

POSTE ITALIANE

2019 RESULTS AND 2020 GUIDANCE

NET PROFIT DOUBLED IN THREE YEARS

- RESULTS AHEAD OF TARGETS FOR SECOND CONSECUTIVE YEAR: NET PROFIT AT €1.34BN, DOUBLED VERSUS 2016
- 2019 EBIT STRONGLY UP TO €1.77BN (+18.4%), SUPPORTED BY HIGHER REVENUES AND LOWER COSTS
- DIVIDEND OF €0.463 (+5%Y/Y) IN LINE WITH DELIVER 2022 COMMITMENT
- 2020 NET PROFIT TARGET UPDATED TO €1.3 BN WITH GROWTH IN UNDERLYING PROFITABILITY
- 2020 GUIDANCE UPDATED BASED ON UNIMPACTED ENVIRONMENT

2019 Group Financial Highlights

- **Higher Revenues:** €11,038m (+1.6% vs FY18); **adjusted revenues**¹ at €10,659m (+3.2% vs FY18) with a sustainable and recurring mix in key areas
- **Lower Total Operating Costs:** €9,264m (-1.1% vs FY18) with ongoing HR cost discipline ahead of target due to accelerated voluntary early retirements; non-HR cost increase directly supporting business growth, in line with Deliver 2022
- **Higher EBIT:** €1,774m (+18.4% vs FY18) ahead of 2019 target of €1.6bn; **adjusted EBIT**² at €1,765m (+5.5% vs FY18) on higher revenues and lower costs
- **Higher DPS:** €0.463 in FY19 subject to AGM approval; up 5% vs FY18 in line with progressive Deliver 2022 dividend policy
- **Higher Total Financial Assets (TFA)** at €536bn (+€22bn vs December 2018) driven by positive market effect and €2.9bn net inflows
- **Poste Vita Group Solvency II Ratio** at 276% as of December 2019 (September 2019: 295%), well above managerial ambition through the cycle of 200%
- **Accelerated Group Capex** at €734m (+36.3% vs FY18) with focus on advanced IT infrastructure and upgraded logistics facilities to support Deliver 2022 transformation

¹ Excluding capital gains and other items

² Excluding capital gains, IFRS 9 impact on equity stake in Visa, early retirement incentives, capital losses, hedging Visa equity stake derivatives, FV change and real estate funds provisions

2019 Segment Highlights

- **Mail, Parcel & Distribution:** Parcel revenue growth mitigating anticipated Mail decline; improved operating profitability supported by accelerated transformation
- **Payments, Mobile & Digital:** Consolidating leadership in fast-growing digital payments market; revenues further progressing with strong telco and card payment growth
- **Financial Services:** Underlying profitability improving; continued growth in recurring distribution revenues (loan & mortgage, asset management)
- **Insurance Services:** Consolidating leadership in life with multiclass offer and growing P&C offer across all product lines

2020 Guidance

- Targets are updated as a result of consistent growth in underlying profitability, taking into consideration current visibility of COVID-19 impact: revenues: €11.1bn; EBIT: €1.8bn; net profit: €1.3bn
- Poste Italiane well positioned to face stress scenarios, thanks to a diversified business model, serving the needs of our retail customers and with a strong balance sheet and no credit risk exposure

Rome, 6 March 2020, yesterday, the Board of Directors of Poste Italiane S.p.A. (“Poste Italiane” or the “Group”), chaired by Maria Bianca Farina, approved the 2019 Annual Financial Report, prepared in compliance with IAS/IFRS, and the updated guidance for 2020.

Commenting on the results, Matteo Del Fante, Poste Italiane Chief Executive Officer and General Manager, said:

“We have exceeded our financial targets for the second consecutive year, doubling our 2016 net profit, on the back of recurring revenue growth and a continued focus on cost discipline.

As a result, we are proposing a 5% increase in the dividend, in line with our Deliver 2022 commitment, and upgrading our 2020 guidance, with continued growth in underlying profitability.

Thanks to the industrial transformation carried out in recent years, Poste Italiane is a resilient business thanks to its diversified business model, and is well positioned to face stress scenarios, such as the Covid-19 situation.

Taking this all into consideration and on the assumption that the situation will stabilize, we can count on operational and managerial actions to achieve our targets. We will continue to monitor the situation and are doing everything in our power to protect and support our people, customers and wider stakeholders.”

POSTE ITALIANE CAPITAL MARKETS UPDATE

2019 RESULTS & 2020 GUIDANCE

Friday 6 March 2020 – 13:30 CET

WEBCAST

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
GROUP						
Revenues	2,913	2,949	+1.2%	10,864	11,038	+1.6%
Adjusted Revenues	2,801	2,852	+1.8%	10,332	10,659	+3.2%
EBIT	(10)	234	n.s.	1,499	1,774	+18.4%
Adjusted EBIT	490	477	-2.7%	1,673	1,765	+5.5%
Net Profit	343	259	-24.3%	1,399	1,342	-4.0%
Adjusted Net Profit	349	367	+5.1%	1,172	1,258	+7.3%
MAIL, PARCEL & DISTRIBUTION						
External Revenues	991	937	-5.4%	3,580	3,492	-2.5%
EBIT	(608)	(351)	+42.2%	(430)	(347)	+19.3%
Adjusted EBIT	15	(89)	n.s.	(96)	(272)	n.s.
Net Profit	(467)	(296)	+36.6%	(372)	(306)	+17.7%
PAYMENTS, MOBILE & DIGITAL						
External Revenues	158	187	+18.2%	592	664	+12.1%
EBIT	48	61	+27.4%	203	241	+18.6%
Net Profit	36	138	+280.9%	153	272	+77.4%
FINANCIAL SERVICES						
External Revenues	1,342	1,376	+2.5%	5,221	5,213	-0.2%
External Adjusted Revenues	1,230	1,278	+4.0%	4,689	4,834	+3.1%
EBIT	274	248	-9.8%	859	874	+1.7%
Adjusted EBIT	152	228	+50.3%	698	790	+13.1%
Net Profit	190	200	+5.4%	617	640	+3.7%
Adjusted Net Profit	111	186	+66.8%	511	577	+13.0%
INSURANCE SERVICES						
External Revenues	422	450	+6.6%	1,470	1,669	+13.5%
EBIT	275	276	+0.4%	866	1,006	+16.1%
Net Profit	584	218	-62.7%	1,001	737	-26.4%

In addition to the standard financial indicators required by IFRS, Poste Italiane discloses alternative performance indicators to provide a better understanding of business performance and financial position. These indicators are described in the annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015

The Poste Italiane Group consolidated balance sheet, consolidated statement of profit/(loss), and statement of cash flows are attached to this release. The corresponding statements for Poste Italiane are also attached. The financial statements and the related notes have been delivered to the Board of Statutory Auditors and will be audited by Poste Italiane's Independent Auditors.

MAIL, PARCEL & DISTRIBUTION – PARCEL REVENUE GROWTH MITIGATING ACCELERATED MAIL DECLINE; IMPROVED EBIT SUPPORTED BY LOWER COSTS

€m	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
SEGMENT REVENUES	991	937	-5.4%	3,580	3,492	-2.5%
INTERSEGMENT REVENUES	1,105	1,219	+10.3%	4,630	4,723	+2.0%
TOTAL REVENUES	2,096	2,156	+2.9%	8,210	8,215	+0.1%
EBIT	(608)	(351)	+42.2%	(430)	(347)	+19.3%
Adjusted EBIT	15	(89)	n.s.	(96)	(272)	n.s.
EBIT Margin (%)	-29.0%	-16.3%	-	-5.2%	-4.2%	-
NET PROFIT	(467)	(296)	+36.6%	(372)	(306)	+17.7%
KPI's						
Mail Volumes (#m)	754	695	-7.9%	2,951	2,735	-7.3%
Parcels delivered by mailmen (#m)	14	14	-0.9%	45	52	+15.8%
Parcel Volumes (#m)	39	44	+13.9%	127	148	+16.4%
B2C Revenues (€m)	98	125	+27.6%	301	383	+27.4%

Mail, Parcel & Distribution segment revenues are down 2.5% in FY19 in line with long term strategic plan projections and revenue trends relating to both mail and parcel revenues.

Mail revenues are down 6% year on year compared to a stronger-than-expected 2018 performance, primarily due to accelerated e-substitution by corporate clients in H2 2019.

Parcel revenues are up 12% in the year, with e-commerce related B2C growth at a higher pace than market (+27% vs market +18%). Revenues in the B2B segment benefitted from synergies deriving from the logistic chain turnaround, increasing 11.7% in FY19 and confirming the role of Poste as the leading parcels delivery platform.

Segment EBIT improved by 19.3% supported by distribution revenues and lower early retirement charges.

The Joint Delivery Model for mail and parcels has been fully rolled out, with mailmen and women delivering over 52 million parcels in the year (+50% vs 2017). Poste's automated parcel sorting capacity has now increased to 620,000 parcels daily (+55% vs 2017).

PuntoPoste, the network of alternative delivery locations, has reached almost 8,000 points as of today, ahead of our 2019 target, while new last-mile delivery options have been rolled out in Rome, Milan and Turin, in partnership with Milkman, and will extend to 15 cities by 2020.

2020 revenue guidance for Mail, Parcel & Distribution is confirmed at €3.5bn, broadly flat year

on year, driven by continued growth in B2C and a mail trend in line with Deliver 2022 long term trajectory. 2020 EBIT (€0.3bn) will improve supported by continued transformation resulting in lower early retirement charges.

The revenue impact on inbound mail and parcels from China is limited, representing less than 5% of mail and parcel total revenues. The Group therefore assumes no significant impact on mail revenues as a result of the current situation, as the declining trend is already factored in. Poste Italiane does not expect B2C revenues to be significantly impacted, with a potential for increased e-commerce activity.

PAYMENTS, MOBILE AND DIGITAL – REVENUES FURTHER PROGRESSING WITH STRONG CARD PAYMENT GROWTH AND TELCO; CONSOLIDATING LEADERSHIP IN FAST-GROWING DIGITAL PAYMENTS MARKET

€m	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
SEGMENT REVENUES	158	187	+18.2%	592	664	+12.1%
<i>Cards Payments (€m)</i>	79	91	+15.9%	291	338	+16.5%
<i>Other Payments (€m)</i>	25	29	+12.5%	85	86	+0.9%
<i>Telecom Services (€m)</i>	54	67	+24.4%	217	240	+10.6%
INTERSEGMENT REVENUES	94	94	-0.4%	360	375	+4.3%
TOTAL REVENUES	252	280	+11.3%	952	1,039	+9.1%
EBIT	48	61	+27.4%	203	241	+18.6%
EBIT Margin (%)	19.1%	21.9%	-	21.4%	23.2%	-
NET PROFIT¹	36	138	+280.9%	153	272	+77.4%
KPI's						
Postepay cards (#m)	-	-	-	19.0	21.5	+13.1%
<i>of which Postepay Evolution cards(#m)</i>	-	-	-	6.3	7.2	+15.3%
Total payment cards transactions (#bn)	-	-	-	1.10	1.44	+30.7%
<i>of which eCommerce transactions (#m)</i>	-	-	-	202	250	+23.9%
Mobile & land-line (#m)	-	-	-	4.1	4.4	+8.2%
Digital e-Wallets (#m)	-	-	-	2.8	5.4	+91.2%

1) 2019 net profit includes one-off revaluation of Poste's minority stake in FSIA S.r.l. for €8m

Payments, Mobile & Digital segment revenues are up 12.1% in FY19 thanks to the Group's leadership in the fast-growing payments sector.

Card payment revenues are up 16%, driven by a growing number of PostePay cards and higher transaction volumes across both physical and digital channels.

Telco revenues grew 10.6% in a highly competitive market, driven by successful commercial initiatives transitioning customers from pay-as-you-go to annual contracts.

Segment EBIT is up 18.6%, ahead of 2019 target.

2020 revenue guidance is updated to €0.7bn and EBIT guidance updated to €0.3bn for Payments, Mobile & Digital, targeting double digit growth, driven primarily by higher payment transaction volumes.

FINANCIAL SERVICES – UNDERLYING PROFITABILITY IMPROVING; CONTINUED GROWTH IN RECURRING DISTRIBUTION GROSS REVENUES

€m	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
SEGMENT REVENUES	1,342	1,376	+2.5%	5,221	5,213	-0.2%
ADJUSTED SEGMENT REVENUES	1,230	1,278	+4.0%	4,689	4,834	+3.1%
INTERSEGMENT REVENUES	161	177	+10.4%	649	712	+9.7%
TOTAL REVENUES	1,503	1,553	+3.4%	5,871	5,926	+0.9%
EBIT	274	248	-9.8%	859	874	+1.7%
ADJUSTED EBIT	152	228	+50.3%	698	790	+13.1%
EBIT Margin (%)	+18.3%	+15.9%	-	+14.6%	+14.8%	-
NET PROFIT	190	200	+5.4%	617	640	+3.7%
ADJUSTED NET PROFIT	111	186	+66.8%	511	577	+13.0%
KPI's						
TOTAL FINANCIAL ASSETS - TFAs (€/bn)	-	-	-	513.8	536.1	+4.3%
Average Current Account Deposits (€m)	-	-	-	58,679	61,861	+5.4%
Average Postal Savings Deposits (€m)	-	-	-	307,581	310,350	+0.9%
Postal Savings Net Inflows (€m)	0.97	571	n.s.	(4,780)	(3,454)	+27.7%
Unrealized gains (€m)	-	-	-	(1,687)	1,115	n.s.
Product Sales (# mln)	-	-	-	8.4	8.0	-4.9%

2019 Financial Services gross revenues are up 1% driven by growth in areas of strategic focus.

This includes Loan and Mortgage, where distribution revenues are up 19%, Asset Management revenues up 12% to €100m (excluding a one-off related to Anima in 2018) and Postal Savings distribution fees were in line with the 2019 target, down 1.5%, thanks to dedicated products to attract new flows and retain clients, also through our digital channel.

Total Financial Assets increased by €22bn in 2019 driven by positive market effects and €2.9bn net inflows.

Segment EBIT (up 1.7% to €874m) and Net Profit (up 3.7% to €640m) in FY19 are in line with targets.

BancoPosta CET1 ratio stands at 18% at December 2019, flat year on year.

2020 revenue guidance at €5.9bn for Financial Services is confirmed flat, with continual recurring revenue growth, capitalizing on an effective distribution platform and expanded product portfolio.

2020 EBIT at €0.8bn is in line with previous guidance, down year on year due to higher intersegment distribution costs.

INSURANCE SERVICES – CONSOLIDATING LEADERSHIP IN LIFE WITH MULTICLASS OFFER AND GROWING P&C

€m	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
SEGMENT REVENUES	422	450	+6.6%	1,470	1,669	+13.5%
<i>Life (inc. Private Pension Plan)</i>	384	408	+6.2%	1,336	1,511	+13.1%
<i>P&C</i>	38	42	+10.9%	135	158	+17.4%
INTERSEGMENT REVENUES	0	0	-27.1%	2	1	-63.7%
TOTAL REVENUES	423	450	+6.6%	1,472	1,670	+13.4%
EBIT	275	276	+0.4%	866	1,006	+16.1%
EBIT Margin (%)	65.1%	61.3%	-	58.8%	60.2%	-
NET PROFIT	584	218	-62.7%	1,001	737	-26.4%
KPI's						
Gross Written Premiums (€m)	4,029	4,064	+0.9%	16,797	17,972	+7.0%
GWP - Life + Private Pension Plans (€m)	3,984	4,010	+0.6%	16,610	17,732	+6.8%
GWP - P&C (€m)	44	54	+21.8%	187	240	+28.3%

2019 Insurance Services segment revenues have grown strongly, up 13.5% year on year on higher volumes and margins.

Life insurance revenues has risen 13.1%, confirming Poste Italiane's market leadership, with a continued diversification from capital guaranteed products towards multiclass products, now representing 35% of new production, ahead of 2022 target.

P&C revenues have grown by 17%, with positive contributions from all product lines.

Segment EBIT and Net Profit are both ahead of target, confirming the effectiveness of a business strategy successfully adapting to a changing macro environment.

2020 revenues for Insurance Services are expected to grow by around 15% to €1.9bn, driven by a continued focus on multiclass products in Life, including a new “accumulation” product offer, as well as growing contributions from P&C related to the “modular” offer. 2020 EBIT (€1.0bn) and Net Profit (€0.7bn) guidance has been revised upwards accordingly.

At the end of December 2019, Poste Vita Group’s Solvency II Ratio stood at 276%, down from 295% at September 2019, ahead of the 200% managerial ambition throughout the cycle and with reduced sensitivities to potential market shocks in interest rates and BTP-Bund spread.

Transitional measures, approved by regulator in Q3, provide an additional 36 percentage points, which however are not included in these figures.

The Board of Directors has approved the development of an internal model, which will address Solvency II volatility.

RECENT EVENTS AND BUSINESS OUTLOOK

Poste Italiane will continue to implement the objectives outlined in the five-year Deliver 2022 strategic plan, as approved by the Board of Directors on 26 February 2018.

The Mail, Parcels and Distribution Strategic Business Unit will continue to improve its operational efficiency, by continuing to integrate its mail and parcel logistics networks. In addition, as part of its vehicle fleet modernisation process, the Group will continue the introduction of electric delivery vehicles (3-wheeled vehicles). This will improve occupational safety and extend the process, launched in recent years, of adopting eco-friendly forms of transport, which included the introduction of a fleet of 4-wheeled electric vehicles.

The Unit will also continue with the adoption of new automation technologies to support operating processes, with the aim of boosting the efficiency and quality of sorting processes. The aim of this investment is to maximise synergies in the logistics and operations network and leverage all the Group's available assets, enabling the improvement of Poste's competitive position in the parcel market by leveraging opportunities arising from the growth of e-commerce.

The Payments, Mobile and Digital Strategic Business Unit aims to deliver on the strategic objective of becoming Italy's leading payments ecosystem, ensuring convergence between both payments and mobile technology, and physical and digital channels. Poste Italiane aims to lead changes not only in consumer habits but also for businesses and the Public Administration, through the creation of new integrated products and services.

The promotion of mobile telecommunications services as part of the integrated Postepay Connect offering will continue in 2020. The bundle offering aims to meet the needs of different customer target markets and take advantage of customer loyalty through innovative pricing strategies and by attracting new online customers via a fully digital acquisition process.

In the Payments area, the Postepay card top-up service will be expanded, giving customers the possibility to make precise time and amount automatic top-ups.

In 2020 Postamat debit cards will be made available for use in the Postepay App enabling in-

store payments using Codice Postepay. A new Postamat debit card will be launched for use with BancoPosta accounts, giving current account holders access to the Postepay ecosystem.

Acquiring services will be rolled out across the Lottomatica network of tobacconists through remote distribution, with the physical acquiring offer as well as the Codice Postepay beginning to be marketed during 2020. In addition, it will be possible to make payment slip payments using Codice Postepay in authorised outlets.

In 2020, the partnership with ENI will be further developed across its network of service stations, with the possibility of accepting payment transactions through physical Point Of Sale system as well as through the Paga con Postepay solution, now available in the Eni APP. For the first time in Italy, "cashback" will be offered in the context of this agreement, enabling the cardholder to obtain cash from a merchant when making a payment with a debit or prepaid card, through a single payment transaction.

In line with the Deliver 2022 Plan, the Financial Services Strategic Business Unit will continue to take advantage of opportunities resulting from the recent MiFID II and IDD regulatory changes by leveraging its customer base, distribution network and brand.

Within the scope of Postal Savings, as set forth in the agreement with CDP, Poste Italiane will continue with a range of commercial initiatives including the introduction of new products.

In the first quarter of 2020, the consumer current account commercial offer will be strengthened with the introduction of an online current account opening request process.

In the Business and Public Administration current accounts area, operational and process simplification initiatives will continue in both the opening and management of current accounts to improve customer experience.

With regard to Public Administration, in 2020 Treasury services will be offered to a wider group of potential customers than the initial target of Municipalities with less than 5 thousand inhabitants.

In loan products, promotion and placement activities will continue. In consumer finance, product range will be expanded through the introduction of online solutions.

The Insurance Services Strategic Business Unit will continue to consolidate the Group's leadership in the Italian market, supported by a progressive rebalancing of the offering to provide products with greater value added features (multiclass), while still maintaining moderate risk-return profiles, in line with the type of customer served by the Group.

With respect to P&C insurance, the adoption of a modular offer will result in an integrated offering strategy consisting of personalised, modular protection, assistance and service solutions for individuals, assets and property, superseding the previous approach focused on individual products. In addition, the Group will continue to drive growth in the welfare and non-life sectors. The investment and protection insurance offer will be enhanced with new digital functionality. The inclusion of ESG (Environmental, Social and Governance) Sustainability criteria is planned in all areas of the investment product offer, in terms of both mutual funds and insurance policies, in line with Group strategy.

Lastly, the Group's technological platforms will continue to evolve towards cloud solutions.

At present it is not possible to make a reasonable estimate of the potential medium-term impacts of the spread of the COVID-19 coronavirus in Italy.

However, it is important to note that in its response to this situation Poste Italiane will be able to leverage on its multi-channel structure and its improved digital capabilities, which ensure that services are available outside of traditional post office channels. The majority of the Group's overall revenue is not linked to short-term commercial activities and the BancoPosta business model is capital light and without credit risk. In addition, the Group's cash flow generation is solid and it continues to hold net cash.

The Group is actively monitoring the situation on a daily basis to ensure the proactive management of any impact.

ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by IFRS, Poste Italiane has included a number of indicators in this report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

EBIT (Earnings before interest and taxes) - this is an indicator of operating profit before financial expenses and taxation.

EBIT margin – this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also presented separately for each Strategic Business Unit.

GROUP NET CASH POSITION - the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT – this is the sum of the following items, shown according to the format recommended by ESMA, the European Securities and Markets Authority (document 319 of 2013): financial liabilities after adjusting for intersegment transactions, current financial assets after adjusting for intersegment transactions and cash and cash equivalents.

ADJUSTED EBIT AND NET PROFIT – to provide an improved basis for assessment and comparison, the following statement shows the reconciliation of reported EBIT, net profit and adjusted EBIT and net profit.

EXPLANATORY NOTES ON ADJUSTED FIGURES

	Q4 18	Q4 19	Q/Q%	FY18	FY19	Y/Y%
REPORTED REVENUES	2,913	2,949	+1%	10,864	11,038	+2%
GROSS CAPITAL GAINS ON INVESTMENT PORTFOLIO	0	92		404	353	
VISA - IFRS 9 VALUATION	(7)	6		9	25	
VISA - CAPITAL GAIN ON SHARE DISPOSAL	0	0		0	1	
ANIMA ONE-OFF	120	0		120	0	
ADJUSTED REVENUES	2,801	2,852	+2%	10,332	10,659	+3%
REPORTED COSTS	2,923	2,715	(7%)	9,366	9,264	(1%)
CAPITAL LOSSES ON INVESTMENT PORTFOLIO	0	8		25	13	
EARLY RETIREMENT INCENTIVES	590	328		619	342	
REAL ESTATE FUNDS PROVISIONS	(4)	0		21	0	
POSTEL'S GOODWILL IMPAIRMENT	33	0		33	0	
VISA - FAIR VALUE HEDGE	0	4		0	15	
VISA - IFRS 9 VALUATION	(7)	0		9	0	
ADJUSTED COSTS	2,311	2,376	+3%	8,659	8,894	+3%
REPORTED EBIT	(10)	234	n.m.	1,499	1,774	+18%
ADJUSTED EBIT	490	477	(3%)	1,673	1,765	+6%
IMPAIRMENTS	62	46		62	46	
SIA STAKE REVALUATION	0	88		0	88	
REPORTED NET PROFIT	343	259	(24%)	1,399	1,342	(4%)
ADJUSTMENTS						
EBIT ADJUSTMENTS	334	173		101	(9)	
FINANCIAL IMPAIRMENTS & SIA STAKE REVALUATION	57	(53)		57	(53)	
POSTE VITA DTA	(385)	(13)		(385)	(23)	
ADJUSTED NET PROFIT	349	367	+5%	1,172	1,258	+7%

Composition of net financial position* (€m):

	MAIL, PARCEL & DISTRIBUTION	PAYMENTS, MOBILE & DIGITAL	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 31 December 2019						
Financial liabilities	3,061	5,539	78,219	295	(7,598)	79,516
Technical reserves for the insurance business	0	0	0	140,261	0	140,261
Financial assets	(1,395)	(5,645)	(77,078)	(141,936)	7,120	(218,934)
Technical reserves attributable to reinsurers	0	0	0	(58)	0	(58)
Cash and deposits attributable to BancoPosta	0	0	(4,303)	0	0	(4,303)
Cash and cash equivalents	(851)	(96)	(518)	(1,161)	477	(2,149)
Net Financial Position*	815	(202)	(3,680)	(2,599)	(1)	(5,667)
Balance at 31 December 2018						
Financial liabilities	1,259	4,307	67,022	1,034	(6,693)	66,929
Technical reserves for the insurance business	0	0	0	125,148	0	125,148
Financial assets	(1,417)	(4,097)	(64,578)	(126,545)	5,773	(190,864)
Technical reserves attributable to reinsurers	0	0	0	(71)	0	(71)
Cash and deposits attributable to BancoPosta	0	0	(3,318)	0	0	(3,318)
Cash and cash equivalents	(973)	(246)	(1,323)	(1,574)	921	(3,195)
Net Financial Position*	(1,131)	(36)	(2,197)	(2,008)	0	(5,372)

* Net financial position: (Surplus) / Net debt

ANNUAL GENERAL MEETING AND DIVIDEND

The Board of Directors has convened an Ordinary Shareholders' Meeting on 16 April 2020, in a single call.

The Shareholders' Meeting will be called to:

- approve the separate financial statements and examine the consolidated financial statements for the year ending 31 December 2019;
- resolve upon the distribution of a total dividend of € 0.463 per share, of which:
 - (i) € 0.154 per share – as a distribution of Poste Italiane's net income (for a total amount of € 200.3m) – to finance the interim dividend for 2019, paid on 20 November 2019;
 - (ii) € 0.309 per share – as a distribution of (i) Poste Italiane's available net income (for a total amount of €551.9m), and (ii) available reserves named "Retained earnings" – to finance payment of the balance of the dividend for 2019.

The above mentioned total dividend for 2019, equal to € 0.463 per share, is therefore an increase of 5% versus the dividend of €0.441 per share for the 2018 financial year, in line with the dividend policy approved by the Board of Directors on 26 February 2018 and communicated to the public during the presentation of the Deliver 2022 Strategic Plan³, as subsequently updated in 2019 to provide, during the Plan, the distribution of the annual dividend in two tranches (one as an interim dividend, and one as a balance dividend).

As previously mentioned, the Board of Directors's meeting held on 5 November 2019 authorized the distribution of an interim dividend for 2019 of € 0.154 per share, payment of which was carried out on 20 November 2019, with 18 November 2019 as ex-dividend date of coupon no. 5 of and 19 November 2019 as "record date" (i.e. the date when a shareholder is eligible to receive dividends).

As per the 2019 dividend balance, equal to € 0.309 per share, the Board of Directors proposes payment starting from 24 June 2020, with an ex-dividend n. 6 coupon date of 22 June 2020 and a "record date" of 23 June 2020.

³ The dividend policy embeded in the Deliver 2022 Strategic Plan provides (i) a dividend for the year 2017 equal to €0.42 per share, and (ii) an increase of 5% per annum until 2020 (as well as a minimum payout of 60% from 2021 onwards).

The Shareholders' Meeting will also be called to:

- resolve upon renewal of the Board of Directors, due to expiry of the mandate;
- pass (i) a binding resolution on the policy regarding remuneration for the year 2020 – including the guidelines on the policies of remuneration and incentive plans of BancoPosta's Ring-Fenced Capital – referred to the members of the Board of Directors, the General Manager, other executives with strategic responsibilities and members of relevant controlling bodies, and (ii) a non-binding resolution on the report on fees paid in the year 2019 (which are provided singularly for the members of the administrative and controlling bodies and for the General Manager, and in aggregate for executives with strategic responsibilities);
- adopt an incentive plan based upon financial instruments. For a detailed description of such plan please refer to the information document prepared pursuant to article 114-bis of the Consolidated Law on Finance, which will be made public according to the terms of law;
- resolve upon the adjustment of the compensation for the fiscal year 2019 of the independent auditor engaged by Poste Italiane.

Documentation regarding the matters on the Shareholders' Meeting agenda, as per applicable regulations, will be made available to the public according to the terms of law.

TABLES

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (€M)

ASSETS	at 31 December 2019	at 31 December 2018
Non-current assets		
Property, plant and equipment	2,015	1,945
Investment property	44	48
Intangible assets	648	545
Right-of-use assets	1,254	-
Investments accounted for using the equity method	617	497
Financial assets	194,207	170,922
Trade receivables	5	7
Deferred tax assets	1,199	1,368
Other receivables and assets	3,729	3,469
Technical provisions attributable to reinsurers	58	71
Total	203,776	178,872
Current assets		
Inventories	140	136
Trade receivables	2,166	2,192
Current tax assets	52	117
Other receivables and assets	938	1,111
Financial assets	24,727	19,942
Cash and deposits attributable to BancoPosta	4,303	3,318
Cash and cash equivalents	2,149	3,195
Total	34,475	30,011
TOTAL ASSETS	238,251	208,883
LIABILITIES AND EQUITY	at 31 December 2019	at 31 December 2018
Equity		
Share capital	1,306	1,306
Reserves	2,646	1,531
Own shares	(40)	-
Retained earnings	5,786	5,268
Equity attributable to owners of the Parent	9,698	8,105
Equity attributable to non-controlling interests	-	-
Total	9,698	8,105
Non-current liabilities		
Technical provisions for insurance business	140,261	125,149
Provisions for risks and charges	501	656
Employee termination benefits	1,135	1,187
Financial liabilities	13,964	7,453
Deferred tax liabilities	887	701
Other liabilities	1,525	1,379
Total	158,273	136,525
Current liabilities		
Provisions for risks and charges	717	863
Trade payables	1,627	1,583
Current tax liabilities	274	12
Other liabilities	2,110	2,319
Financial liabilities	65,552	59,476
Total	70,280	64,253
TOTAL EQUITY AND LIABILITIES	238,251	208,883

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

	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue from Mail, Parcels & other	3,492	3,579
Revenue from Payments, Mobile & Digital	664	628
Revenue from Financial Services	5,213	5,186
<i>of which, non-recurring income</i>	-	120
Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,669	1,471
Insurance premium revenue	17,913	16,720
Income from insurance activities	5,478	3,604
Net change in technical provisions for insurance business and other claims expenses	(21,463)	(17,111)
Expenses from insurance activities	(259)	(1,742)
Net operating revenue	11,038	10,864
Cost of goods and services	2,287	2,343
Expenses from financial activities	79	46
Personnel expenses	5,896	6,137
Depreciation, amortisation and impairments	774	570
<i>of which, non-recurring costs/(income)</i>	-	33
Capitalised costs and expenses	(31)	(17)
Other operating costs	200	239
Impairment loss/(reversal) on debt instruments, receivables and other assets	59	47
Operating profit/(loss)	1,774	1,499
Finance costs	73	71
Finance income	105	106
Impairment loss/(reversal) on financial instruments	46	20
<i>of which, non-recurring expense/(income)</i>	46	-
Profit/(Loss) on investments accounted for using the equity method	112	(24)
<i>of which, non-recurring income/(expense)</i>	88	-
Profit/(Loss) before tax	1,872	1,490
Income tax expense	530	91
<i>of which, non-recurring expense/(income)</i>	-	(351)
NET PROFIT FOR THE PERIOD	1,342	1,399
of which, attributable to owners of the Parent	1,342	1,399
of which, attributable to non-controlling interests	-	-
Earnings per share	1.032	1.071
Diluted earnings per share	1.032	1.071

CONSOLIDATED STATEMENT OF CASH FLOWS (€M)

	Note	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash and cash equivalents at beginning of year		3,195	2,428
Profit/(Loss) before tax		1,872	1,490
Depreciation, amortisation and impairments		774	537
Impairment of goodwill/goodwill arising from consolidation		-	33
Net provisions for risks and charges		394	579
Use of provisions for risks and charges		(696)	(656)
Provisions for employee termination benefits		1	1
Employee termination benefits		(140)	(92)
(Gains)/Losses on disposals		1	(120)
Impairment losses/(Reversals of impairment losses) on financial assets		46	20
(Dividends)		-	-
Dividends received		-	-
(Finance income realised)		(7)	(7)
(Finance income in form of interest)		(94)	(95)
Interest received		95	94
Interest expense and other finance costs		68	66
Interest paid		(23)	(59)
Losses and impairment losses/(Reverseals of impairment losses) on receivables		62	46
Income tax paid		(252)	(351)
Other changes		(104)	42
Cash flow generated by operating activities before movements in working capital	[a]	1,997	1,528
<i>Movements in working capital:</i>			
(Increase)/decrease in Inventories		(4)	(2)
(Increase)/decrease in Trade receivables		(40)	(201)
(Increase)/decrease in Other receivables and assets		(16)	(428)
Increase/(decrease) in Trade payables		43	222
Increase/(decrease) in Other liabilities		(197)	104
Cash flow generated by/(used in) movements in working capital	[b]	(214)	(305)
Increase/(decrease) in liabilities attributable to financial, payments, cards and acquiring, insurance activities		7,980	4,513
Net cash generated by/(used for) financial assets attributable to financial, payments, cards and acquiring, insurance activities		(10,904)	(8,445)
(Increase)/decrease in cash and deposits attributable to BancoPosta		(984)	(122)
Increase/(decrease) in net technical provisions for insurance business		7,456	6,369
(Income)/Expenses and other non-cash components		(4,211)	(941)
Cash generated by/(used for) financial assets and financial liabilities attributable to financial, payment, cards and acquiring, insurance activities	[c]	(663)	1,374
Net cash flow from/(for) operating activities	[d]=[a+b+c]	1,120	2,597
<i>Investing activities:</i>			
Property, plant and equipment		(391)	(260)
Investment property		(1)	-
Intangible assets		(342)	(278)
Investments		(15)	(30)
Other financial assets		(17)	-
<i>Disposals:</i>			
Property, plant and equipment, investment property, intangible assets and assets held for sale		4	2
Investments		1	120
Other financial assets		29	165
Net cash flow from/(for) investing activities	[e]	(732)	(281)
Proceeds from/(Repayments of) long-term borrowings		573	-
(Increase)/decrease in loans and receivables		-	-
Increase/(decrease) in short-term borrowings		(1,193)	(1,000)
(Purchase)/disposal of own shares		(40)	-
Dividends paid		(774)	(549)
Net cash flow from/(for) financing activities and shareholder transactions	[f]	(1,434)	(1,549)
Net increase/(decrease) in cash	[g]=[d+e+f]	(1,046)	767
Cash and cash equivalents at end of year		2,149	3,195
Cash and cash equivalents at end of year		2,149	3,195
Restricted net cash and cash equivalents at the end of year		(884)	(1,556)
Unrestricted net cash and cash equivalents at end of year		1,265	1,639

POSTE ITALIANE SPA – BALANCE SHEET (€M)

ASSETS	at 31 December 2019	at 31 December 2018
Non-current assets		
Property, plant and equipment	1,887	1,834
Investment property	44	48
Intangible assets	562	448
Right-of-use assets	1,119	
Investments	2,204	2,198
Financial assets attributable to BancoPosta	58,252	51,543
Financial assets	740	815
Trade receivables	5	6
Deferred tax assets	674	863
Other receivables and assets	1,435	1,288
Total	66,922	59,043
Current assets		
Trade receivables	2,385	2,255
Current tax assets	46	89
Other receivables and assets	1,020	866
Financial assets attributable to BancoPosta	18,144	12,320
Financial assets	201	168
Cash and deposits attributable to BancoPosta	4,303	3,318
Cash and cash equivalents	1,206	2,127
Total	27,305	21,143
TOTAL ASSETS	94,227	80,186
LIABILITIES AND EQUITY	at 31 December 2019	at 31 December 2018
Equity		
Share capital	1,306	1,306
Own shares	(40)	-
Reserves	2,618	1,546
Retained earnings	2,444	2,607
Total	6,328	5,459
Non-current liabilities		
Provisions for risks and charges	433	608
Employee termination benefits	1,107	1,158
Financial liabilities attributable to BancoPosta	12,263	7,376
Financial liabilities	1,601	77
Deferred tax liabilities	666	376
Other liabilities	1,505	1,343
Total	17,575	10,938
Current liabilities		
Provisions for risks and charges	697	823
Trade payables	1,598	1,488
Current tax liabilities	199	6
Other liabilities	1,456	1,771
Financial liabilities attributable to BancoPosta	65,674	59,383
Financial liabilities	700	318
Total	70,324	63,789
TOTAL LIABILITIES AND EQUITY	94,227	80,186

POSTE ITALIANE SPA – BALANCE SHEET – SUPPLEMENTARY STATEMENT
SHOWING BANCOPOSTA'S RING FENCED SHAREHOLDERS' 2019 (€M)

ASSETS	Capital outside the ring-fence	BancoPosta RFC	Adjustments	Total
Non-current assets				
Property, plant and equipment	1,887	-	-	1,887
Investment property	44	-	-	44
Intangible assets	562	-	-	562
Right-of-use assets	1,119	-	-	1,119
Investments	2,204	-	-	2,204
Financial assets attributable to BancoPosta	-	58,252	-	58,252
Financial assets	740	-	-	740
Trade receivables	5	-	-	5
Deferred tax assets	362	312	-	674
Other receivables and assets	78	1,357	-	1,435
Total	7,001	59,921	-	66,922
Current assets				
Trade receivables	1,525	860	-	2,385
Current tax assets	46	-	-	46
Other receivables and assets	476	544	-	1,020
Financial assets attributable to BancoPosta	-	18,144	-	18,144
Financial assets	201	-	-	201
Cash and deposits attributable to BancoPosta	-	4,303	-	4,303
Cash and cash equivalents	697	509	-	1,206
Total	2,945	24,360	-	27,305
Intersegment relations net amount	(234)	-	234	-
TOTALE ASSETS	9,712	84,281	234	94,227

LIABILITIES AND EQUITY	Capital outside the ring-fence	BancoPosta RFC	Adjustments	Total
Equity				
Share capital	1,306	-	-	1,306
Own shares	(40)	-	-	(40)
Reserves	323	2,295	-	2,618
Retained earnings	778	1,666	-	2,444
Total	2,367	3,961	-	6,328
Non-current liabilities				
Provisions for risks and charges	170	263	-	433
Employee termination benefits	1,104	3	-	1,107
Financial liabilities attributable to BancoPosta	-	12,263	-	12,263
Financial liabilities	1,601	-	-	1,601
Deferred tax liabilities	4	662	-	666
Other liabilities	71	1,434	-	1,505
Total	2,950	14,625	-	17,575
Current liabilities				
Provisions for risks and charges	633	64	-	697
Trade payables	1,469	129	-	1,598
Current tax liabilities	199	-	-	199
Other liabilities	1,394	62	-	1,456
Financial liabilities attributable to BancoPosta	-	65,674	-	65,674
Financial liabilities	700	-	-	700
Total	4,395	65,929	-	70,324
Intersegment relations net amount	-	(234)	234	-
TOTAL LIABILITIES AND EQUITY	9,712	84,281	234	94,227

POSTE ITALIANE SPA – BALANCE SHEET – SUPPLEMENTARY STATEMENT
SHOWING BANCOPOSTA'S RING FENCED SHAREHOLDERS' 2018 (€M)

ASSETS	Capital outside the ring-fence	BancoPosta RFC	Adjustments	Total
Non-current assets				
Property, plant and equipment	1,834	-	-	1,834
Investment property	48	-	-	48
Intangible assets	448	-	-	448
Investments	2,198	-	-	2,198
Financial assets attributable to BancoPosta	-	51,543	-	51,543
Financial assets	815	-	-	815
Trade receivables	6	-	-	6
Deferred tax assets	356	507	-	863
Other receivables and assets	90	1,198	-	1,288
Total	5,795	53,248	-	59,043
Current assets				
Trade receivables	1,364	891	-	2,255
Current tax assets	89	-	-	89
Other receivables and assets	322	544	-	866
Financial assets attributable to BancoPosta	-	12,320	-	12,320
Financial assets	168	-	-	168
Cash and deposits attributable to BancoPosta	-	3,318	-	3,318
Cash and cash equivalents	809	1,318	-	2,127
Total	2,752	18,391	-	21,143
Intersegment relations net amount	(357)	-	357	-
TOTAL ASSETS	8,190	71,639	357	80,186
LIABILITIES AND EQUITY				
	Capital outside the ring-fence	BancoPosta RFC	Adjustments	Total
Equity				
Share capital	1,306	-	-	1,306
Reserves	319	1,227	-	1,546
Retained earnings	955	1,652	-	2,607
Total	2,580	2,879	-	5,459
Non-current liabilities				
Provisions for risks and charges	191	417	-	608
Employee termination benefits	1,155	3	-	1,158
Financial liabilities attributable to BancoPosta	-	7,376	-	7,376
Financial liabilities	77	-	-	77
Deferred tax liabilities	4	372	-	376
Other liabilities	69	1,274	-	1,343
Total	1,496	9,442	-	10,938
Current liabilities				
Provisions for risks and charges	729	94	-	823
Trade payables	1,329	159	-	1,488
Current tax liabilities	6	-	-	6
Other liabilities	1,732	39	-	1,771
Financial liabilities attributable to BancoPosta	-	59,383	-	59,383
Financial liabilities	318	-	-	318
Total	4,114	59,675	-	63,789
Intersegment relations net amount	-	(357)	357	-
TOTAL LIABILITIES AND EQUITY	8,190	71,639	357	80,186

POSTE ITALIANE SPA - STATEMENT OF NET PROFIT (LOSS) (€M)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue from sales and services	8,541	8,419
Other income from financial activities	384	418
Other operating income	478	452
<i>of which non-recurring income</i>	-	116
Total revenue	9,403	9,289
Cost of goods and services	1,854	1,725
Expenses from financial activities	100	50
Personnel expenses	5,702	5,947
Depreciation, amortisation and impairments	674	474
Capitalised costs and expenses	(21)	(13)
Other operating costs	196	306
Impairment loss/(reversal) on debt instruments, receivables and other assets	41	22
Operating profit/(loss)	857	778
Finance costs	59	70
Finance income	70	44
Impairment loss/(reversal) on financial instruments	45	20
<i>of which non-recurring costs</i>	45	-
Profit/(Loss) before tax	823	732
Income tax for the year	162	148
PROFIT FOR THE YEAR	661	584

POSTE ITALIANE SPA – STATEMENT OF CASH FLOWS (€M)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Cash and cash equivalents at beginning of year	2,127	2,039
Profit/(Loss) before tax	823	732
Depreciation, amortisation and impairments	674	474
Impairments/(Reversals of impairments) of investments	32	121
Net provisions for risks and charges	379	564
Use of provisions for risks and charges	(680)	(669)
Employee termination benefits paid	(137)	(89)
(Gains)/losses on disposals	(1)	(116)
Impairment loss/(reversal) on financial instruments	45	20
(Dividends)	(6)	(17)
Dividends received	6	17
(Finance income on disposals)	-	-
(Finance income in form of interest)	(59)	(23)
Interest received	66	20
Interest expense and other finance costs	55	66
Impairment loss on Contingent Convertible Notes	-	-
Interest paid	(13)	(59)
Losses and impairments/(Recoveries) on receivables	43	21
Income tax paid	(227)	(268)
Other changes	2	-
Cash generated by operating activities before movements in working capital [a]	1,002	794
<i>Movements in working capital:</i>		
(Increase)/decrease in Trade receivables	(112)	(216)
(Increase)/decrease in Other receivables and assets	202	144
Increase/(decrease) in Trade payables	110	286
Increase/(decrease) in Other liabilities	(310)	137
Cash generated by/(used in) movements in working capital [b]	(110)	351
Increase/(decrease) in financial liabilities attributable to BancoPosta	7,440	4,722
Net cash generated by/(used for) financial assets	(527)	(1,772)
(Increase)/decrease in other financial assets attributable to BancoPosta	(5,864)	(935)
(Increase)/decrease in cash and deposits attributable to BancoPosta	(984)	(122)
(Income)/Expenses and other non-cash components attributable to financial activities	(908)	(1,064)
Cash generated by/(used for) financial assets and liabilities attributable to BancoPosta [c]	(843)	829
Net cash flow from/(for) operating activities [d]=[a+b+c]	49	1,974
<i>Investing activities:</i>		
Property, plant and equipment	(339)	(216)
Investment property	(1)	-
Intangible assets	(303)	(242)
Investments	(41)	(242)
Other financial assets	(39)	(11)
<i>Disposals:</i>		
Property, plant and equipment, investment property and assets held for sale	2	2
Investments	1	120
Other financial assets	70	187
Mergers	(86)	4
Net cash flow from/(for) investing activities [e]	(736)	(398)
Increase/(decrease) in financial instruments	573	-
Increase/(decrease) in short-term borrowings	7	(938)
Dividends paid	(774)	(549)
(Purchase)/disposal of own shares	(40)	-
Net cash flow from/(for) financing activities and shareholder transactions [f]	(234)	(1,487)
Net increase/(decrease) in cash [g]=[d+e+f]	(921)	89
Cash and cash equivalents at end of year	1,206	2,127
Cash and cash equivalents at end of year	1,206	2,127
Cash subject to investment restrictions	(124)	(930)
Restricted deposits with the Italian Treasury	-	(72)
Amounts that cannot be drawn on due to court rulings	(18)	(18)
Unrestricted net cash and cash equivalents at end of year	1,064	1,107

Declaration by the Executive responsible for preparing the corporate accounting documents

The undersigned, Alessandro Del Gobbo, in his capacity as Executive responsible for preparing Poste Italiane's corporate accounting documents (Dirigente Preposto)

DECLARES

that, pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, accounting information disclosed in this document corresponds to document results and accounting books and records.

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

Rome, 6 March 2020