATION

CLIENT'S¹ PORTFOLIO PRODUCT MIX

TFA %



Actual portfolio



Recommended portfolio

● Liquidity²

● Capital guaranteed²

● Partial / no guarantee²

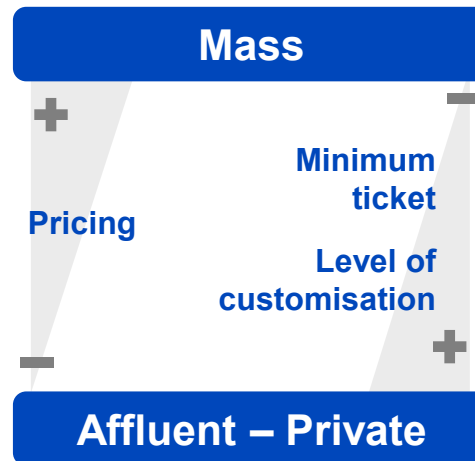
NEW PRODUCTS



PosteFuturo per te



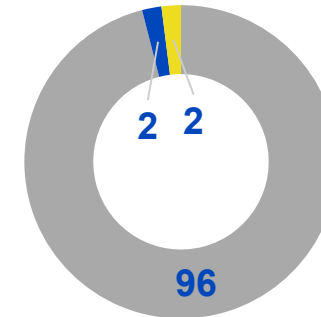
Multiscelta



Poste Progetti Futuri

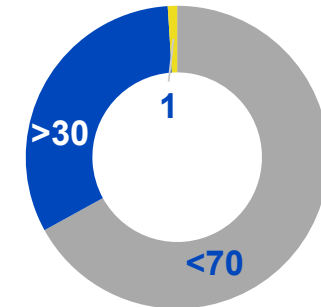
LIFE INSURANCE PRODUCT MIX

Gross written premiums, %



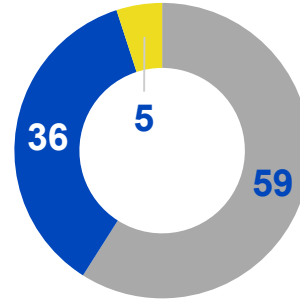
2017

● Class I³



YTD Feb 2019

● Multi-Class



2022

● Class III

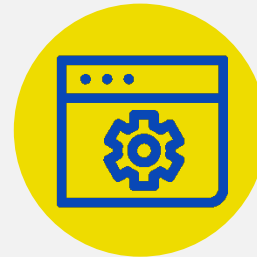
PEOPLE

- >11,000 resources MIFID2 ESMA certified (RMs and large post offices managers)
- >800k training hours to RMs in 2018



IT

- Platform to assist RMs in asset allocation according to customer needs
- Real-time investment advice



COSTS

- Asset management and life insurance products with competitive costs

Average pricing Delta vs category average¹

Fixed Income	-30%
Flexible	-20%
Equity	-15%
Balanced	-10%
Life insurance	-10%

LOAN AND MORTGAGE DISTRIBUTION

NO CREDIT RISK BUSINESS MODEL; ENHANCED BY TECHNOLOGY IMPROVEMENTS

2017

- Effective open platform lending
- Room to improve branch activation and productivity



- New Partners
- Pre-screening and pre-scoring
- Digital lending
- New service model
- Investment in marketing and advertising

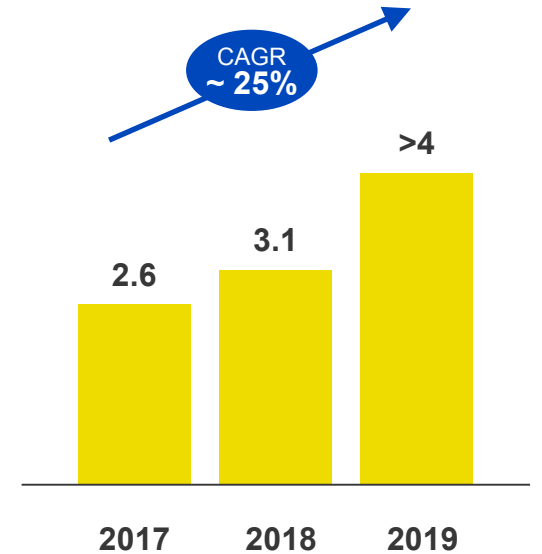


2019

- Becoming the leading distribution platform for loans in Italy



ANNUAL VOLUME
(€ bn)



P&C INSURANCE OFFER

EVOLVING MODEL FROM SALES TO ADVISORY; FROM VERTICAL TO MODULAR

2017

- Separate coverage for each different protection need
- Room for improvement in branch activation and productivity



- User-friendly advisory platform
- Modular offer in a single contract
- New service model
- New motor offer in partnership with largest insurers (pilot starting from Poste employees, 500k potential clients)

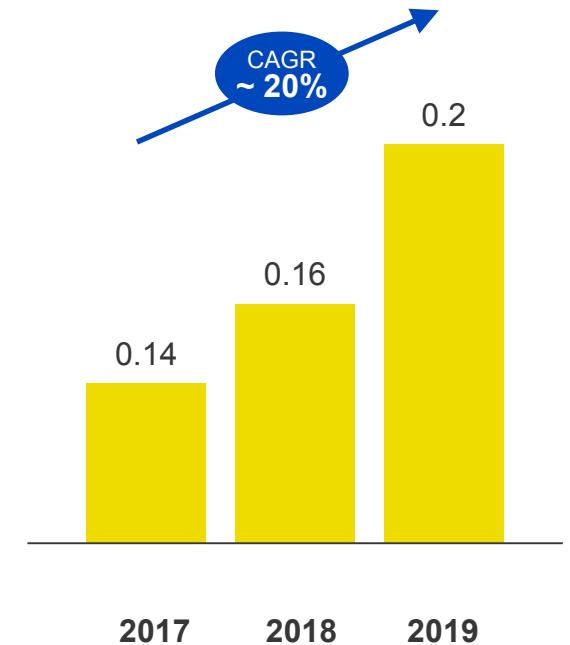


2019

- Leading the way in the development of a simple and transparent P&C offering



P&C RETAIL GWP (€ bn)



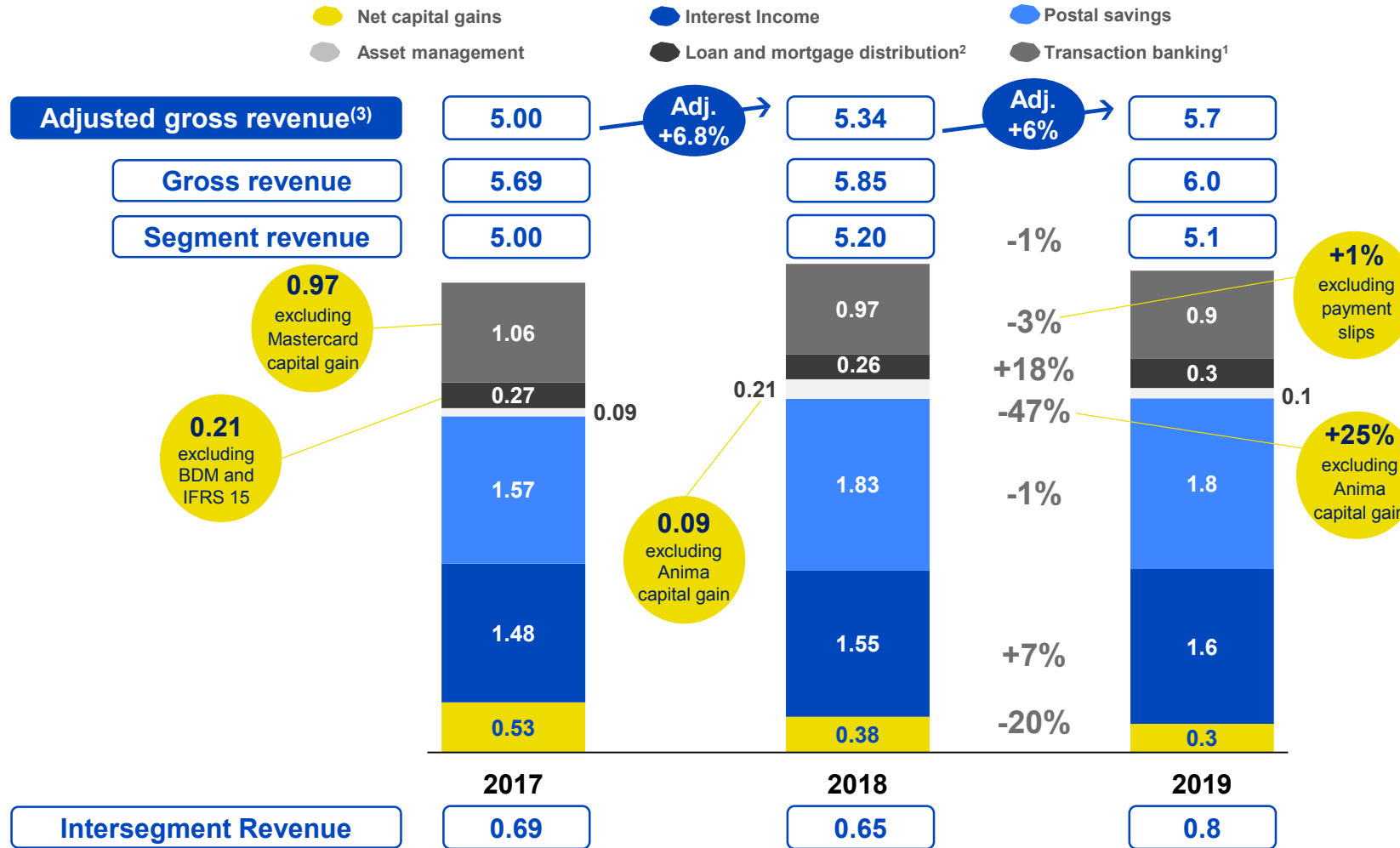
TAILORED OFFER DRIVEN BY ADVISORY MODEL

FINANCIAL SERVICES

REVENUE AND KEY HIGHLIGHTS

€ bn unless otherwise stated

REVENUE



KEY HIGHLIGHTS

- Adjusted gross revenue up by +6%
- Interest income up thanks to higher volume. Lower reliance on capital gains
- Postal savings fees confirmed at the upper range of CDP Agreement
- Higher core transaction banking revenue mostly compensating for secular decline of “bollettino” payment slips
- Loan and mortgage increasing due to higher volumes and new distribution agreements
- Asset management fees growing faster than AuM (net of Anima capital gain in 2018)
- Intersegment revenue increase due to higher volumes of insurance distribution and Postepay

FINANCIAL TARGETS AND KPIs

FINANCIAL SEGMENT PERIMETER

	2017	2018	2019	2020	2022	CAGR 17-22
SEGMENT REVENUE (€BN)	5.0	5.20	5.1	5.1	4.9	~0%
ADJUSTED GROSS REVENUE⁽¹⁾ (€BN)	5.0	5.34	5.7	5.6	6.0	+4%
TFA (€ BN)	510	514	→		583	+3%
PRODUCT SALES (# M)	8.0	8.37	→		>12	> +8%
FEES PER CLIENT (€)	222	235	→		>250	> +2%

2019 PRIORITIES – FINANCIAL & INSURANCE DISTRIBUTION

FURTHER IMPROVE CLIENT COVERAGE THROUGH RECRUITMENT AND TRAINING OF RELATIONSHIP MANAGERS SUPPORTED BY ENHANCED DATA DRIVEN IT PLATFORMS

DEVELOP DIFFERENTIATED MULTICHANNEL WEALTH MANAGEMENT SERVICE MODEL BASED ON ADDRESSING ALL CUSTOMER NEEDS

INCREASE NO CREDIT RISK LOAN AND MORTGAGE DISTRIBUTION THANKS TO IMPROVED PRE-SCREENING TECHNOLOGY

LAUNCH OF TAILORED P&C OFFER SUPPORTED BY A PROTECTION NEEDS ADVISORY PLATFORM

POSTE ITALIANE

CAPITAL MARKETS DAY

2018 RESULTS & 2019 GUIDANCE

DELIVER 2022 ON TRACK

Guido Nola - CFO

FY18 & 4Q18 RESULTS SUMMARY

FY2018 RESULTS OVERVIEW

ALL SEGMENTS CONTRIBUTED TO STRONG GROWTH IN OPERATING PROFITABILITY

€ m unless otherwise stated

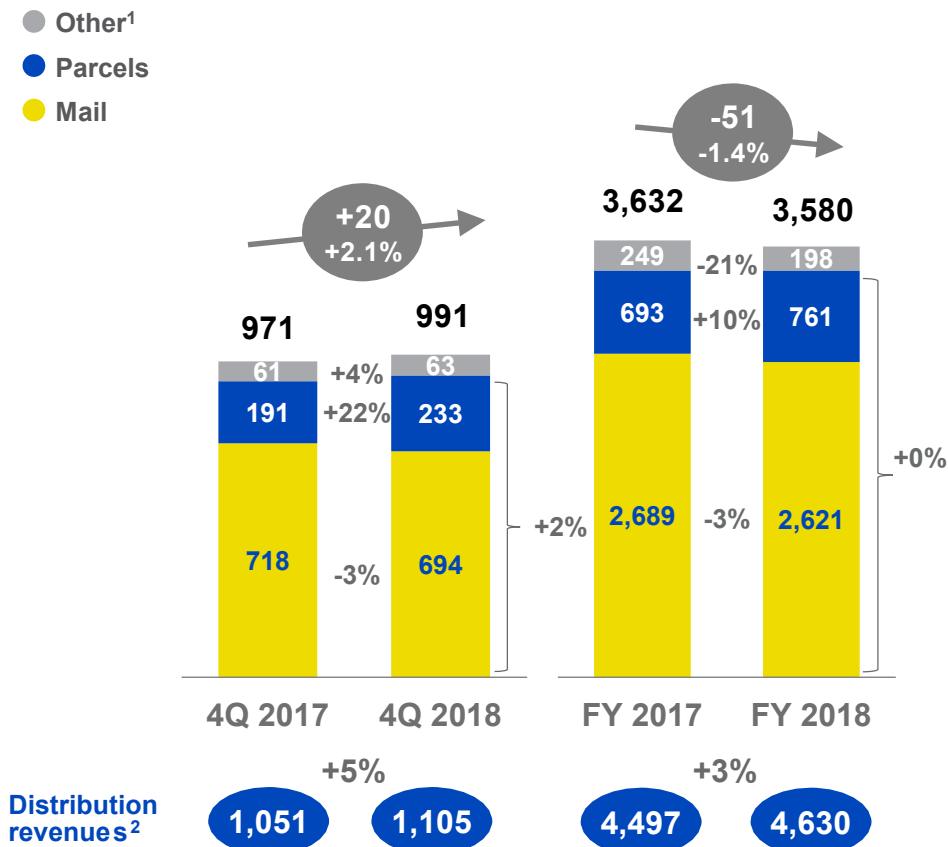
	2017	2018	Var.	Var. (%)
REVENUES	10,629	10,864	+236	+2.2%
REVENUES ADJUSTED¹	9,939	10,356	+417	+4.2%
TOTAL OPERATING COSTS (INCLUDING D&A)	9,506	9,366	(140)	(1.5%)
EBIT	1,123	1,499	+376	+33.5%
EBIT MARGIN	11%	14%	+3p.p.	
EBIT ADJUSTED¹	1,111	1,673	+562	+50.6%
NET PROFIT	689	1,399	+709	+102.9%
EPS (€/SHARE)	0.53	1.07	0.54	
NET PROFIT ADJUSTED¹	752	1,172	+419	+55.7%
EPS ADJUSTED (€/SHARE)	0.58	0.90	0.32	

2018 RESULTS – MAIL, PARCEL & DISTRIBUTION

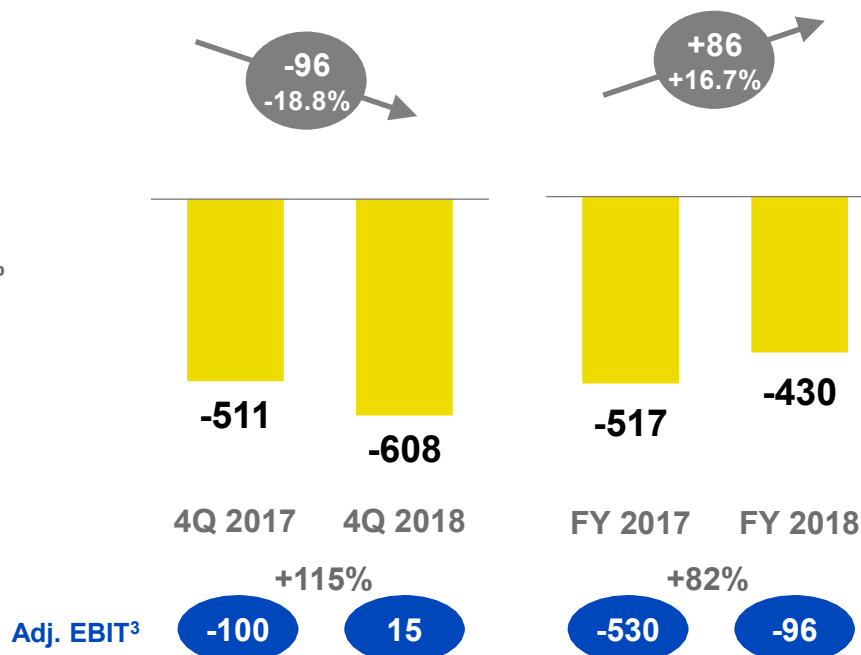
MAIL AND PARCEL COMBINED REVENUES NOT DECREASING FOR THE FIRST TIME IN TEN YEARS

€ m unless otherwise stated

SEGMENT REVENUES



EBIT



KEY HIGHLIGHTS

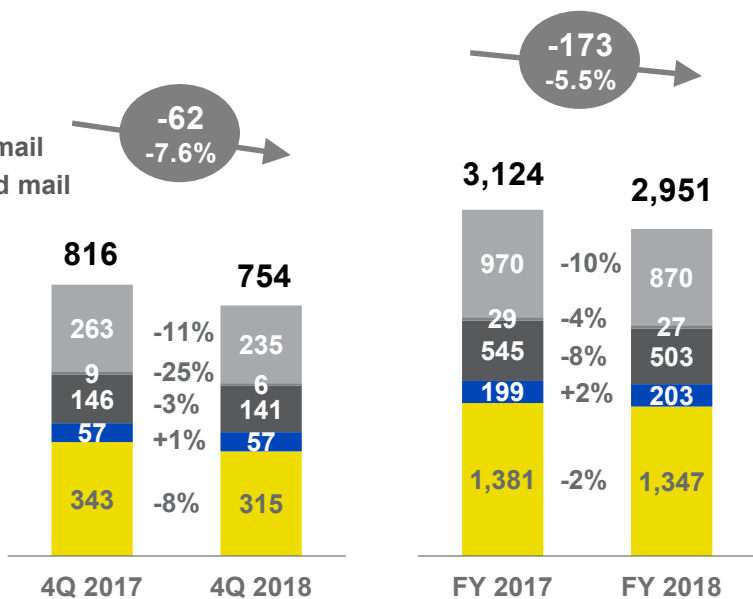
- Network transformation supporting the acceleration of operating profitability
- Parcel revenues up supported by strong B2C business, offsetting Mail decline
- 2018 Mail revenues exceeded expectations thanks to non recurring effect

2018 RESULTS – MAIL, PARCEL & DISTRIBUTION

JOINT DELIVERY MODEL ENABLING STRONG PARCEL VOLUMES, REPLACING LOWER MAIL VOLUMES

MAIL VOLUMES (M/PC)

- Other¹
- Integrated services
- Direct marketing
- Recorded mail
- Unrecorded mail

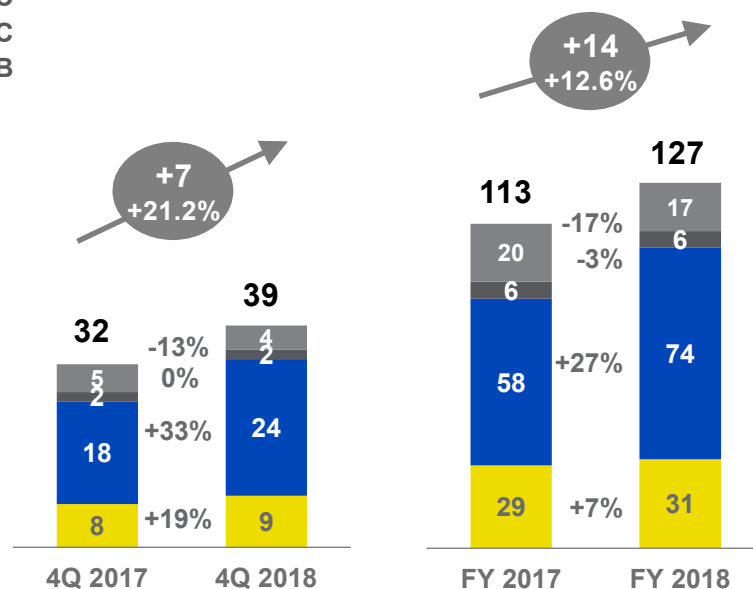


AVERAGE PRICE INDEX (base 100)



PARCEL VOLUMES (M/PC)

- Other²
- C2C
- B2C
- B2B



AVERAGE PRICE INDEX (base 100)



KEY HIGHLIGHTS

- Mail volumes decrease related to lower margin products (e.g. direct marketing and unrecorded mail)
- Average prices benefitted from repricing since July
- Parcel volumes positive trend boosted by record B2C and sustained B2B
- Overall parcel tariff down due to volumes mix effect, with B2C prices up in 2018

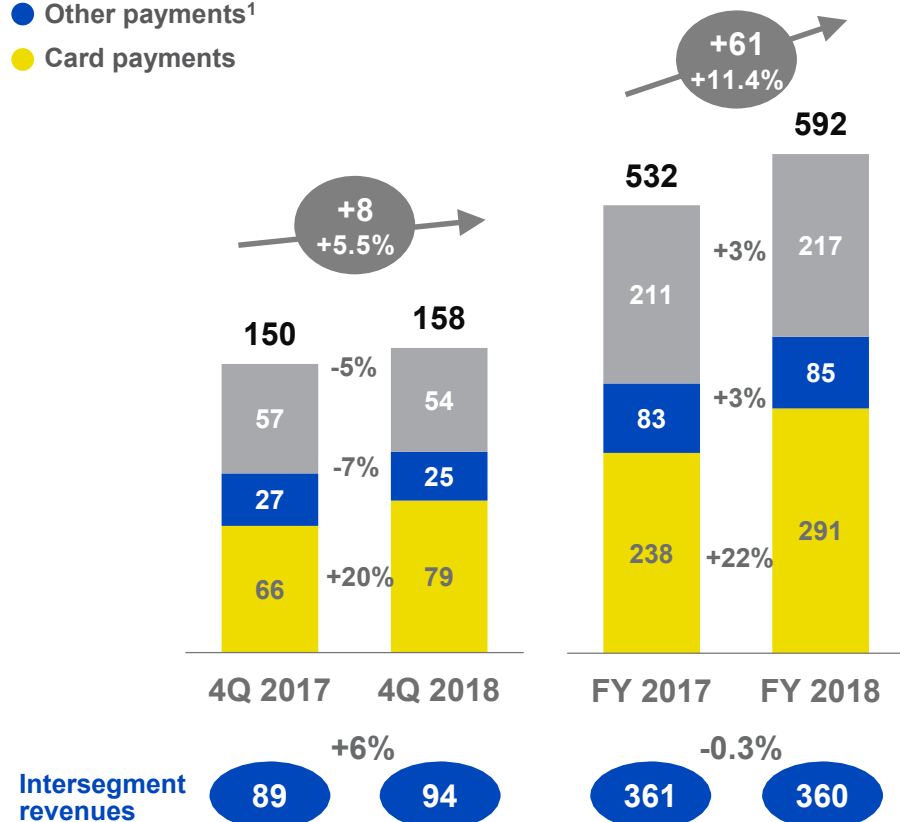
2018 RESULTS – PAYMENTS, MOBILE & DIGITAL

2018 OPERATING PROFIT PROGRESSION FUELLED BY DOUBLE DIGIT GROWTH IN CARDS REVENUES

€ m unless otherwise stated

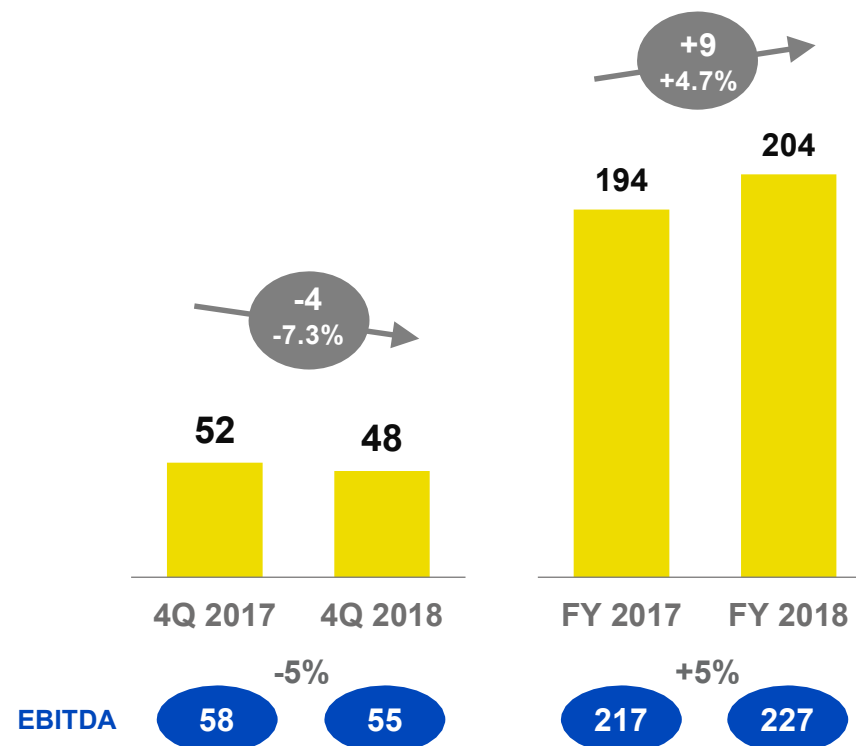
SEGMENT REVENUES

- Telecom
- Other payments¹
- Card payments



EBIT & EBITDA

- EBIT



KEY HIGHLIGHTS

- Continued progression of operating profit in 2018; 4Q 2018 impacted by VAT provisions for c.6m
- Revenues continue to increase, thanks to the strong contribution from growth in Postepay payment cards and transactions
- Other payments revenues impacted by tax payments services anticipated to 3Q18
- Telecom revenues mirroring the ongoing refocus to more sustainable yearly fees

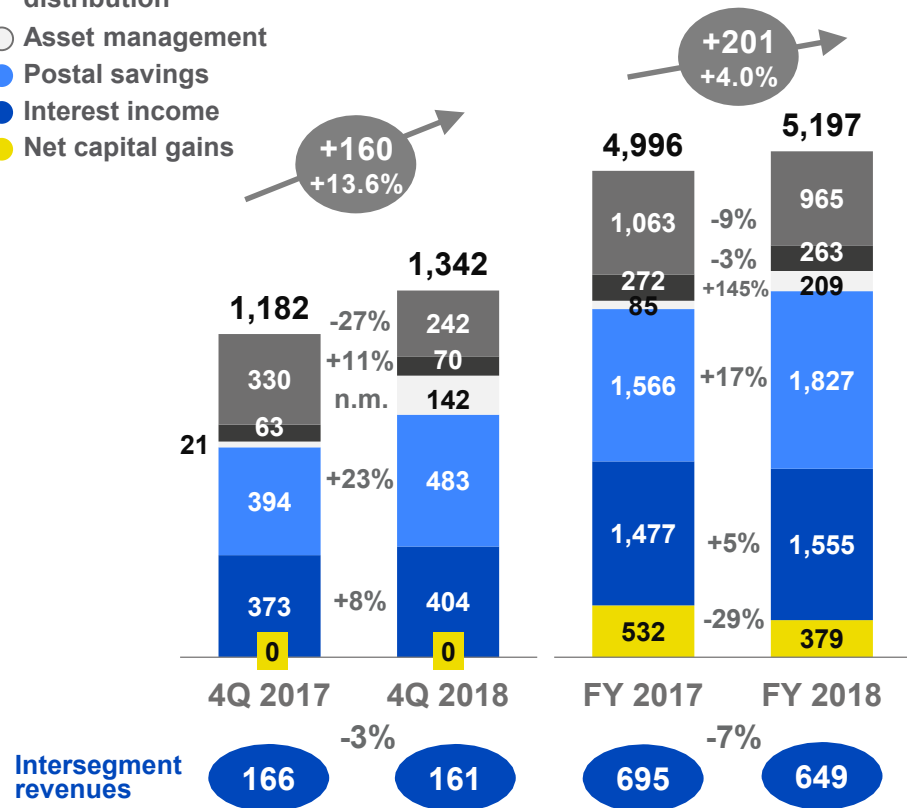
2018 RESULTS – FINANCIAL SERVICES

REVENUES UP WITH A MORE SUSTAINABLE MIX LEADING TO HIGHER UNDERLYING PROFITABILITY

€ m unless otherwise stated

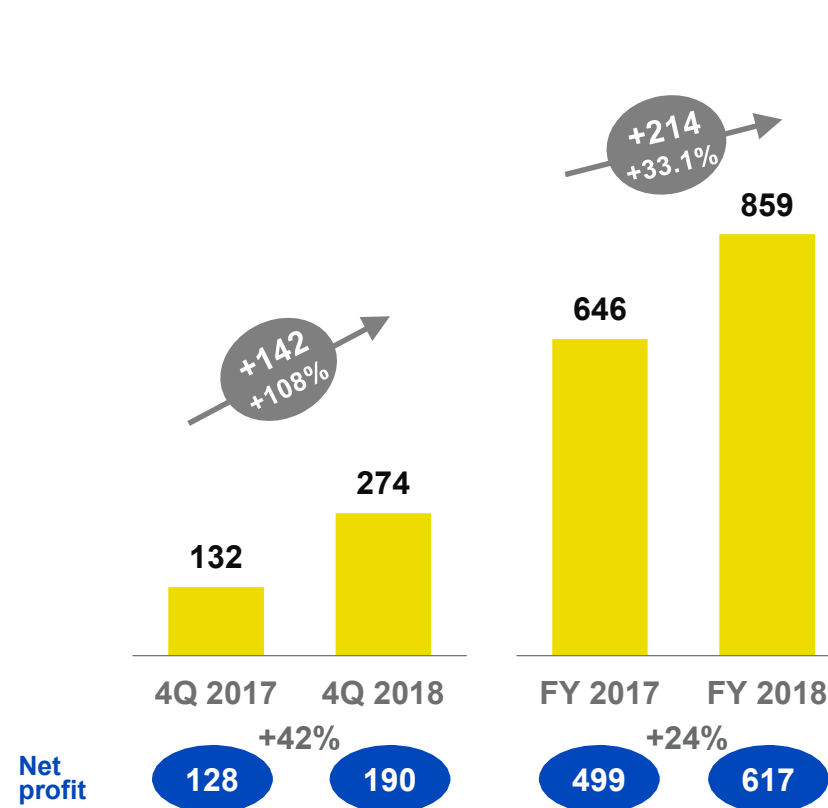
SEGMENT REVENUES

- Transaction banking¹
- Loan & mortgage distribution²
- Asset management
- Postal savings
- Interest income
- Net capital gains



EBIT & NET PROFIT

- EBIT



KEY HIGHLIGHTS

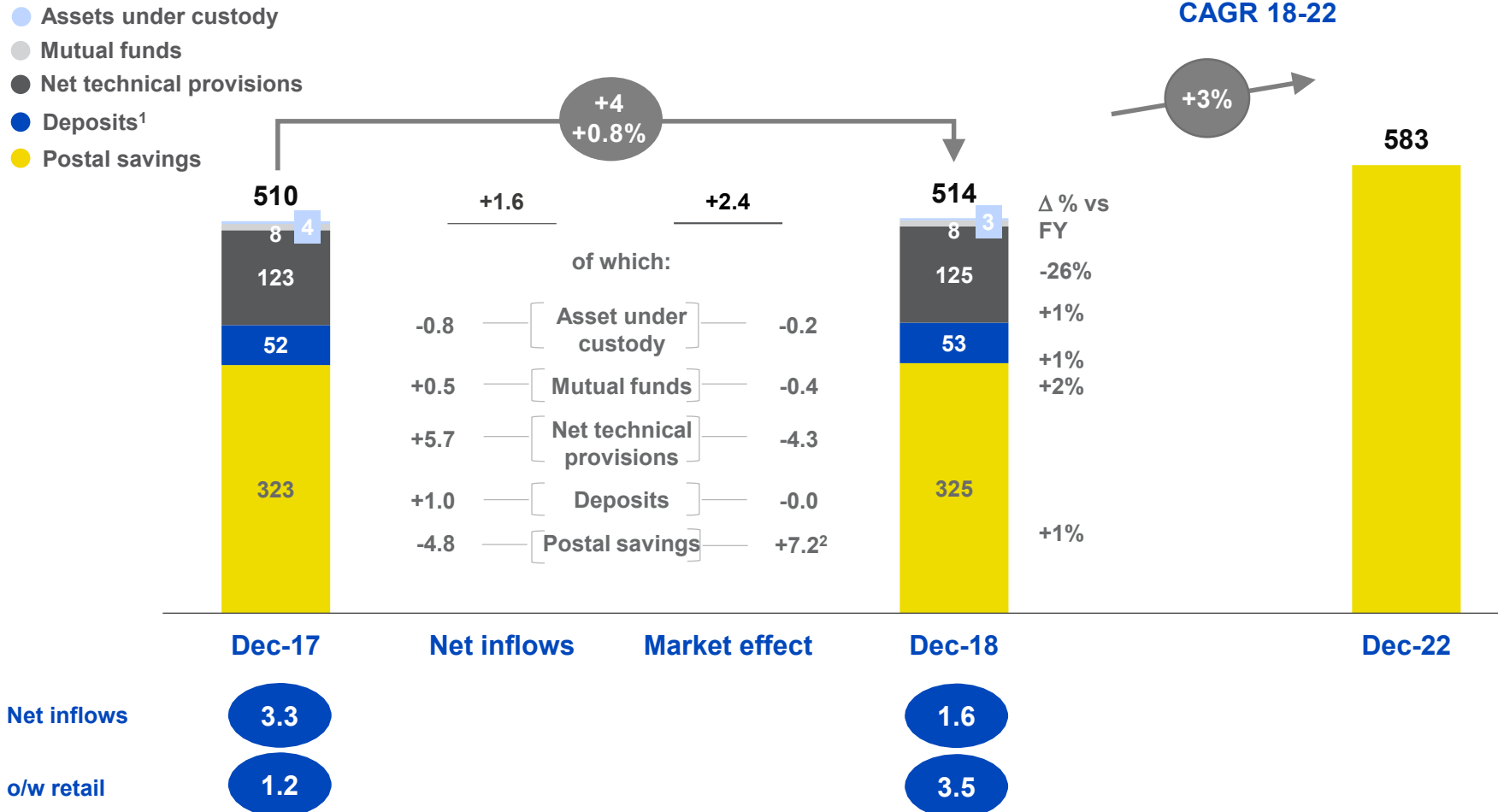
- Continued underlying progression of operating and net profit
- Postal saving fees increasing to the upper end range of new CDP agreement
- Interest income up thanks to higher volumes
- Asset management fees benefitting 120m Anima capital gain in 4Q18
- Loan and mortgages steadily increasing (net of IFRS15 accounting changes)
- Transaction banking impacted by Mastercard capital gain in 4Q17

GROUP TOTAL FINANCIAL ASSETS

RESILIENT BUSINESS MODEL WITH POSITIVE NET INFLOWS IN A CHALLENGING ENVIRONMENT

€ bn unless otherwise stated

TFA EVOLUTION



KEY HIGHLIGHTS

- Total financial assets up by 4bn in 2018, in a volatile environment
- Positive retail net inflows of 3.5bn
- Insurance net inflows up 5.7bn with increasing market share in Life
- Postal savings net inflows improving, supported by new commercial initiatives
- Deposits up 1bn thanks to retail customer base (+2.7bn)
- Mutual funds up 0.5bn leading to increasing market shares

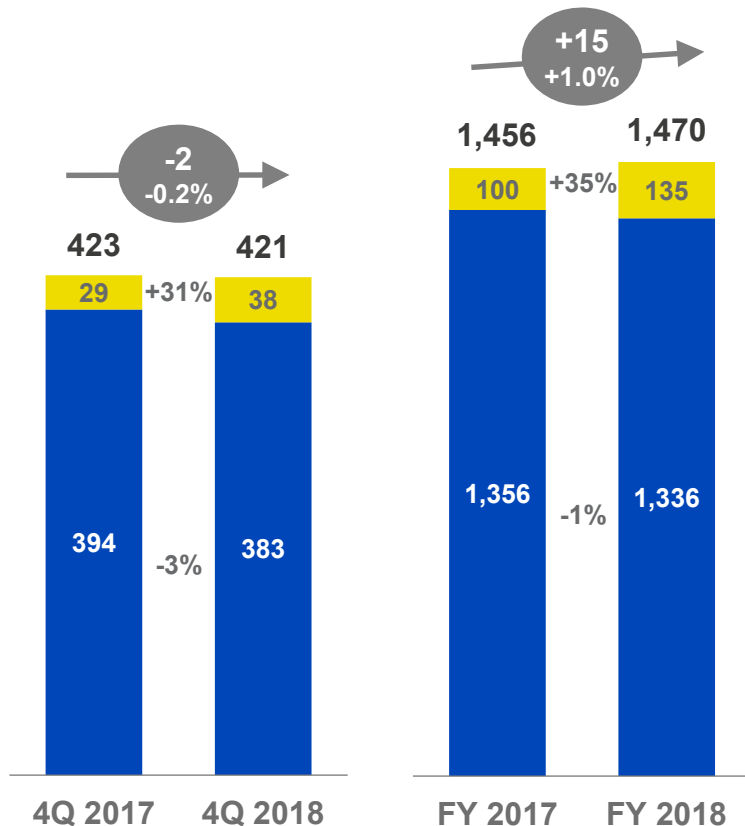
2018 RESULTS – INSURANCE SERVICES

ONGOING FOCUS ON GROWING P&C

€ m unless otherwise stated

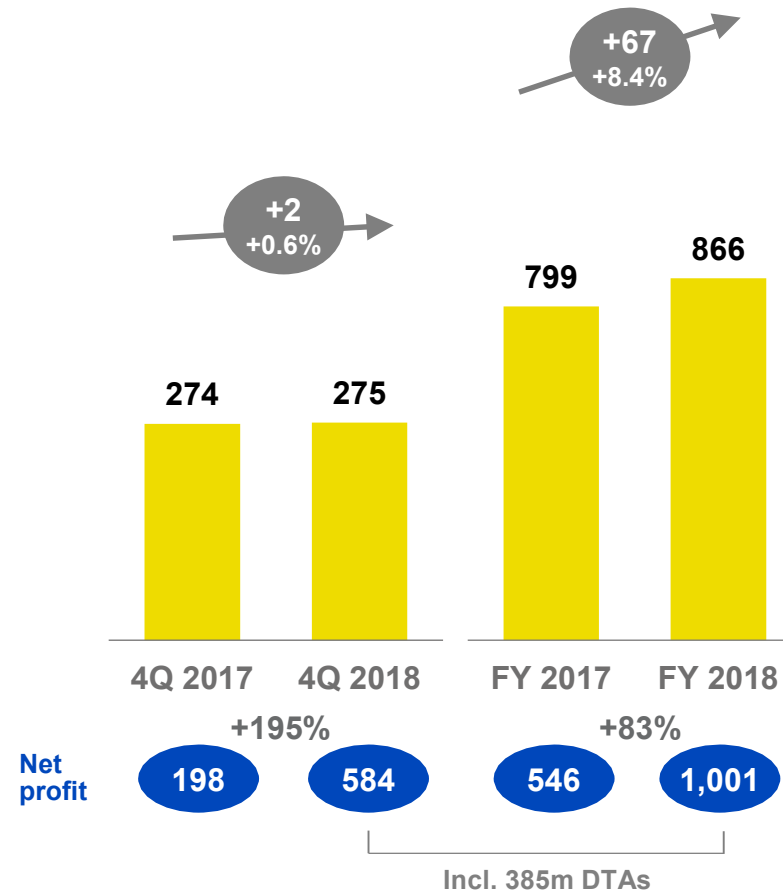
SEGMENT REVENUES

- P&C
- Life¹



EBIT & NET PROFIT

- EBIT



KEY HIGHLIGHTS

- Net profit well on track with 2018 target, net of DTA effects
- Revenues broadly stable in 4Q and up in FY18 thanks to ongoing focus on P&C
- Operating profitability progressing in the year thanks to positive net inflows and progress on P&C
- Increasing market share in Life Insurance in a volatile market environment

LEADERSHIP IN INSURANCE

A UNIQUE BUSINESS MODEL

MARKET LEADERSHIP

- Market leader in Life and Pension; solid growth in P&C
- Unique network reach, strong brand and loyal client base

BEST IN CLASS LAPSE RATE & RESILIENT ASSET AND LIABILITY MANAGEMENT

- Historical low lapse rate in all market conditions
- Resilient asset and liability management, ongoing asset diversification

ONGOING DIVERSIFICATION

- Ongoing diversification within Life products offering

SUSTAINABLE GROWTH

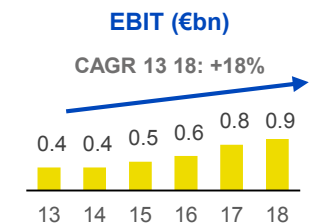
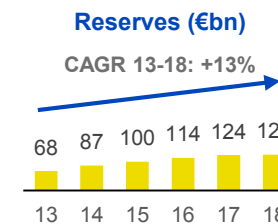
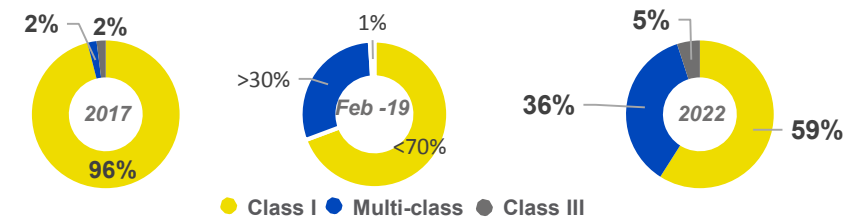
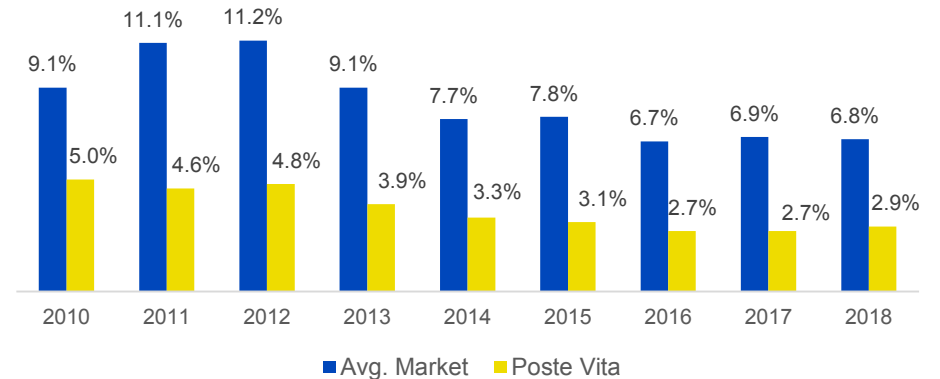
- Robust net inflows and operating profit continuing over time
- Renewed 60% of expiring policies
- No minimum guaranteed offered on new products

KPIs

17.9%
Life market share¹

4m
Customers

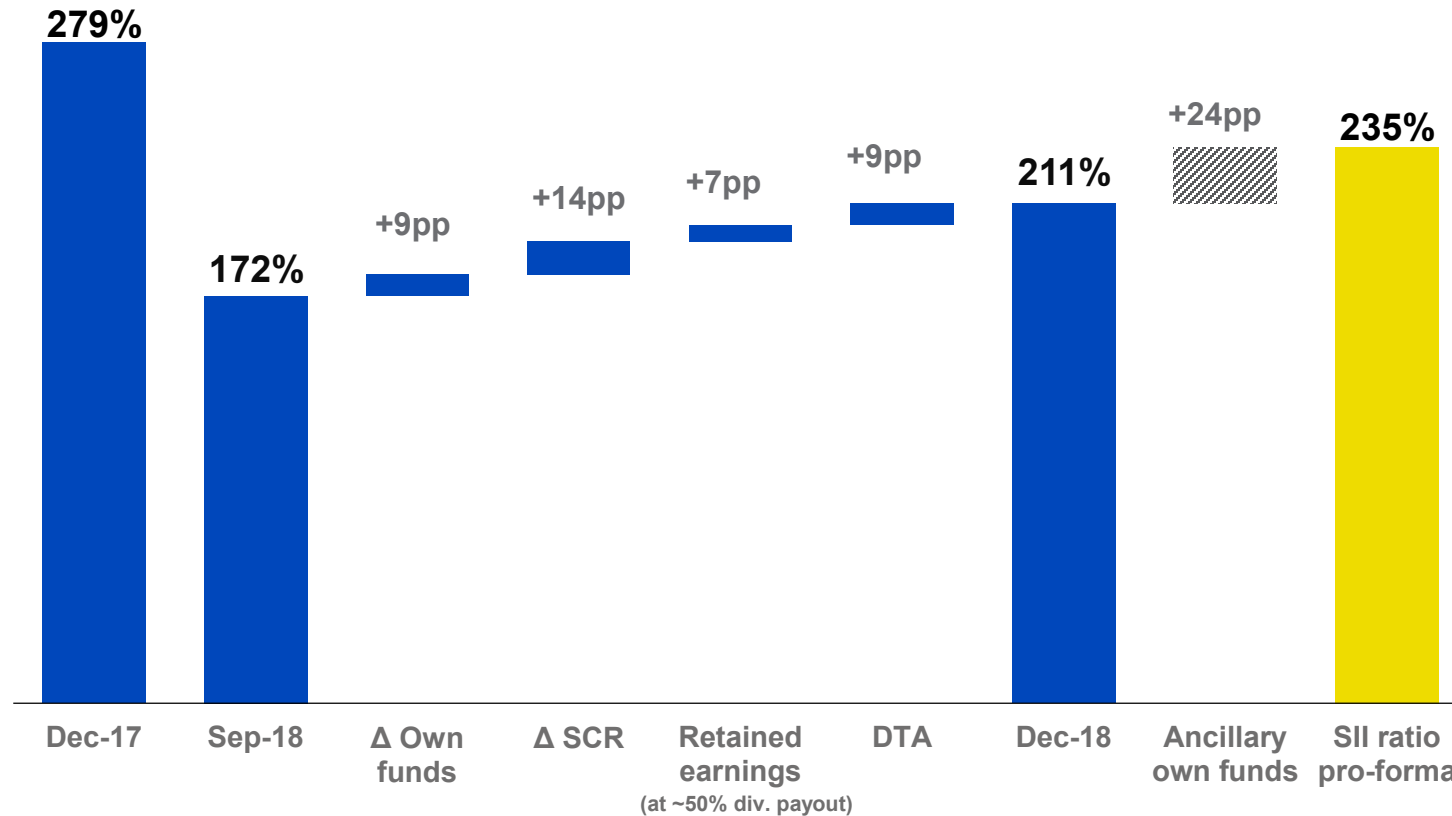
Lapse rate²



SOLVENCY II EVOLUTION

SOLVENCY RATIO UP BENEFITTING FROM CAPITAL MANAGEMENT

CHANGE IN SOLVENCY RATIO



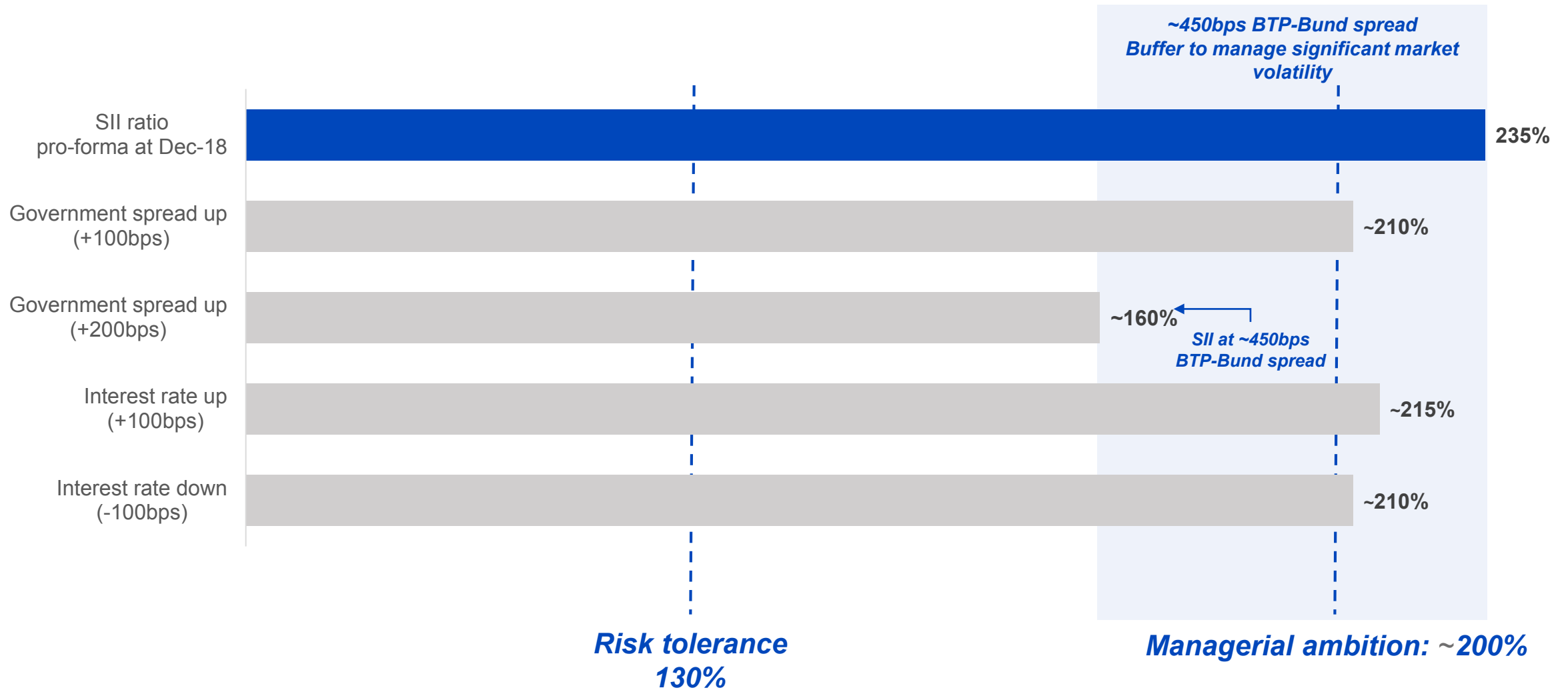
KEY HIGHLIGHTS

- Solid Solvency II ratio, consistent with Plan
- Solvency ratio in Dec-18 supported by positive market trends and effective capital management actions:
 - Dividend payout to Poste Italiane SpA at ~50% in 2018
 - Ancillary own funds approved by the regulator (Feb. 2019)
- Full accounting recognition of DTAs in 4Q18
- Volatility adjustment (VA) contribution increased in 4Q18 (no country specific VA triggered)

SOLVENCY II – RISK FRAMEWORK

A DISCIPLINED RISK APPETITE FRAMEWORK, TARGETING SOLVENCY II RATIO AT ~200% THROUGH THE CYCLE

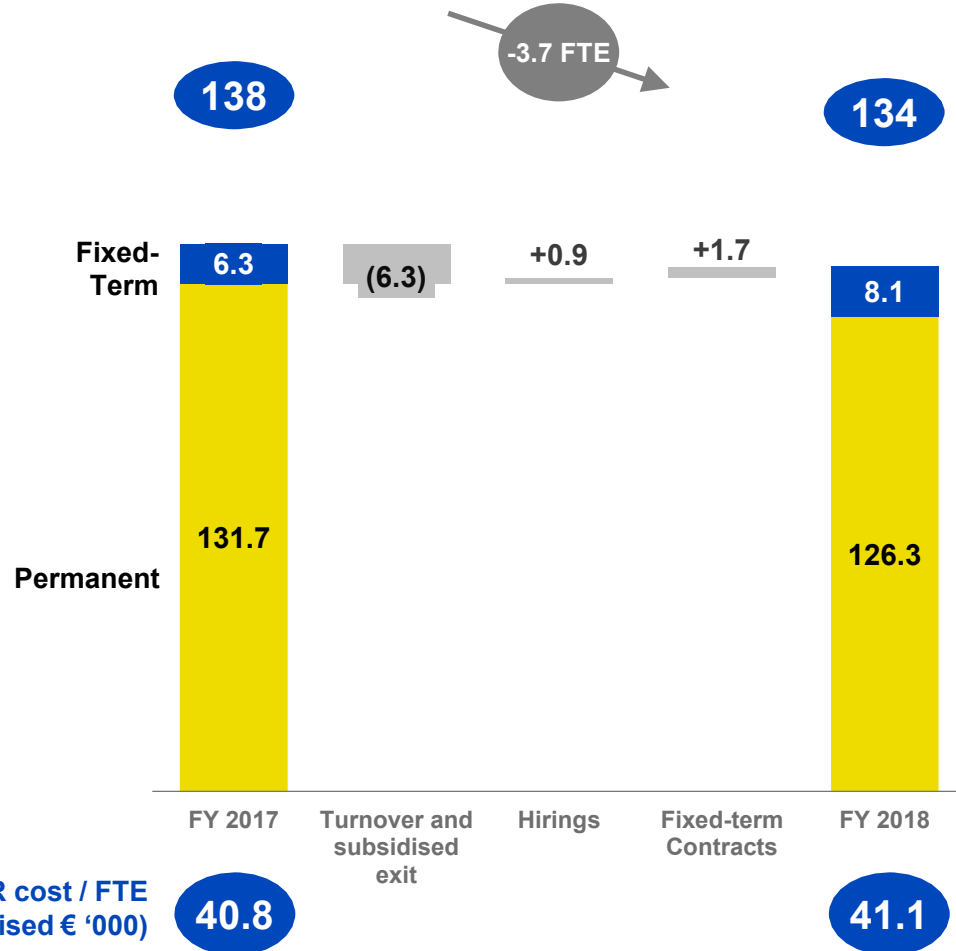
SOLVENCY RATIO AND SENSITIVITIES



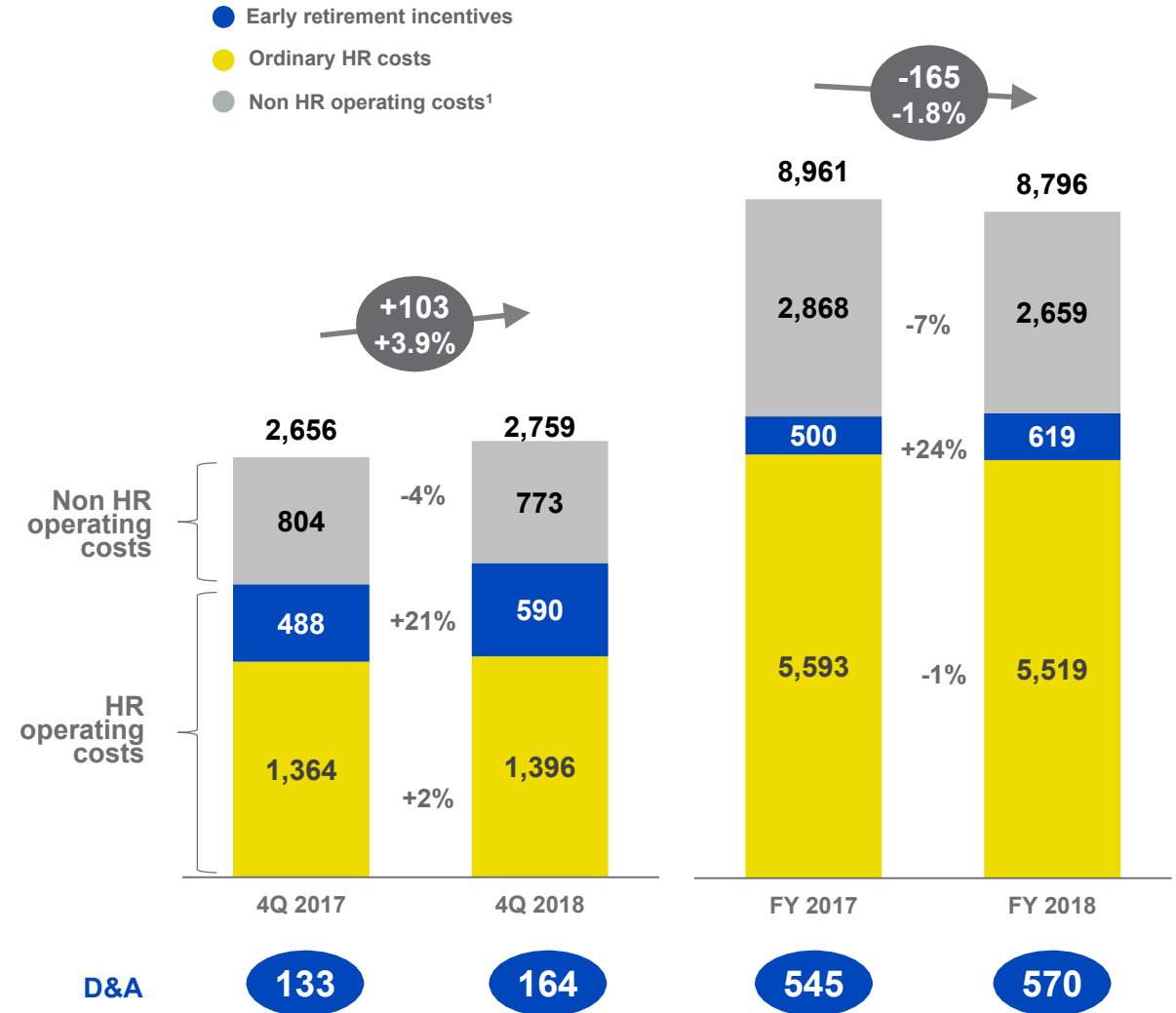
COSTS DOWN THANKS TO MAIL, PARCEL & DISTRIBUTION RE-ORGANISATION

CONFIRMED TRACK RECORD TO MANAGE REDUCTION OF HEADCOUNTS

AVERAGE HEADCOUNT ('000)



GROUP COSTS



DELIVER 2022

FINANCIAL UPDATE

KEY CONSOLIDATED FINANCIAL TARGETS

2019 GUIDANCE – CONTINUED PROGRESSION TOWARDS LONG-TERM TARGETS

€ bn unless otherwise stated

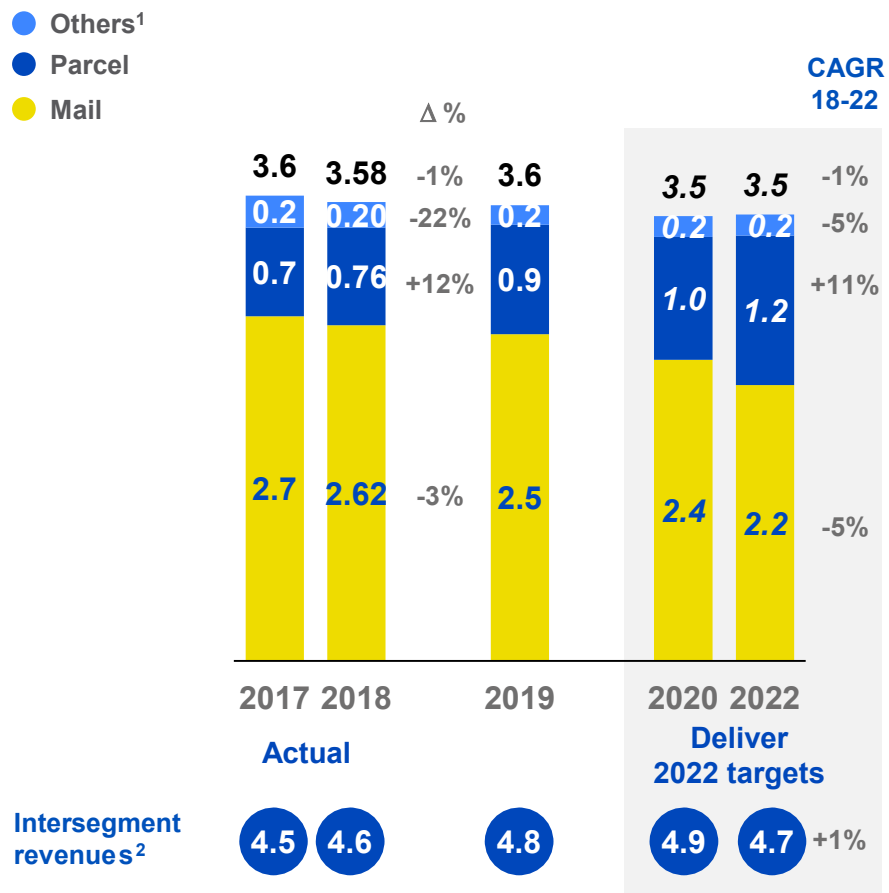
	2017	2018	2019	2020	2022	CAGR 17-22
REVENUE	10.6	10.86	11.0	10.9	11.2	+1%
EBIT	1.1	1.50	1.6	1.6	1.8	+10%
EBIT MARGIN	11%	14%	15%	15%	16%	
NET PROFIT	0.7	1.40	1.1	1.1	1.2	+13%
ROE¹	10%	18%	14%	13%	13%	
DIVIDEND (€/SHARE)	0.42	0.44 ²	+5%	+5%	Min. payout 60%	
EPS (€/SHARE)	0.53	1.07	0.87	0.86	0.96	

MAIL, PARCEL & DISTRIBUTION

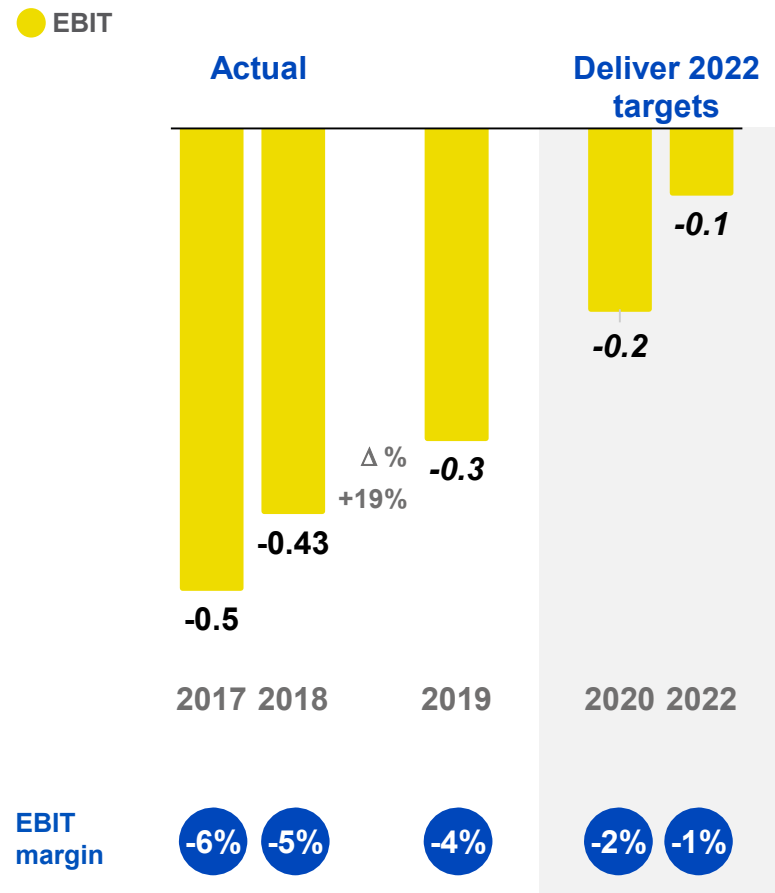
CONTINUED FOCUS ON PARCEL BUSINESS TO OFFSET MAIL DECLINE AND STABILISE REVENUES

€ bn unless otherwise stated

SEGMENT REVENUES³



EBIT



KEY HIGHLIGHTS

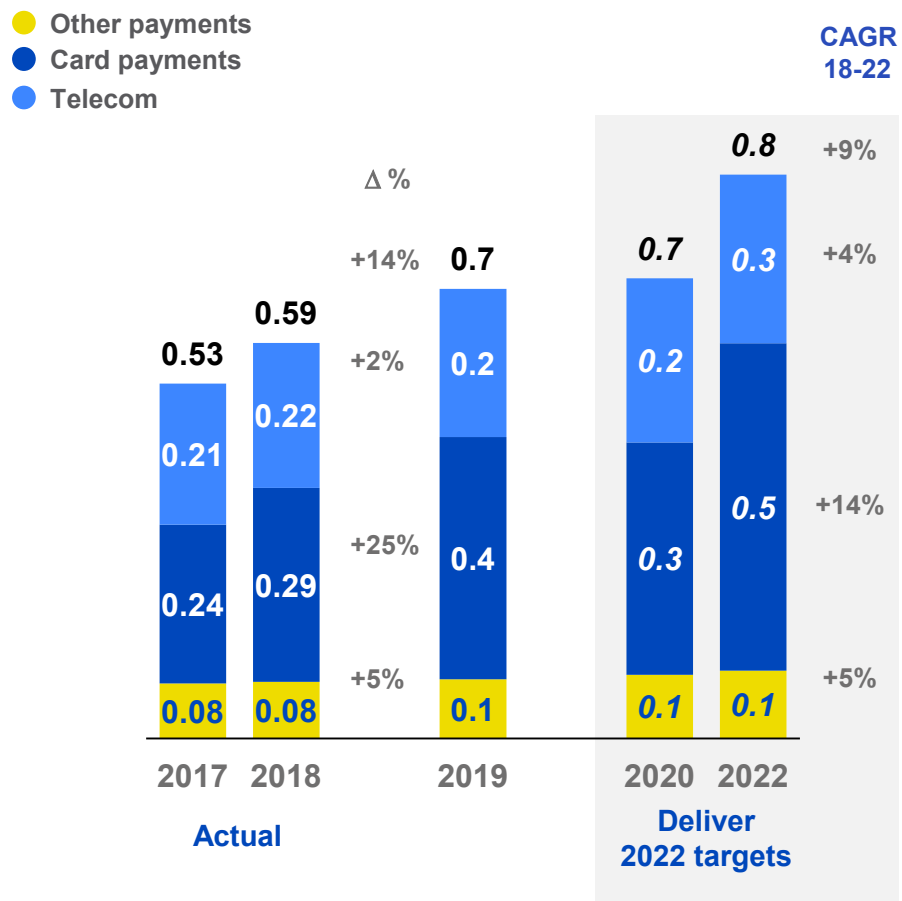
- Stable segment revenues expected in 2019, with parcel growth offsetting mail decline
- 2019 parcel growth rate expected in line with long-term target
- Operating profitability confirmed to gradually improve in line with Plan

PAYMENTS, MOBILE & DIGITAL

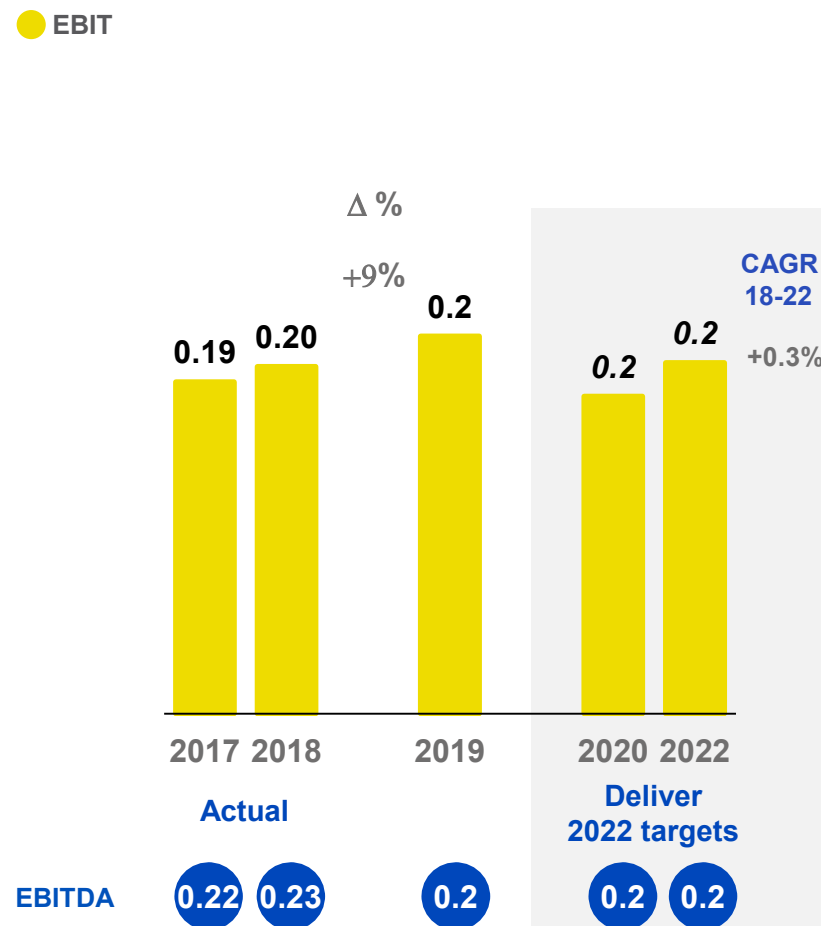
REVENUES FURTHER PROGRESSING THANKS TO STRONG GROWTH OF CARD PAYMENTS

€ bn unless otherwise stated

SEGMENT REVENUES¹



EBITDA & EBIT



KEY HIGHLIGHTS

- Operating profit further improving in 2019, with revenues up by 14% supported by double digit growth in card payments (+25%)
- Contribution from traditional products expected to slow down in line with Plan

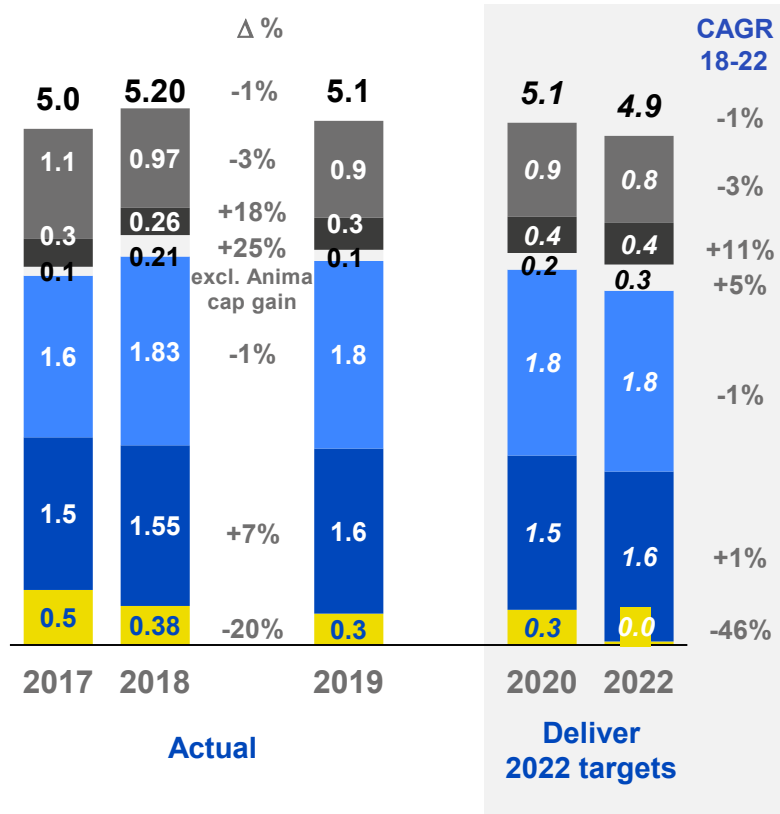
FINANCIAL SERVICES

UNDERLYING PROFITABILITY EXPECTED TO FURTHER IMPROVE LEVERAGING ON DISTRIBUTION

€ bn unless otherwise stated

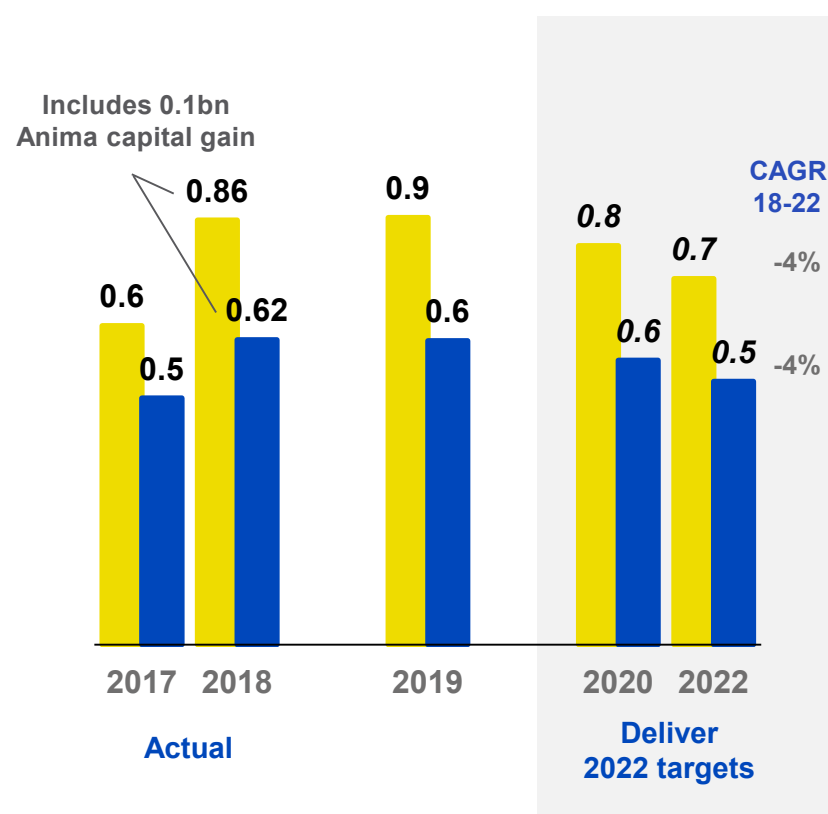
SEGMENT REVENUES

- Net capital gains
- Interest income
- Postal savings
- Asset Management
- Loan and mortgage distribution
- Transaction banking¹



EBIT & NET PROFIT

- EBIT
- Net Profit



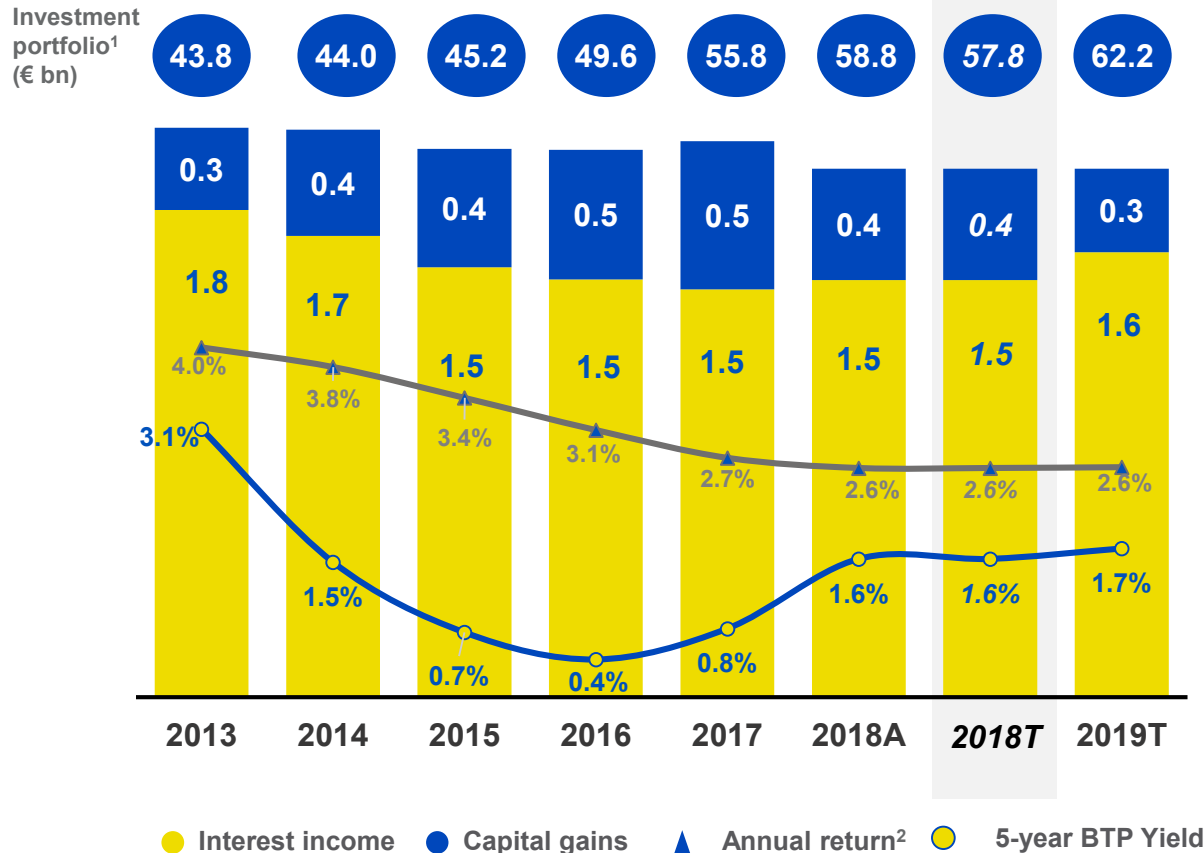
KEY HIGHLIGHTS

- Underlying profitability expected to improve in 2019, reducing reliance on capital gains
- Asset management progressing net of 120m Anima capital gain in 2018
- Interest income further up thanks to higher volumes
- Loan and mortgages increasing due to higher volumes and distribution agreements
- Postal saving fees confirmed at the upper end range of CDP agreement

DELIVER 2022: ACTIVE PORTFOLIO MANAGEMENT

RESILIENT AND FLEXIBLE STRATEGY ADAPTING TO CHANGING ECONOMIC CONDITIONS

REVENUES FROM INVESTMENT ACTIVITIES



KEY HIGHLIGHTS

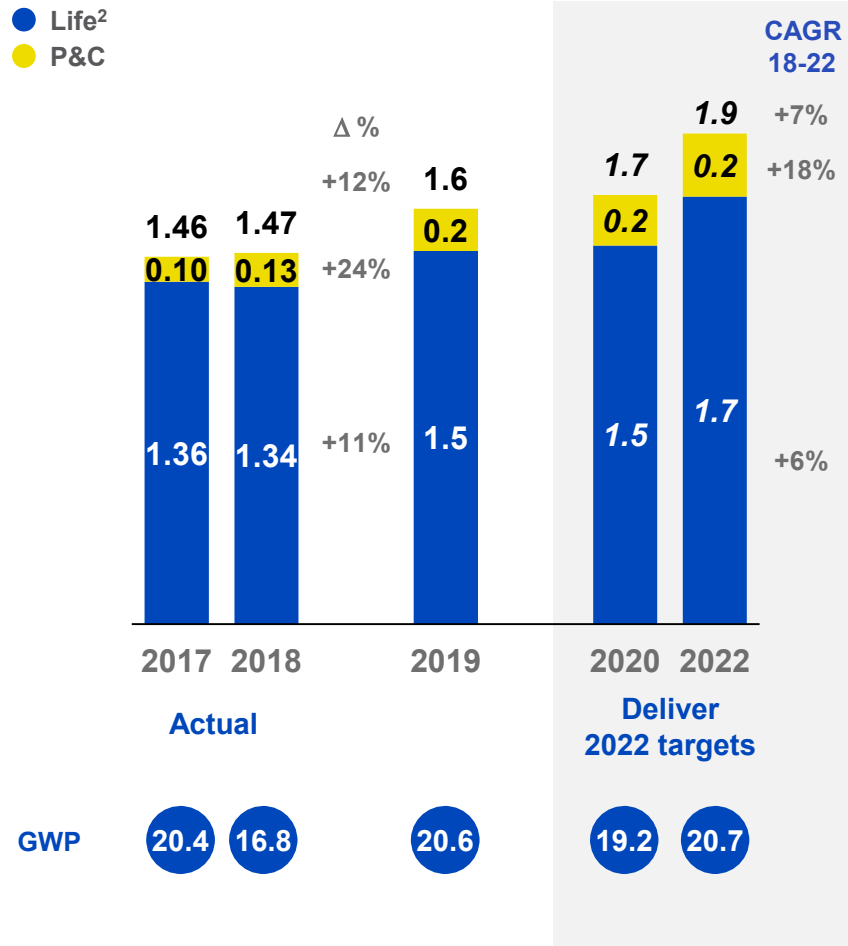
- Deliver 2022 targets related to net interest and capital gains confirmed, with active portfolio management to address volatility
- Most of the capital gains planned in Deliver 2022 already achieved thanks to a mix of realised capital gains and higher interest income of bonds purchased at higher reinvestment yield
- Future capital gains and net interest to be realised with a changing mix, thanks to active portfolio management adapting to different market scenarios

INSURANCE SERVICES

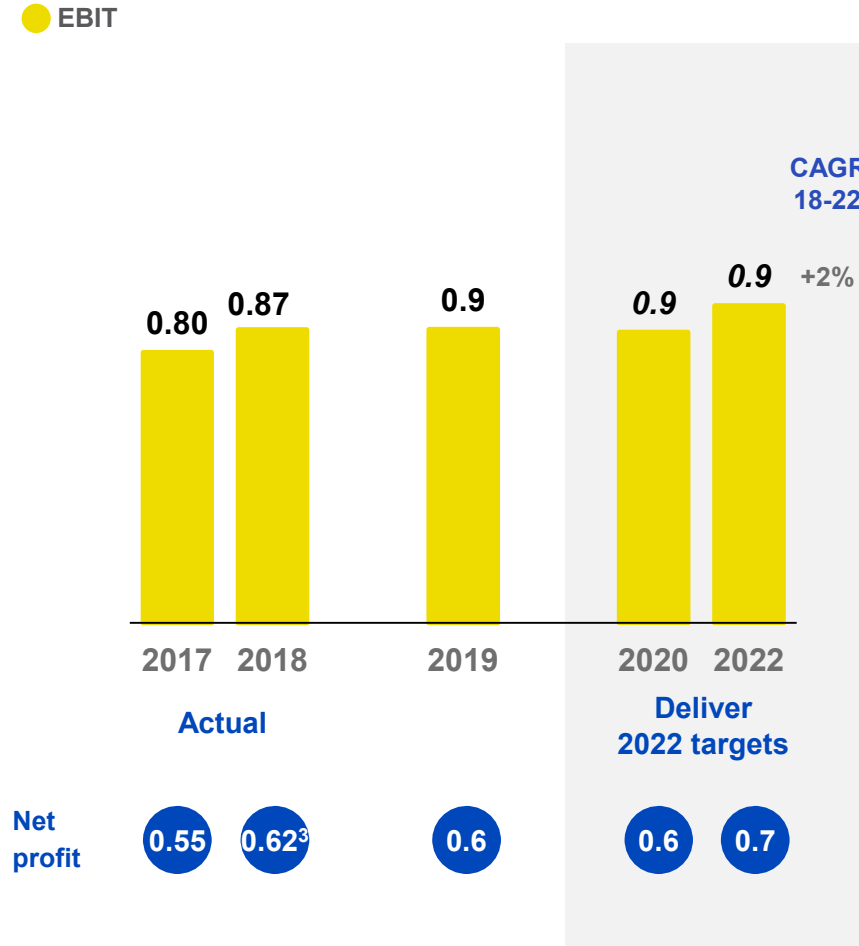
CONSOLIDATING LEADERSHIP IN LIFE AND GROWING P&C

€ bn unless otherwise stated

SEGMENT REVENUES¹



EBIT & NET PROFIT



KEY HIGHLIGHTS

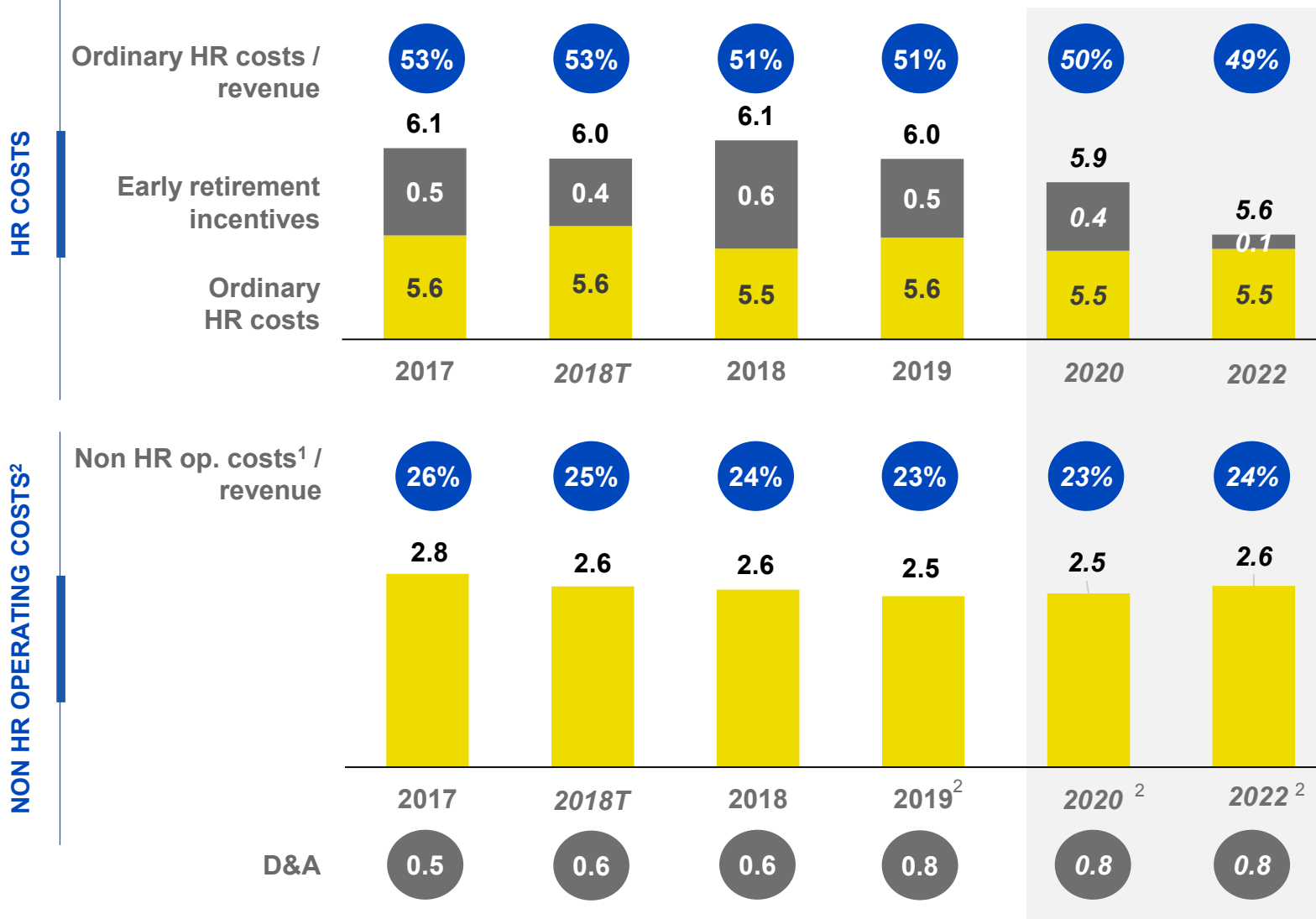
- Net profit 2019 at 0.6bn, confirming leadership in insurance
- Shift from traditional life to multi-class ahead of schedule, underpinning revenue generation over 2019 together with P&C

COST DISCIPLINE

COST DISCIPLINE IN BOTH HR AND OTHER OPERATING COSTS

€ bn unless otherwise stated

← **Δ 2018-2022: -2p.p.** →



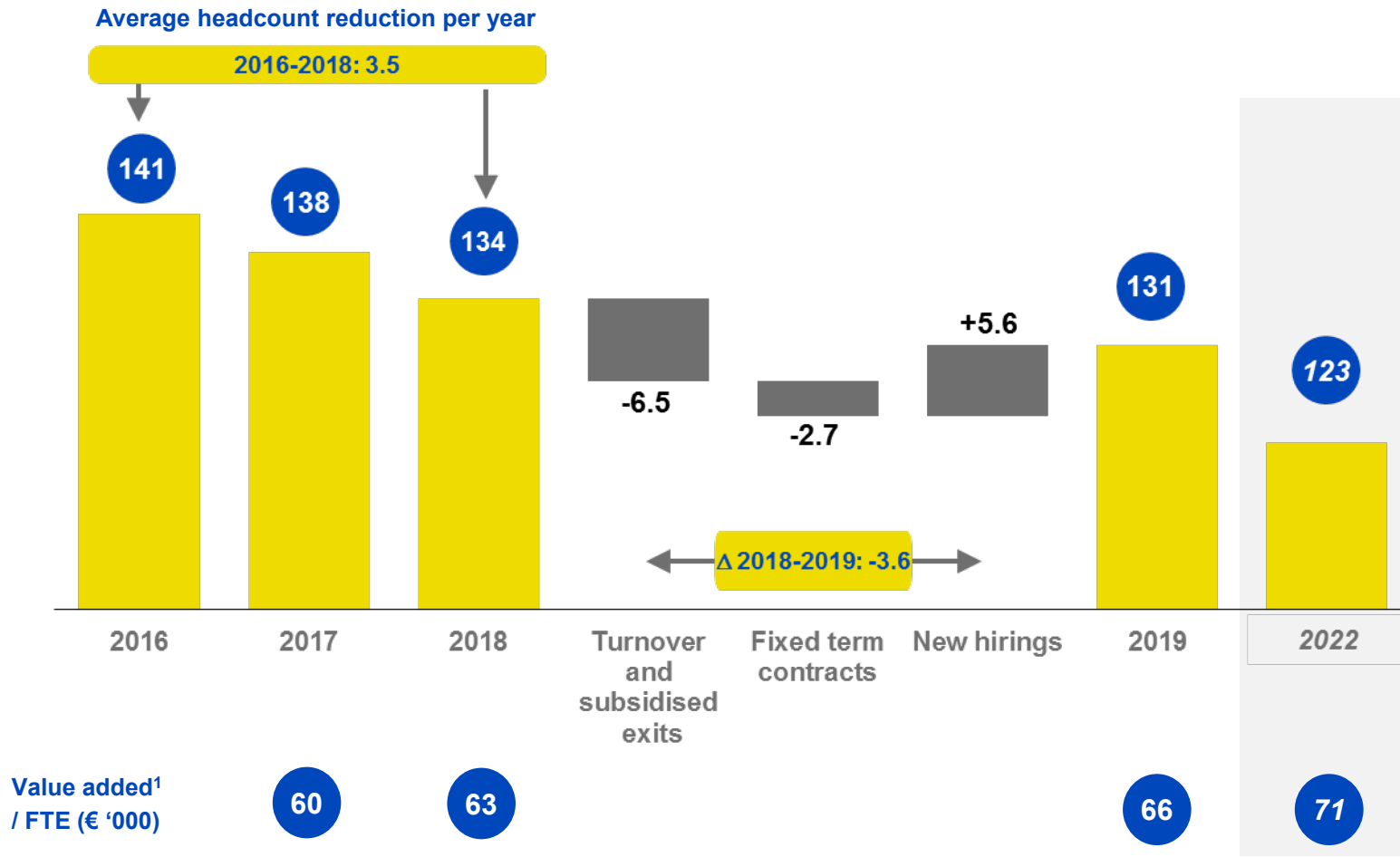
KEY HIGHLIGHTS

- Focus on cost discipline confirmed for 2019
- Higher early retirement incentives in 2018 to accelerate transformation and down in 2019 y/y, while confirming Deliver 2022 cumulative total
- Total amount of Non HR costs and D&A increasing in 2019; net of IFRS 16, variable costs increase to support revenue growth

COST DISCIPLINE

HEADCOUNT REDUCTION TO SUPPORT TRANSFORMATION

AVERAGE HEADCOUNT ('000)



KEY HIGHLIGHTS

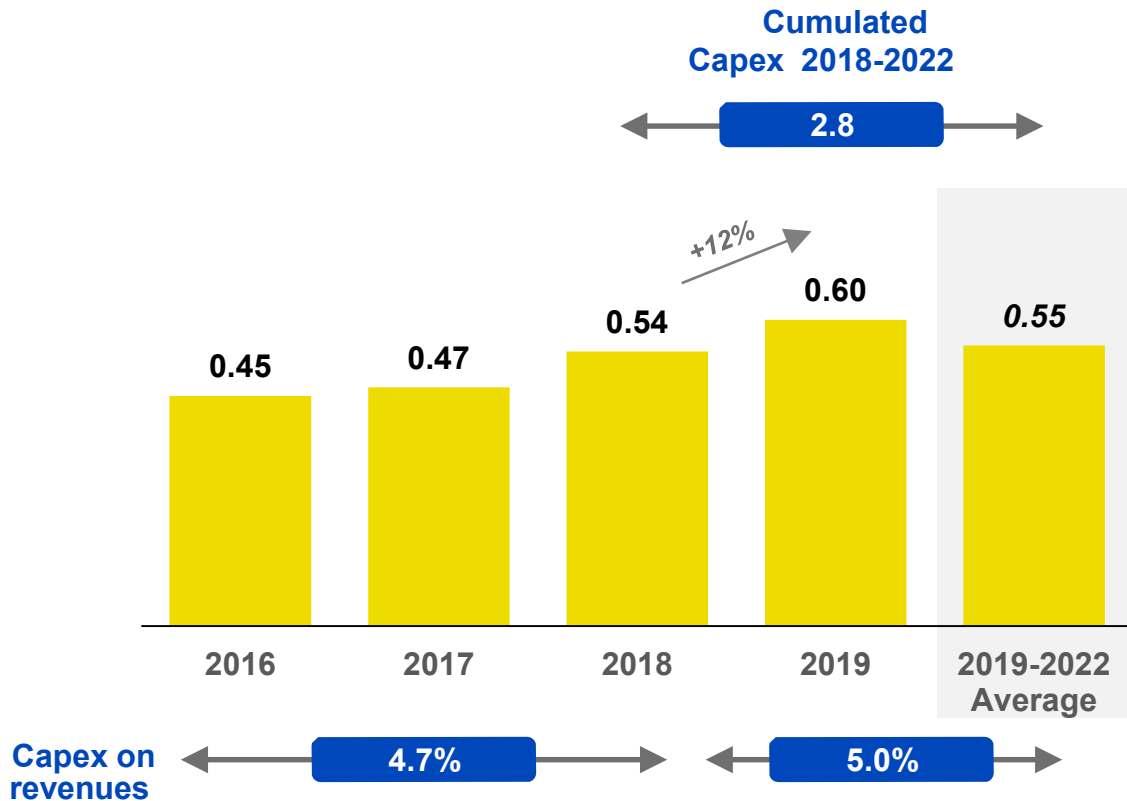
- Average headcount further down in 2019 by c.3,650 to support ongoing transformation
- Voluntary subsidised exits and natural turnover as key driver of transformation
- New hires, equal to c. 5,600 FTE in 2019, focused on specialist expertise to support workforce renewal
- Value added per FTE up to 63k in 2018, further increasing to 66k in 2019

EFFECTIVE CAPITAL EXPENDITURE

SIGNIFICANT AND FOCUSED INVESTMENTS TO SUPPORT DELIVER 2022 STRATEGY

€ bn unless otherwise stated

CAPEX PLAN



2019 INVESTMENT FOCUS

- **Mail, Parcel & Distribution:**
 - Mail and parcel sorting automation
 - New delivery model
 - Lean program
- **Financial Services & Insurance**
 - Products and service evolution
 - Compliance and regulatory
- **Payments, Mobile and Digital**
 - Postpay infrastructure setup

DELIVER 2022 – FINANCIAL PRIORITIES

**ENSURE PRAGMATIC FINANCIAL TARGETS AND KPIs
ACROSS KEY BUSINESS ACTIVITIES ARE ACHIEVED**

**PRESERVE COST DISCIPLINE AND EFFECTIVE
CAPITAL ALLOCATION**

**MAINTAIN AN EFFICIENT AND STRONG BALANCE SHEET
ACROSS ALL BUSINESS SEGMENTS**

DELIVER 2022 ON TRACK

ALL 2018 FINANCIAL TARGETS ACHIEVED

**POWERFUL DISTRIBUTION NETWORK STRENGTHENED BY
CUSTOMER-CENTRIC STRATEGY AND OPERATIONAL
EFFICIENCIES**

**FURTHER TRANSFORMATION IN 2019 TO DRIVE NEXT
STAGE OF DELIVER 2022 JOURNEY**

APPENDIX

ADDITIONAL FINANCIAL INFORMATION

4Q 2018 RESULTS OVERVIEW

OPERATING PROFIT IMPROVING IN 4Q 2018, HIGHER COSTS TO ACCELERATE TRANSFORMATION

€ m unless otherwise stated

	4Q 2017	4Q 2018	Var.	Var. (%)
REVENUES	2,735	2,913	+178	+6.5%
REVENUES ADJUSTED¹	2,642	2,801	+159	+6.0%
TOTAL OPERATING COSTS (INCLUDING D&A)	2,789	2,923	+134	+4.8%
EBIT	(54)	(10)	+44	+81.6%
EBIT MARGIN	(2.0%)	(0.3%)	+1.7p.p.	
EBIT ADJUSTED²	394	490	+96	+24.4%
NET PROFIT	(35)	343	+377	
EPS (€/SHARE)	(0.03)	0.26	+0.29	n.m.
NET PROFIT ADJUSTED³	285	349	+63	
EPS (€/SHARE)	0.22	0.27	+0.05	+22.2%

POSTE GROUP: 2018 & 2017 ONE-OFFS

EXPLANATORY NOTES TO ADJUSTED FIGURES

€million	4Q 2017	4Q 2018	%	2017	2018	%
REVENUES REPORTED	2,735	2,913	6%	10,629	10,864	2%
NET CAPITAL GAINS	0	0		532	379	
IFRS 9 IMPACT ON VISA	0	(7)		0	9	
BDM/MCC	0	0		48	0	
IFRS 15	2	0		18	0	
ANIMA	0	120		0	120	
MASTERCARD	91	0		91	0	
REVENUES ADJUSTED	2,642	2,801	6%	9,939	10,356	4%
COSTS REPORTED	2,789	2,923		9,506	9,366	
COSTS ADJUSTED¹	2,248	2,310		8,828	8,684	
EBIT REPORTED	(54)	(10)	82%	1,123	1,499	+34%
EBIT ADJUSTED	394	490	24%	1,111	1,673	
IMPAIRMENTS	0	62		94	62	
NET PROFIT	(35)	343		689	1,399	103%
NET PROFIT ADJUSTED²	285	349	22%	752	1,172	56%

1. In 2017 costs are adjusted for early retirement incentives, real estate fund provisions, IFRS 15 and BdM - MCC; costs adjustments in 2018 refer to early retirement incentives, real estate fund provisions and Postel goodwill impairment 2. EBIT adjustments, impairments in finance income / (costs) and their tax effects. Excluding Poste Vita one-off DTAs

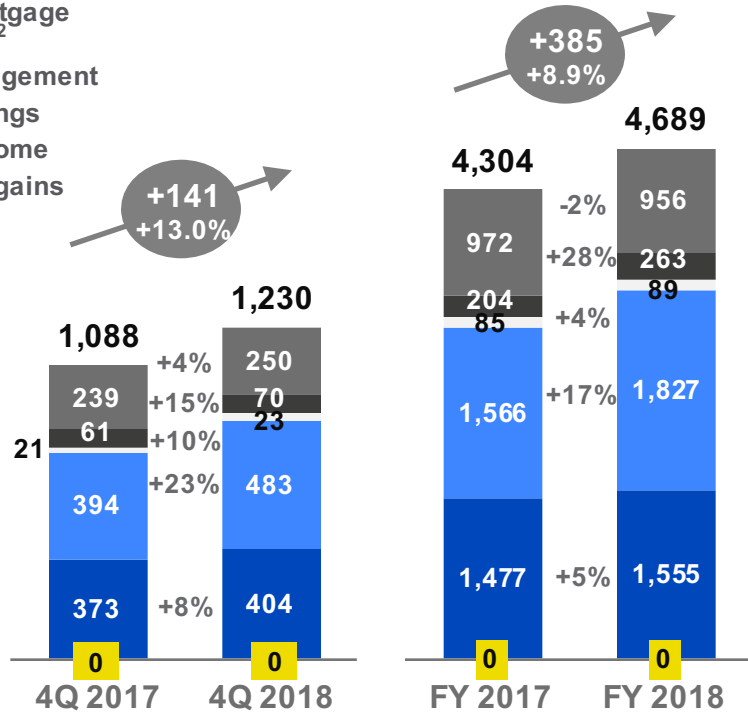
2018 RESULTS – FINANCIAL SERVICES

REVENUES UP WITH A MORE SUSTAINABLE MIX LEADING TO HIGHER UNDERLYING PROFITABILITY

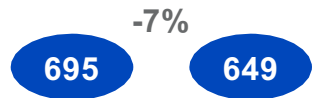
€ m unless otherwise stated

ADJUSTED SEGMENT REVENUES³

- Transaction banking¹
- Loan & mortgage distribution²
- Asset management
- Postal savings
- Interest income
- Net capital gains

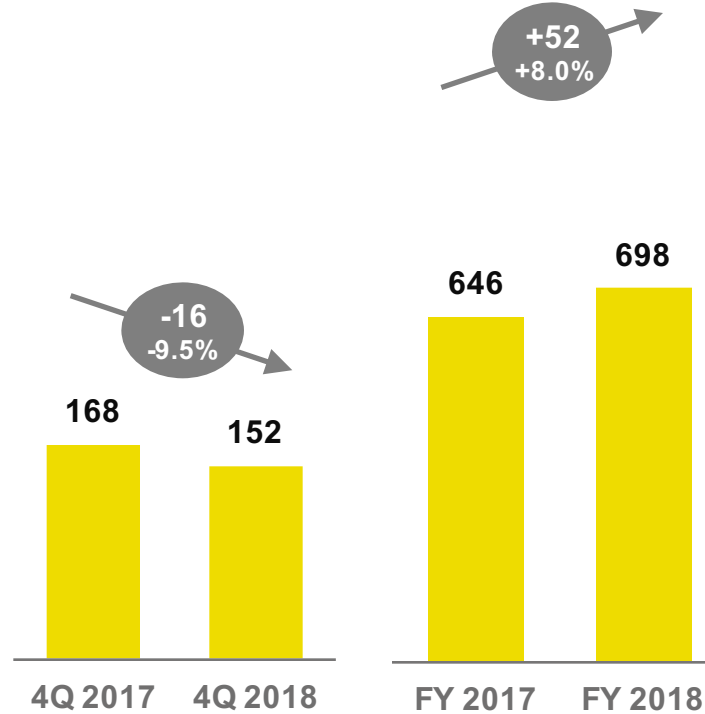


Intersegment revenues

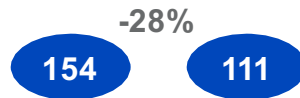


ADJUSTED EBIT⁴ & NET PROFIT⁵

● ADJ. EBIT



Adj. net profit⁵



KEY HIGHLIGHTS

- Continued underlying progression of operating and net profit
- Postal saving fees increasing to the upper end range of new CDP agreement
- Asset management fees benefitting from new distribution agreements
- Interest income up thanks to higher volumes and yields
- Loan and mortgages steadily increasing supported by higher volumes and new distribution agreements

FINANCIAL SERVICES: 2018 & 2017 ONE-OFFS

EXPLANATORY NOTES TO ADJUSTED FIGURES

€million	4Q 2017	4Q 2018	%	2017	2018	%
REVENUES REPORTED¹	1,348	1,503	11%	5,691	5,846	3%
NET CAPITAL GAINS	0	0		532	379	
IFRS 9 IMPACT ON VISA	0	(7)		0	9	
BDM/MCC	0	0		50	0	
IFRS 15	2	0		18	0	
ANIMA	0	120		0	120	
MASTERCARD	91	0		91	0	
REVENUES ADJUSTED	1,254	1,390	11%	5,000	5,338	7%
COSTS REPORTED	1,216	1,228	1%	5,045	4,987	
COSTS ADJUSTED²	1,087	1,239		4,354	4,640	
EBIT	132	274		646	859	
EBIT ADJUSTED	168	152		646	698	
IMPAIRMENTS	0	42		0	42	
NET PROFIT	128	190		499	617	24%
NET PROFIT ADJUSTED	154	111		499	511	2%
TRANSACTION BANKING						
Stated revenues	330	242	(27%)	1,063	965	(9%)
Adjusted revenues	239	250	4%	972	956	(2%)
ASSET MANAGEMENT						
Stated revenues	21	142	n.m.	85	209	145%
Adjusted revenues	21	23	10%	85	89	4%
LOANS & MORTGAGE DISTR.						
Stated revenues	63	70	11%	272	263	(3%)
Adjusted revenues	61	70	15%	204	263	28%

1. Segment revenues + intersegment revenues

2. Adjustments in 2017: real estate funds provisions, IFRS 15, BdM–MCC, Mastercard, capital gains rebated to the network, early retirements incentives; in 2018 adjustments related to real estate funds provisions, capital gains rebated to the network, and early retirement incentives

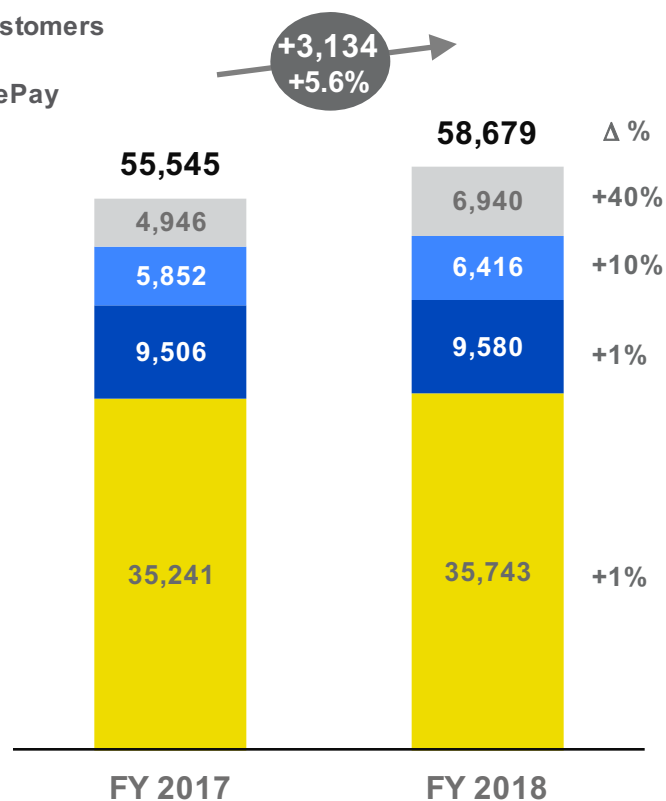
CURRENT ACCOUNTS AVERAGE VOLUMES AT A SOUND 58.7BN

INTEREST INCOME UP THANKS TO HIGHER VOLUMES OFFSETTING LOWER YIELDS

€ m unless otherwise stated

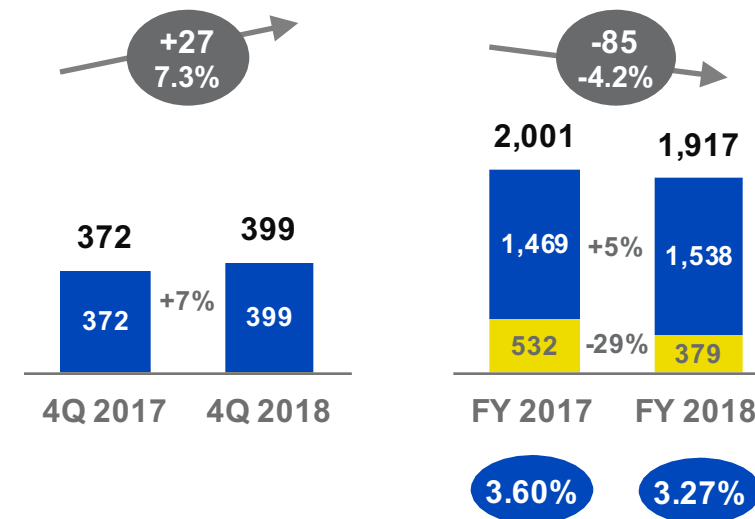
AVERAGE CURRENT ACCOUNT DEPOSITS¹

- Repo
- Public Administration²
- Corporate customers & other³
- Retail + PostePay



REVENUES FROM PORTFOLIO MANAGEMENT

- Interest income⁴
- Net capital gains



Average return (%)⁵

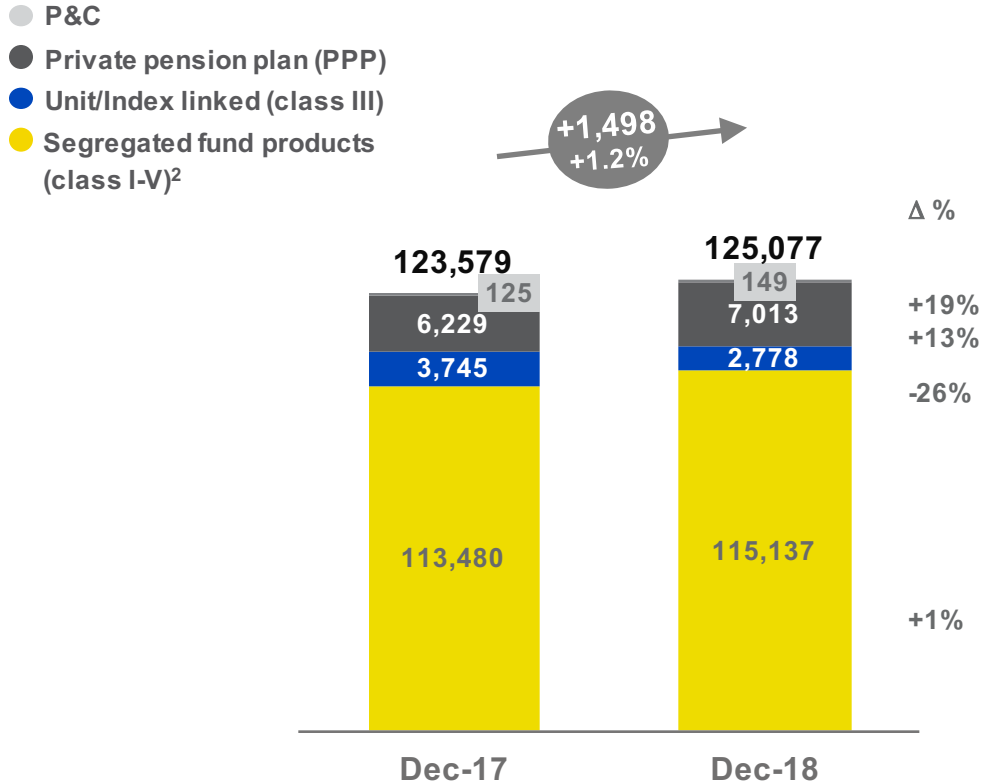
	2017	2018	Var.
Average return excl. capital gains (%) ⁴	2.64%	2.62%	-2bps
Unrealised capital gains (€/m)	1,615	-1,687	-3,302
Portfolio duration (years)	5.3	5.2	-0.1
Portfolio maturity (years) ⁶	12.4	13.0	+0.6

NET TECHNICAL PROVISIONS

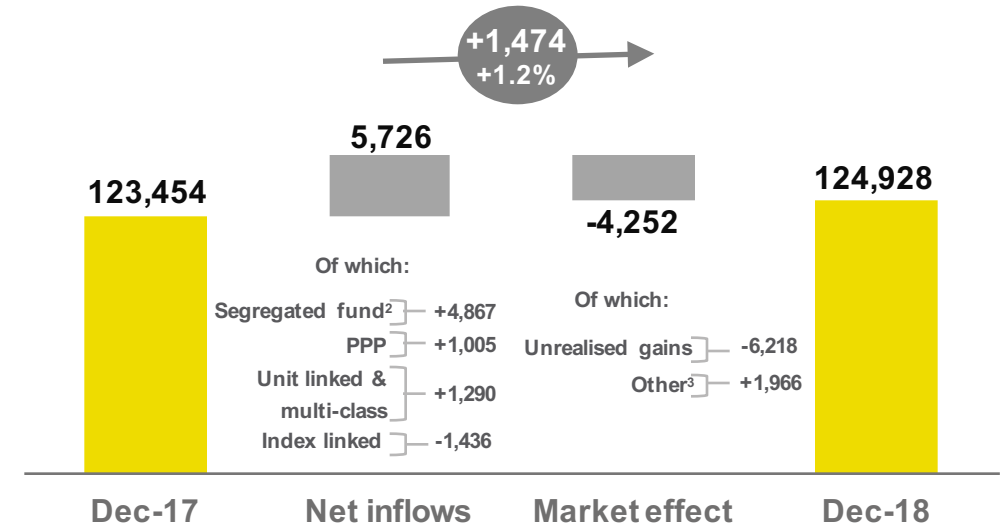
POSITIVE NET INFLOWS MITIGATING THE IMPACT OF LOWER RETURNS IN A LOWER YIELD TREND

€ m unless otherwise stated

GROUP NET TECHNICAL PROVISIONS¹



LIFE NET TECHNICAL PROVISIONS EVOLUTION

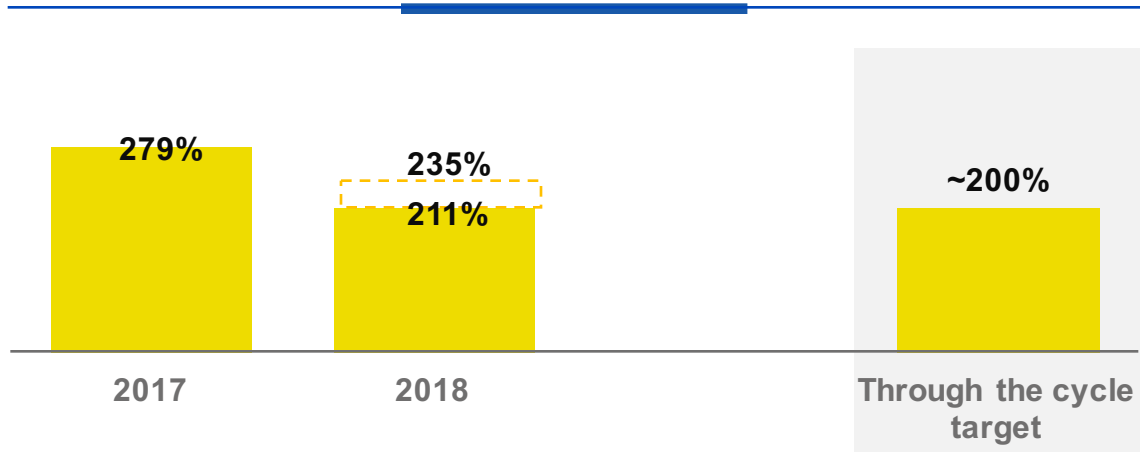


	FY 2017	FY 2018	Var. YoY
Unrealised gains (€/m)	8,225	2,007	-6,218
Minimum guaranteed return (Class I) (%)	0.88%	0.78%	-10bps
Asset return (%)	3.03%	2.82%	-21bps

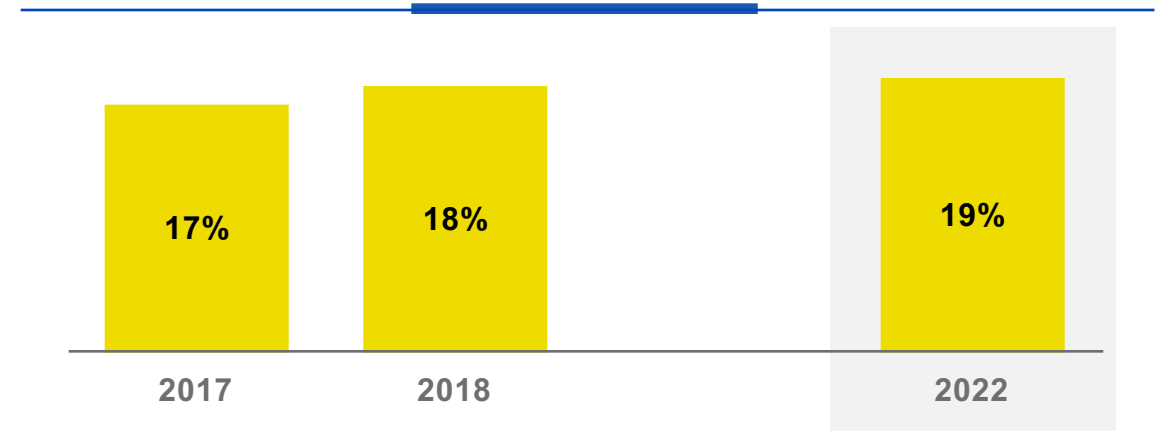
SOLID AND EFFICIENT BALANCE SHEET ACROSS BUSINESS SEGMENTS

CAPITAL POSITION TO SUPPORT SUSTAINABLE GROWTH AND DIVIDEND POLICY OVER THE PLAN

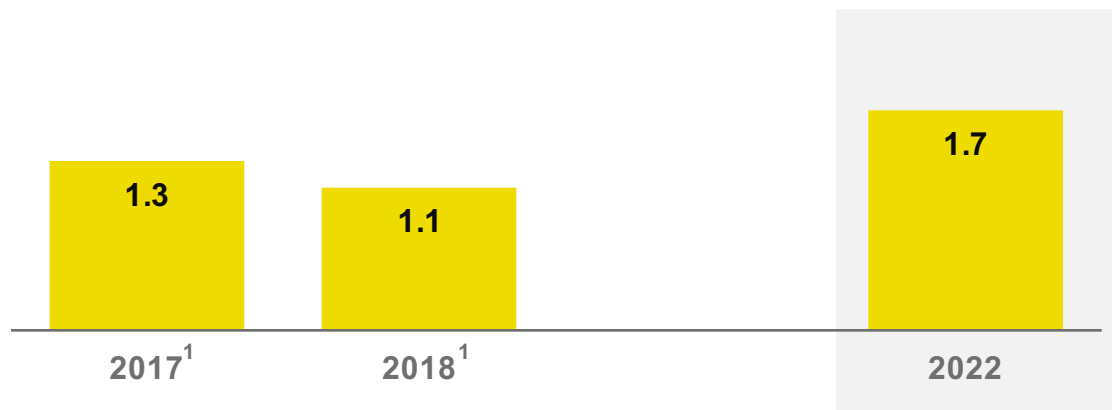
SOLVENCY II %



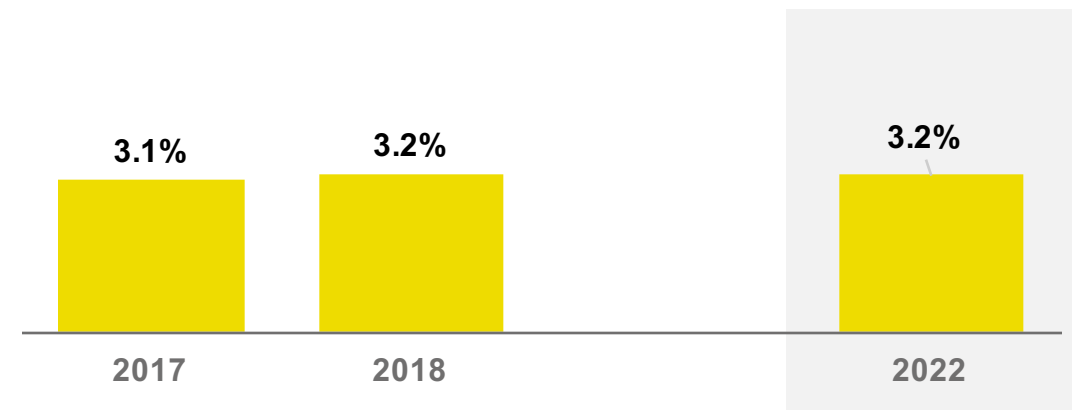
CET 1 RATIO %



MP&D FINANCIAL POSITION (€ bn)



LEVERAGE RATIO %



MAIL, PARCEL & DISTRIBUTION NET CASH POSITION

SOLID LIQUIDITY POSITION AND FURTHER AVAILABLE UNDRAWN FACILITIES

€ m unless otherwise stated

NET CASH POSITION (+ Cash - Debt)

