

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%
ROE ¹	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			<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			<ul style="list-style-type: none"> • Growth in payment card stock and transactions • Growth in Postemobile SIM stock • Launch of Postepay Connect
	FINANCIAL SERVICES			<ul style="list-style-type: none"> • Retail net inflows driving growth in TFAs
	INSURANCE SERVICES			<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



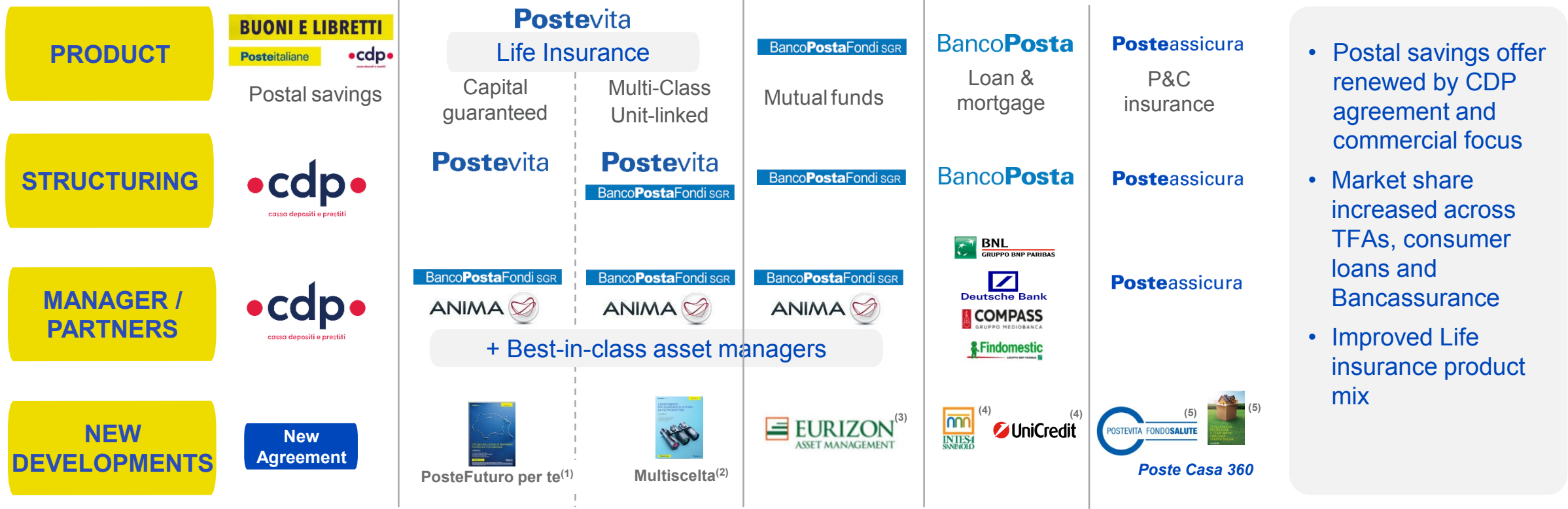
- Main issuer of Digital IDs for access to Poste and Government services
- 85% market share across Italy

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

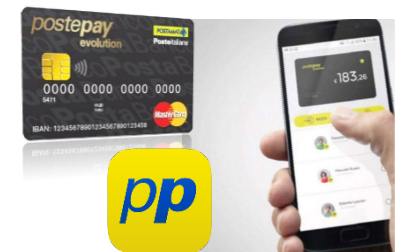
POSTEPAY CONNECT – LAUNCHED NOV 2018

- 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

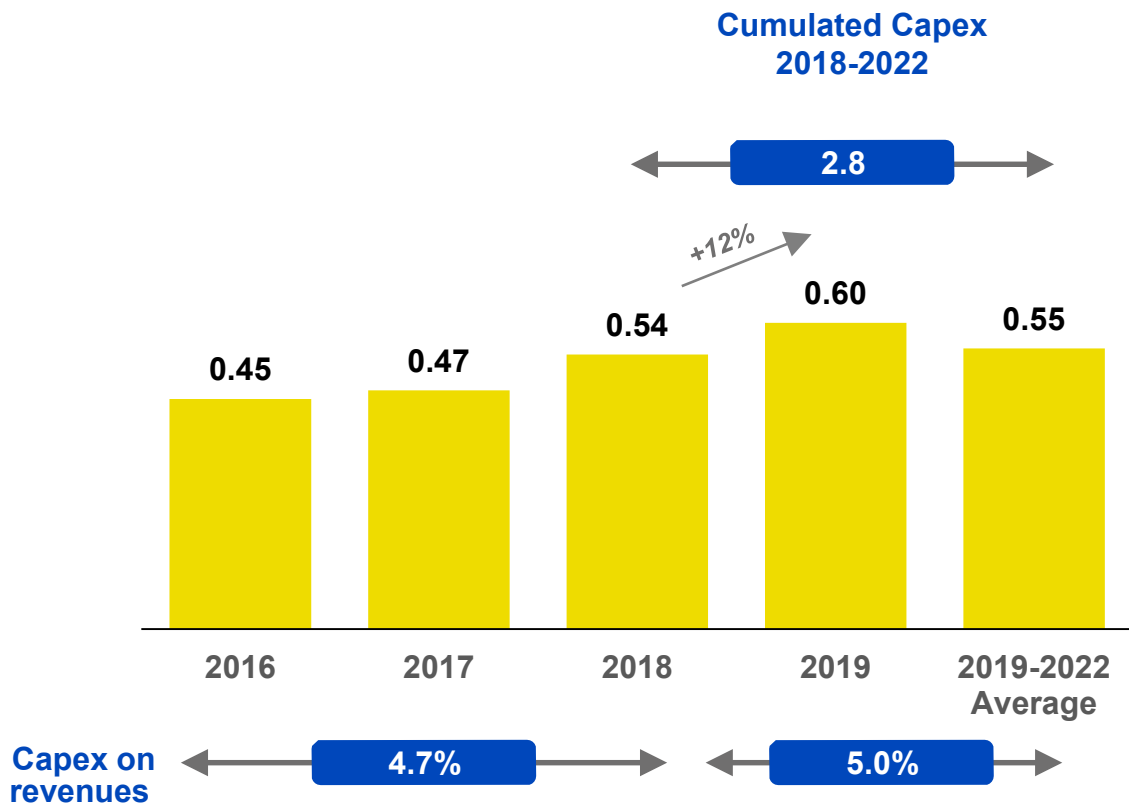


EFFECTIVE CAPITAL EXPENDITURE

SIGNIFICANT AND FOCUSED INVESTMENTS TO SUPPORT DELIVER 2022 STRATEGY

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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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DELIVER 2022 STRATEGY – 2018 RESULTS CONFIRM EARLY PROGRESS

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2019 GUIDANCE – CONTINUED PROGRESSION TOWARDS LONG-TERM TARGETS

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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



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